Corporate Social Responsibility in the Tobacco Industry

An Inherent Contradiction
or an Efficient Stakeholder Management Tool?

A Public Relations project in Bachelor of Arts in Marketing and Management Communication

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1. Summary (Helene, Layanna, Jeanette)

In a realisation of the impact, organisations’ undertakings have on society, it has increasingly become expected of them to demonstrate social and environmental responsibility. Consequently, organisations need to comply with their stakeholders’ increasing demand for them to practice Corporate Social Responsibility (CSR) in order to maintain a healthy relationship with their stakeholders, whose opinions towards the organisation determine their survival. However, the implementation of CSR as a tool for generating well-balanced relationships with stakeholders, poses a greater challenge to organisations that produce health threatening products and consequently are faced with a larger group of critical stakeholders. This is due to the fact that the implementation of CSR initiatives in such organisations is considered an oxymoron, therefore organisations need to put a greater effort into legitimising their CSR initiatives in an effort to support their raison d’être. As CSR can be considered a tool with which stakeholder relations are fostered, it is interesting to investigate how CSR is communicated and implemented within stigmatised industries in order to overcome scepticism towards organisational intentions. Therefore, it is interesting to examine how an organisation that produces health-threatening products, as for example British-American Tobacco (BAT), has dealt with the issue of communicating CSR initiatives as a means to establishing and maintaining a mutually beneficial relationship with its stakeholders, considering the degree of stakeholder opposition towards the tobacco industry.

Consequently, this thesis presents a theoretical approach to CSR as part of Public Relations (PR) theory with a case example of how BAT has communicated and employed CSR with regards to the challenges, its critical stakeholders pose. We will analyse the case example of BAT in order to find out how the theories assessed can be employed by organisations working under challenging conditions. This will establish a foundation for evaluating whether CSR can be communicated and practised successfully in any context, following the theoretical framework for CSR, or whether there are pitfalls communication professionals should take into consideration. Specifically, theories on how CSR can be successfully implemented in corporate communication are addressed by way of the Three-Domain Approach, whereas the Triple Bottom-Line assesses which societal areas CSR must affect in order to achieve effective CSR communication. Furthermore, in order to gain an understanding of which factors enhance successful
CSR communication, theories on stakeholder communication and positioning will be provided, namely the *CSR Communication Strategies* and the stakeholder mapping-device, called the *Power-Interest matrix*. These theories emphasise the importance of tailoring corporate communication to stakeholder needs and concerns and identifies their power towards, and interest in, the organisation. Moreover, theories on persuasion will provide a framework relating to how to enhance credibility through persuasion, in order for an organisation to reach its communicative goals. The theoretical framework for effective CSR communication is used to analyse how BAT employs CSR communication through its 2007 Sustainability Report. In short, the analysis addresses how BAT uses its sustainability report to establish credibility for itself and its actions. Also, we demonstrate that BAT recognises the needs and concerns of its many stakeholders by adapting communication accordingly. On the basis of this, it becomes evident that BAT follows the theoretical recommendations. This sets the scene for adopting an encompassing CSR perspective through a discussion of whether a theoretical “best practice” is applicable in any context or if there are obstacles. Consequently, the point of departure of the discussion is how stigmatised industries, such as the tobacco industry, are faced with a greater challenge in overcoming scepticism regarding their CSR initiatives. Finally, recommendations for communication practitioners are provided based on the theoretical frameworks presented and based on the possible pitfalls of CSR implementation.

In conclusion, organisations operating within a stigmatised industry, such as the tobacco industry, can nurture stakeholder relations through CSR communication by seeking to establish credibility. This entails both rhetorical considerations with regards to the communicative approach and an overall transparency concerning organisational actions, goals, and how these are reached. In addition, an open approach to establishing dialogue with stakeholders and complying with their needs and concerns should be employed. This is obtained by recognising the sensitivity of communication in organisational contexts and the power and interest levels stakeholders have in relation to the organisation and its undertakings.
2. Introduction (Helene, Layanna, Jeanette)

The concept of Corporate Social Responsibility (CSR) has become increasingly prevalent since its inception in the late 1970s. Based on a realisation of organisation’s impact on society, stakeholders increasingly require of organisations to actively partake in the societies in which they operate by being socially responsible. Consequently, it is no longer enough for organisations merely to aim for profit, as recommended by Milton Friedman (1970)¹ but should also demonstrate moral and ethical responsibility through their corporate undertakings. Moreover, organisations have become aware of the benefits associated with a stakeholder focus generated by an open communicative approach that permits an organisation to adapt to changes in its immediate environment. The degree of stakeholder pressure and scepticism varies based on the industry in which an organisation operates and on the various stakeholder interests. Subsequently, the communicative approach should be adapted to the specific context through which communication takes place. In addition, CSR can be considered a tool through which stakeholders can be nurtured and a tool through which they can be communicated. Furthermore, the stakeholder dimension of CSR practice substantiates why it can be considered part of Public Relations (PR) activities, as PR is about creating mutually beneficial relationships with stakeholders.

With stakeholders’ growing requirement for corporate social responsibility, CSR communication has become an important element of corporate communication. Some organisations are faced with greater challenges than others in establishing credibility when communicating their CSR initiatives. These are, among others, organisations that produce health-threatening products, such as tobacco and alcohol, and therefore have more critical stakeholders due to the potentially harmful nature of their products. Subsequently, this requires such organisations to legitimise their corporate undertakings and raison d’être. This aspect motivated us to examine how such organisations use CSR communication to establish stakeholder relations, based on the challenge of establishing credibility, and thereby legitimacy. Concisely, considering the fact that such organisations, as British-American Tobacco (BAT), produce health-threatening products, organisations have to prioritise stakeholder importance relative to the

¹ Lantos 602
organisation, as they exert great influence and power. Looking at BAT, we intend to analyse how it communicates its CSR initiatives as a means to establishing and maintaining a mutually beneficial relationship with stakeholders, as well as to gain a competitive advantage. In addition, we want to find out how our findings are useful for future business communication professionals, especially those working under pressure from stakeholders within exposed industries.

2.1 Problem statement

With point of departure in the above mentioned, our problem statement is as follows: How are organisations, such as BAT, able to establish and nurture stakeholder relations by integrating Corporate Social Responsibility initiatives in their external corporate communication, based on theoretical guidelines?

The focus on the communication of CSR in the tobacco industry is centred around our interest in examining how CSR can be communicated within an industry, which has critical stakeholders who are critical to the organisation’s raison d’être. With this, we want to ascertain whether it is possible to combine the interest of creating profit with the aim of acting responsibly, both in social and environmental connections, while maintaining credibility.

Throughout the thesis, the term “sin industry” will be used to describe such stigmatised for profit organisations that produce products or services, which to some degree are harmful to the consumers and/or the environment. As a result, such organisations are often vilified by the media and attacked by stakeholders. Moreover, the organisations referred to, produce legal products, therefore, drug trafficking, prostitution, et cetera is not included in the terminology. Put differently, we define operators in sin industries as organisations who earn their money by creating and selling products that pose a health risk to consumers.

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1 Tench & Yeomans 95
2.2 Method, theory, and structure

To examine how an organisation communicates CSR as a tool with which to foster stakeholders, this thesis will encompass a qualitative rather than a quantitative approach. Subsequently, the objective is to answer the thesis statement by addressing theory and using BAT as a case example in order to evaluate how organisations can conduct CSR communication. Furthermore, the thesis will include a deductive, non-comparative method. In other words we will address communication theory and analyse how it is applied through the specific case example of BAT. Also, the chosen case material will not be compared to other examples, as focusing exclusively on BAT allows us to establish an in-depth comprehension of the organisation’s communicative approach to CSR endeavours. To assist us in assessing BAT's CSR communication, we have chosen to focus primarily on BAT's 2007 Sustainability Report in the thesis, substantiated by findings on BAT's corporate website, www.bat.com.

The thesis will be divided into three main parts of which part one includes a theoretical framework, which will then be applied in part two, which in turn is comprised of an analysis of BAT’s communication material. Finally, our recommendations will be provided in part three; these are based on the theoretical framework addressed in part one and on the essential findings of our analysis in part two. Our objective is to rise above the theory applied by putting it into a larger perspective in part three. This aspect implies that we will undertake a critical perspective on CSR communication when presenting our recommendations, in order to emphasise aspects of which communication professionals should be watchful when communicating CSR.

In the thesis we have chosen not to include theory on culture, as our recommendations in part three will be applicable for communication professionals working within different industries, due to the context sensitivity of communication. Therefore general recommendation will be provided. However, we are aware that cultural aspects do influence organisational communication in many instances. Additionally, the thesis will not include a visual analysis of BAT’s CSR communication as the focus will be on the textual aspects, which will underline the rhetorical approach adopted by BAT in its 2007 Sustainability Report, as we expect the rhetorical approach to be tailored to the organisation’s many stakeholders. Lastly, we have chosen not to
include a focus on media theories, relating to the distribution of the communication material, as we are interested in the rhetorical content of it.

To establish the basis for our analysis, we will focus on various methodologies. Initially, we will make use of James E. Grunig and Todd Hunt’s (1984) methodology on PR theory to establish a basis for our understanding of CSR Communication Strategies and to demonstrate how CSR originated from PR. Also, we will touch upon Grunig’s Mixed Motive approach (2001), which presents a more contemporary, communicative approach to two-way communication within organisations. This will further assist us in establishing an understanding of how organisations communicate with stakeholders.

Having assessed an overall theoretical approach to PR, we will move on to presenting a general assessment on CSR theory, by describing CSR theory through various theoretical definitions. By incorporating different perspectives on what CSR entails and why it should be employed, we are able to gain a broader understanding of CSR communication and its practice. Next, we will touch upon Mark E. Schwartz and Archie B. Carroll’s (2003) definitions on CSR as a Three-Domain Approach in order to gain an understanding of how CSR can be practised. Following this, an assessment of John Elkington’s (1997) theory on the Triple Bottom-Line will be provided as a means to demonstrate the outcomes of CSR practice. In conjunction, these two theories will aid us in analysing the case material in order to evaluate how BAT incorporates the different areas of CSR and how it communicates its endeavours. Subsequently, a critical view on CSR will be provided in order to grasp the basic motives for incorporating its practice. As a means to illustrate the relevance of stakeholders in CSR communication, we will move on to describing different notions on Mette Morsing and Majken Schultz’ (2006) CSR communication strategies, which emphasise the different approaches organisations can adopt when communicating with stakeholders. Subsequently, applying the different CSR communication strategies enables an organisation to tailor its CSR communication to its different stakeholder constituents. On the basis of this, we will touch upon Joep Cornelissen’s (2008) Power-Interest Matrix as a mapping device to categorise stakeholders based on the power they hold and the extent to which they are likely to have an interest in organisational activity. This will assist an organisation in gaining an overview of its stakeholders and enable it to tai-
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lor its communication accordingly. Lastly, an approach on persuasive theories will be included with the aim of determining how CSR communication can be adapted to stakeholder needs and concerns. Touching upon persuasive theories will aid us in analysing how BAT has tailored its communication to its stakeholders and thereby enable us to evaluate which rhetorical elements are employed and how, as a means to communicating effectively. The persuasive theories will include Aristotle’s notion on ethos and Petty and Cacioppo’s (1986) assessment on the Elaboration Likelihood Model (ELM).
3. Part 1 – Description of chosen communication theories (Helene, Layanna, Jeanette)

Part one features a theoretical representation of which an understanding of what CSR is and how it can be employed can be gained. Initially, we will address PR theory in order to understand the communicative background of CSR and to establish a framework for the analysis of how BAT communicates with its stakeholders, in part two. Following this, we will present the theory of CSR in order to establish an understanding of what it is, how the successful implementation of its practice benefits organisations, and what successful CSR communication entails. In order to gain an understanding of which factors enhance successful implementation of CSR communication, we will move on to presenting stakeholder theory of which their importance to organisations is substantiated followed by persuasion theories. These shed light on how communication can be tailored to audiences through linguistic means in order to achieve communicative effectiveness.
3.1 Introduction to Public Relations (Layanna)

In this section we will present a brief history on PR, as it provides us with an understanding of the different phases of PR and how it has evolved and come to encompass the PR methodology to which we turn later in this section. Also, establishing a more in-depth comprehension of PR history and theory will enable us to connect the theory to different CSR communication strategies, which will be presented later on in our thesis, in section 3.7. Consequently, researching PR methodology in conjunction with the following CSR Communication Strategies will enable us to analyse and assess how BAT communicates with its various stakeholders and through which communicative approaches, in part two of the thesis.

These days, the majority of organisations engaging in PR employ two-way communication by involving their stakeholders in organisational undertakings; however, this has not always been the case. Through the history of PR, a three stage evolutionary phase has come to pass. During the initial phase, the Publicity Phase of PR, the primary objective was to convey the message of the organisation engaging in PR and to increase awareness among organisations’ audiences. Consequently, the communicative approach was one-way to which the end goal was to create responsiveness and acceptance amongst an organisation's stakeholders. Next, the Explanatory Phase was introduced, of which the organisation engaged in persuasive communication to achieve favourable stakeholder reception. Consequently, the organisational objective was to increase transparency of the organisational activities, to communicate the motives of its behaviours and courses of action to its stakeholders in order for them to attain organisational insight, as well as to have them indulge in and support the organisational undertakings. Finally, the Mutual Satisfaction phase was introduced through which two-way communication occurred between an organisation and its stakeholders. Contrary to the previous two phases, this phase involves negotiation and adaptation between an organisation

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3. [http://www.nku.edu/~turney/prclass/readings/3eras.html](http://www.nku.edu/~turney/prclass/readings/3eras.html) (April 10th 2009) - Appendix 1

4. [http://www.nku.edu/~turney/prclass/readings/3eras1.html](http://www.nku.edu/~turney/prclass/readings/3eras1.html) (April 10th 2009) - Appendix 1

5. [http://www.nku.edu/~turney/prclass/readings/3eras.html](http://www.nku.edu/~turney/prclass/readings/3eras.html) (April 10th 2009) - Appendix 1

6. Lauridsen, Karen M. Power point presentation, lecture 2, slide 5 (November 8th 2007)
and its stakeholders.\(^7\) Despite the fact that there are different characteristics to the three phases they do not act as substitutes, but rather complement each other, since elements of each phase can be employed when communicating and engaging with stakeholders, depending on the context and media employed.

### 3.2 Systems and Public Relations Theory (Layanna)

At this point in time, *Systems Theory* will be employed in order to form a basis for a thorough understanding of how organisations can go about creating transparency. Consequently, the four Grunig and Hunt (1984) PR models will be addressed as they form a basis for an extensive comprehension of how multifaceted and cross-functional the subject of PR is. Also, focusing on the models provides a more in-depth comprehension of the various communicative approaches organisations can adopt in the face of internal and external instability as a means to addressing stakeholders. Subsequently, we will introduce Grunig’s (2001) revised model of PR practice; the model presents a more contemporary and pragmatic approach to PR through which the two most predominant communicative approaches are merged.

The *Systems Theory*, or organic approach, centres on a metaphor presenting an organisation as a multifaceted organism of which individuals are compared to cells, and organs to departments. Using this metaphor, the individuals and departments become vital for the functioning of the organisation. Systems theory stipulates that to facilitate organisational survival, an organisation has to adapt to and interact with both its internal and external environment, which is achievable through combined subsystems and through transparency. Consequently, it is a theory characterised by interdependence, where the role of the PR practitioner is to ensure that the internal structures of an organisation corresponds with the external environment through the process of internal and external communication.\(^8\)

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\(^7\) [http://www.nku.edu/~turney/prclass/readings/3eras.html](http://www.nku.edu/~turney/prclass/readings/3eras.html) (April 10\(^{th}\) 2009) - Appendix 1  
\(^8\) Tench & Yeomans 27
As an organisation comprised of a closed system does not have permeable boundaries it is not influenced by its environment to the same extent as an open system. This means that a closed system, to a certain degree, neither facilitates a free flow of information internally, or externally. Contrary, an organisation with an open system is influenced by, and attempts to adapt to its internal and external environment. This aspect enables an organisation to be flexible as well as manage cultural change; these abilities are facilitated by the corporations open communication flow. Nevertheless, it has to be taken into account that the extent to which organisations are closed or open, differs.9

3.2.1 Public Relations models (Layanna)

As aforementioned, Systems Theory comprises four models, which will now be in focus. In 1984, systems theorists James E. Grunig and Todd Hunt devised four models of PR – Press Agentry, Public Information, Two-way Asymmetric, and Two-way Symmetric – with each model placing an emphasis on different aspects of PR. Nonetheless, the models do share common ground to a certain degree in that they acknowledge that stakeholders have to be taken into account. Following these models, Grunig revised his PR models and provided a more contemporary and encompassing two-way communication model of PR practice called the Mixed Motive model, which will also be presented.

Beginning with Press Agentry, the organisational objective is simply to convey the organisation’s viewpoint. In other words the organisation partakes in propaganda, and consequently employs one-way communication though which it advocates its own grasp of its state of affairs.10 Subsequently, an organisation that draws on the Public Information model employs one-way communication, but contrary to Press Agentry its emphasis lies in conveying factual information to its stakeholders.11 Next, we have the Two-way Asymmetric model of which persuasive communication comes to fore; here the organisational objective is to create confor-
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mity between itself and its stakeholders. This model is rooted in the commercial field, and on the basis of this it requires that corporations partake in research to determine who are its stakeholders; an example could be assessments before and after a campaign. What distinguishes this model from the previous two is that an organisation employs two-way communication between itself and its stakeholders. Consequently, the latter are given the opportunity to respond to organisational initiatives and based on the feedback received by its stakeholders, the organisation is provided with an opportunity to adjust its communication to be more persuasive in nature. Subsequently, as the organisation employs persuasive methods not only is there a disproportionate relationship between itself and its stakeholders, but also an imbalance of communication. Finally, the Two-way Symmetric model has the purpose of creating mutual understanding between an organisation and its stakeholders. This model goes further in its pursuit to create two-way communication, as it seeks to achieve a balanced nature of communication between an organisation and its stakeholders. In other words, an organisation that employs this model will attempt to create a relationship through which it can communicate on equal terms with its stakeholders, and on account of this, the organisation that employs this model should seek to create an in-depth understanding of its stakeholders and vice versa through evaluation as well as feedback.

Nevertheless, a full implementation of the Two-way Symmetric model is regarded as somewhat utopian in nature and is also the most unexploited method of PR practised by organisations. This aspect relates to the fact that there will always be an imbalance in the power relationship between an organisation and its stakeholders due to the persuasive method of communication, undertaken by an organisation. Furthermore, a general critique of Systems Theory has to be taken into consideration. First of all, no single model of procedure is perfect, which means that an organisation needs to take various aspects into consideration when creating a PR strategy. In view of that, Systems Theory can be broadened to encompass socio-economic, technological, and cultural perspectives; herein rests the opportunity to address cultural issues, to employ technological communication and to draw on the various media

12 Tench & Yeomans 147
13 Tench & Yeomans 148
characteristics available as a means to communicating an organisational stance. However, implementing a multifaceted perspective of PR is important, as it not only enables organisations to create a thorough understanding of what PR entails, but also facilitates them in adapting to the external environments in which they operate. Taking into consideration the different aspects within the systemic view, it becomes apparent that the PR models do not exist in isolation but rather complement each other when employed by an organisation. Consequently, depending on the internal and external challenges facing an organisation, it will avail itself of the different approaches presented in the models as a means to adapting to its immediate environment.

As aforementioned, the Two-way Symmetric model of PR is regarded as somewhat idealistic in nature and following scholarly critiques pertaining to the “impractical” disposition of the symmetric PR model, Grunig (2001) modified the asymmetric-symmetric paradigm in an effort to improve its bearing within the field of PR practice. Thus, based on the fact that many organisations engaged in a combination of asymmetric and symmetric PR he created a Mixed Motive approach to PR, which revealed a more accurate description of communications approaches within organisations. In this instance the asymmetric and symmetric models are presented within another framework. The Mixed Motive approach is based on game theory, which centres on the idea of give and take, bargaining, and the zero-sum principle, which stipulates that for someone to win, someone has to lose. Grunig’s methodology offers a continuum with asymmetric communication at both ends. However, contrary to the zero-sum principle, the Mixed Motive principle is based on the win-win principle of mutuality and negotiation. Consequently, in the revised model, the win-win zone (Mixed Motive) is positioned in the centre of the paradigm, which correlates with the symmetrical model of communication.

15 Lauridsen, Karen M. Power point presentation, lecture 3, slide 9 (September 18th 2007)

16 Lauridsen, Karen M. Power point presentation, lecture 3, slide 10 (September 18th 2007)
The Mixed Motive model

<table>
<thead>
<tr>
<th>Type of practice</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>1. Pure asymmetry model</td>
<td>Communication used to dominate public, accept dominant coalition’s position</td>
</tr>
<tr>
<td>2. Pure cooperation model</td>
<td>Communication used to convince dominant coalition to cave in public’s position</td>
</tr>
<tr>
<td>3. Two-way model</td>
<td>Communication used to move public, dominant coalition or both to acceptable win-win zone</td>
</tr>
</tbody>
</table>

Moreover, each end pertains to the interests of either the stakeholders or the organisation while the win-win zone bridges the two extremes. When engaging in mixed motive communication, the organisation and its stakeholders engage in an exchange of ideas through cooperation, persuasion and concession, thereby establishing a basis for mutual understanding and dialogue. Therefore, the Mixed Motive approach is an effective management communication tool.

Having presented Systems Theory as a constructive way through which to manage and adapt to internal and external challenges for an organisation, as well as various perspectives concerning PR theory in the form of the four PR models, followed by Grunig’s Mixed Motive model, we will now turn to a further analysis of CSR as part of PR practice.

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17 Tench & Yeomans 150
18 Tench & Yeomans 149
3.3 Corporate Social Responsibility (Helene)

Having examined the theory of PR as a tool through which to adapt communication to external and internal challenges, it can be concluded that it in essence is a form of stakeholder management. This has to do with the fact that PR professionals become stakeholder advocates for an organisation by listening to their views and taking them into account through PR strategies and tactics in a realisation of the vital dimension that well-balanced stakeholder relations have on long-term organisational success. Specifically, the PR dimension of taking stakeholders’ perspectives into account has paved the way to a new dimension of PR, namely that of CSR, which involves managing stakeholder relations with a focus on giving something back to society.

In this section, we will address the area of CSR by describing what it is, how it has developed, and demonstrate how important an element CSR is in stakeholder management in terms of the benefits it brings.

3.3.1 Definition of Corporate Social Responsibility (Helene)

*Corporate Social Responsibility* can be discerned from the three words that it contains; Corporate, Social, and Responsibility. Looking into the separate meaning, each word carries, provides an extensive understanding of the significance they bestow when combined. Thus, the underlying theme of responsibility is embedded in a relationship between corporations and the societies with which they interact. The phrase is used as a business and management term that can be interpreted as “… an organisation’s defined responsibility to its society(ies) and stakeholders”. In historical terms, the idea of practising CSR originated in the 1950s and 1960s through the realisation that organisations had some form of social responsibility since products could be unsafe, that the natural environment could be damaged and that repressive labour practices were conducted. From this, the aspect of ethical behaviour in organisations

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19 Tench & Yeomans 162
20 Werther & Chandler xiv
21 Tench & Yeomans 97
arose, but did not take form as a concept until the late 1970s when the first theories on CSR arose, establishing CSR as a concept.\(^2\) Today, acting in a socially responsible manner implies producing sustainable products and services with regards to both social and environmental matters, that is supported by immediate society,\(^2\) thus “... CSR is [not] defined (...) by the process of how much money a business gives away but by how [it] (...) makes its money in the first place”.\(^2\) CSR as an organisational function has come into existence as a response to changing expectations on organisations from the surrounding world. Consequently, to an increasing extent, organisations are expected to exhibit ethical behaviour and moral management – to manage their impact on societal matters by aiming to maximise the positive contributions and minimise the negative effects of their actions.\(^2\) Therefore, CSR has developed as a response to stakeholder pressure and underlines the interdependence between organisations and their stakeholders, as CSR prompts organisations to act as genuine corporate citizens and helps resolve common problems on a local and global scale. As a result, CSR adds to the solution to social problems in society through three levels of impact. These are identified by Peach (1987) as a Basic Level, in which the organisation merely adheres to society’s rules and participates in fair dealings, an Organisational Level, in which society’s rules are adhered to in an effort to minimise negative organisational effects on society, and a Societal Level, in which the organisation contributes to not only minimising its negative effect on society but also to improving it.\(^2\) Whichever level of CSR is executed, Carroll (1979) states, that the social responsibility of organisations encompasses both the economic, legal, as well as the ethical and discretionary expectations that society has of organisations \(^2\) and consequently, CSR is comprised of a mix of rational, economic and moral considerations.\(^2\) This perspective is supported by Lantos who refers to CSR as an act that assists businesses in achieving a balance between economic, legal and ethical performance among various stakeholders, in order for an

\(^{2}\) Clark 364
\(^{2}\) Werther & Chandler xiii
\(^{2}\) Werther & Chandler xiii
\(^{2}\) Lantos 595
\(^{2}\) Tench & Yeomans 97-98
\(^{2}\) Werther & Chandler 8
\(^{2}\) Werther & Chandler 16-18
organisation to reflect their needs and concerns by matching corporate endeavours with societal values. In conclusion, several theorists have presented their perspectives relating to what CSR is and for what it can be employed. Nevertheless, these perspectives do not present an ideal mix of the considerations to be included in CSR practice. Therefore, an organisation should adapt its CSR initiatives to the situation and environment in which it is positioned.

3.3.2 The importance of employing Corporate Social Responsibility in a Public Relations strategy (Helene)

After clarifying the concept of CSR, a discussion will follow, with reference to why CSR should be included as part of organisational communication along with a discourse relating to the outcomes that are generated when engaging in socially responsible behaviour. Tench and Yeomans state that PR is “... the management function that establishes and maintains mutually beneficial relationships between an organization and the publics on whom its success or failure depends”. From this it is evident that in order to achieve success, organisations should establish mutually beneficial relationships between themselves and stakeholders, by way of PR initiatives. On the basis of this, the PR activity, CSR, becomes a vital activity on which organisational success depends, as its main focus is on managing stakeholders relations while giving something back to society. Nevertheless, as aforementioned, CSR implementation carries other benefits as well, given that it offers both reputational and economic benefits to the business. In conclusion, organisations often use CSR in an effort to improve organisational reputation, as doing business in a responsible manner offers strategic and reputational advantages. In conjunction with this, Werther and Chandler address one of the benefits associated with the integration of CSR into organisational endeavours. They declare that an organisation engaging in CSR can obtain a competitive advantage in the form of a positive reputation.

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29 Lantos 595
30 Tench & Yeomans 5
31 Werther & Chandler xiv
32 Werther & Chandler 61
33 Cornelissen 44
within the minds of stakeholders. An aspect, which in turn reinforces an organisation’s image and in turn leads to enhanced financial performance.\textsuperscript{34}

Furthermore, an organisation’s strategy, mission, and vision statements that mirror thorough stakeholder awareness, substantiate establishing a positive organisational reputation among stakeholders. In accordance with corporate communication theory, it is important that an organisation’s communication is linked to its strategy, seeing that communication has come to play a strategic role in organisational positioning.\textsuperscript{35} Also, considering the increasing importance of coordinating communication to convey an image coherent with the organisational values, and considering the fact that CSR is a corporate communication activity, its practice should be integrated into the strategic management process of an organisation. Accordingly, this perspective integrates and allows CSR elements to encircle the strategy, mission and vision of an organisation.\textsuperscript{36} On the basis of this, successful organisations need to live the image with which they identify themselves and for that reason also need to live their strategy in order to gain a reputation, which is strong and consistent among stakeholders.\textsuperscript{37} Subsequently, this perspective is maintained in part two of the thesis as a means to examine how and whether BAT lives up to the recommendations on the above mentioned, by addressing stakeholder salience through its strategy.

Furthermore, another vital aspect for effective CSR communication is transparency and accountability, as emphasised by Werther and Chandler. These aspects include informing about how production is conducted and how environmental aspects have been taken into consideration.\textsuperscript{38} Moreover, transparency about organisational endeavours assists an organisation in gaining a positive reputation among stakeholders. As a result, the element of transparency will also be examined in the analysis of BAT's communication material in part two.

\textsuperscript{34} Werther & Chandler 18
\textsuperscript{35} Cornelissen 26
\textsuperscript{36} Carroll & Buchholtz 164
\textsuperscript{37} Werther & Chandler 19
\textsuperscript{38} Werther & Chandler 77
In conclusion, this section has served to demonstrate how employing CSR initiatives benefit organisations by establishing positive stakeholder relationships through reputation management. Furthermore, there are different ways in which CSR initiatives are carried out and these are illustrated by Mark S. Schwartz and Archie B. Carroll’s *Three-Domain Approach* which will be discussed in the following section. In addition, the outcome of CSR activities will be illustrated through a presentation and explanation pertaining to John Elkington’s theory on the *Triple Bottom-Line*.

### 3.4 CSR as a Three-Domain Approach (Jeanette)

Having identified CSR and how it can benefit organisations, this section will examine the different ways in which CSR can be practised through a description of the domains in which CSR can take place. In addition, Schwartz and Carroll’s *Three-Domain Approach* will be compared to John Elkington’s *Triple Bottom-Line* theory to illustrate the difference between how CSR can be practised and whom it affects. This will enable us to establish a deeper analysis of BAT’s CSR initiatives in part two of the thesis, and will subsequently enable us to present our recommendations for other PR practitioners in part three of our thesis.

In this section we will examine the three main areas of responsibilities that an organisation can address. These are *Economic, Legal* and *Ethical* responsibilities as defined by Schwartz and Carroll. The theory presents an opposing viewpoint to that of the economist Milton Friedman (1970). He stipulates that a “...business is obligated only to maximize profits”\(^{39}\), and as such contradicts the view that businesses should also undertake additional responsibilities, as recommended by Schwartz and Carroll. Addressing the domains in which CSR responsibilities can be implemented, enables us to present an overview of where they might overlap. Also, different areas of the *Three-Domain Approach* are in focus depending on which CSR activity is practiced by the organisation. The theory of CSR as a *Three-Domain Approach* is a development of Carroll’s (1991) *Pyramid of Corporate Social Responsibility*, which addresses four areas of CSR (*Economic, Legal, Ethical*, and *Philanthropic*), as previously mentioned. The areas

\(^{39}\) Schwartz & Carroll 503
are illustrated in a pyramid, with *Economic* positioned on the bottom line, *Legal* on the next level, followed by *Ethical*, and finally *Philanthropic* at the top.\textsuperscript{40} However, this model has been criticised for being misleading, as the elements are not hierarchical. Consequently, a three-domain approach has been developed, which captures the overlapping nature of the CSR domains. Furthermore, in the re-modification of the model, the new model offers the possibility for *Philanthropic* to be a part of the ethical and/or economic responsibilities, due to the difficulty of distinguishing between philanthropic and ethical activities, and because philanthropic activities may, in the case of for-profit organisations, merely be based on economic interests.\textsuperscript{41}

On the basis of this, we can now move on to explaining the modified theory, as we are aware that the category *Philanthropic* is based on the common features of the activities, which are now part of the ethical category. Next, the three modified domains of CSR will now be explained in order to enlighten how CSR can be approached.

**Economic domain:** This domain is consistent with a company aiming to “… perform in a manner consistent with maximizing earnings per share, being as profitable as possible”\textsuperscript{42}. In relation to this, Schwartz and Carroll state that the majority of corporate activities are expected to be economic in nature. Being aware of this aspect, can help most communication practitioners in adopting a more realistic view on the practice of CSR and how these elements can be aligned. Subsequently, this aspect will be further elaborated in part three, which addresses our recommendations for communication practitioners, based on the knowledge we have gained from the assessment of relevant theory in part one along with our analysis and applied theory in part two of the thesis.

**Legal domain:** this area is consistent with an organisation’s response to legal expectations, set forth by stakeholders, and through legal principles developed in case law.\textsuperscript{43} Moreover, an organisation can cope with legislation in three ways, namely 1) *Compliance*, 2) *Avoidance of civil litigation* and 3) *Anticipation of the law*. There are three subtypes when coping with legis-

\textsuperscript{40} Schwartz & Carroll 504
\textsuperscript{41} Schwartz & Carroll 506
\textsuperscript{42} Schwartz & Carroll 507
\textsuperscript{43} Schwartz & Carroll 509
oration through Compliance; these subtypes are Passive (when the organisation accidentally obeys the law due to other reasons than the law itself) Restrictive (when the actions of the organisations are legally forced, for example paying taxes and tariffs) and Opportunistic (when the organisation takes advantage of loopholes in the legislation to be able to engage in certain activities, and when the organisation chooses to operate in certain jurisdictions due to weaker legal standards, for example when operating in developing countries as legislation is less stringent). Another way of dealing with legal restrictions is through Avoidance of civil litigation, which relates to corporate activities motivated by the desire to avoid possible litigation for careless behaviour. Schwartz and Carroll provide examples of reactions to such fears; organisations can choose to disengage in the production of potentially dangerous products, to voluntarily recall products, or to end organisational activities, that are not environmentally conscious.

Lastly, Anticipation, the third subcategory to the Legal domain, relates to an organisation’s anticipations of legislative change, this suggests that new laws might be anticipated, and in connection with this, organisations may engage in voluntary activities in order to help prevent or slow down the burden of new legislation.

Ethical domain: the third domain of CSR is defined as responsibilities that “...embody (...) standards, norms or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair”. In other words, it refers to the ethical responsibilities that stakeholders expect an organisation to uphold.

Having identified the three domains of CSR undertakings, which are the Economic, Legal, and Ethical domains, an explanation of how these domains overlap is necessary, in order to understand the need for a re-modification of Carroll’s abovementioned Pyramid of Corporate Social Responsibility. The overlap can be illustrated by a Venn diagram, which includes the creation of seven categories in which CSR can be conceptualised. Furthermore, the diagram high-

44 Schwartz & Carroll 510-511
45 Schwartz & Carroll 511
46 Schwartz & Carroll 508
47 Schwartz & Carroll 513
lights when the domains overlap, of which the central overlap, called *Economic/Legal/Ethical* is the ideal (see illustration).

![The three domain model of CSR](image)

There are seven different kinds of overlap in this model. According to Schwartz and Carroll, the areas, that are purely defined by one domain (for example *Purely Legal*), are rare. Nevertheless, they are included, as they do represent situations, which decision makers might be faced with in a business context.\(^{49}\) Each area characterises which domain(s) dominate(s) an organisation’s CSR undertakings. For example, following the *Legal/Ethical* approach, an organisation’s actions do not occur because of any economic benefit, but instead because the organisation is legally required to comply with legislation and operate in a manner that is ethically sound.\(^ {50}\) Another example is the *Purely Ethical* domain, which relates to when organisational activities have no economic or legal implications, but are based on moral principles. Few corporate activities fall within this category as most ethical activities include an economic benefit of some kind.\(^ {51}\) Lastly, the approach *Economic/Legal/Ethical* should be assessed, as it is the ideal approach to follow. This approach is simultaneously motivated by the

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\(^{48}\) Schwartz & Carroll 509  
\(^{49}\) Schwartz & Carroll 513  
\(^{50}\) Schwartz & Carroll 518  
\(^{51}\) Schwartz & Carroll 515
bottom line, the legal system and ethical principles. Addressing as many stakeholder needs as possible in combination with the Economic/Legal/Ethical CSR domains offers the best possible balance between stakeholder concerns, legislation and economic performance.

However, there are limitations to Three-Domain Approach model. First of all, Carroll and Schwartz stipulate that the new model is based on the assumption that the three domains are separable. In connection with this, one must be aware that when looking at the “Purely” approaches, they are only pure to a certain degree; consequently, there will still be some overlap. For instance, it is rather difficult to use the “Purely Legal” approach without employing an ethical perspective, as legislation and ethics are often related.

Being aware of the concepts suggested in this theory, assists us in analysing and discussing the use of business ethics, social auditing, sustainability, Triple Bottom-Line, stakeholder management et cetera. Trends that will be further examined in the analysis of BAT’s communication material in relation to its CSR initiatives.

3.5 CSR with a triple bottom-line (Jeanette)

Having addressed the content of Schwartz and Carroll’s Three-Domain Approach, an explanation of John Elkington’s Triple Bottom-Line will follow. Whereas the Three-Domain Approach addresses how CSR initiatives can take place, the Triple Bottom-Line predominantly considers the outcome of CSR activities, with point of departure in stakeholder benefits. Elkington’s Triple Bottom-Line consists of three parts, referred to as People, Planet, and Profit. In this connection People refers to all social and labour issues externally and internally relating to an organisation. For example, it includes employee support, health and safety codes. In other words, the People aspect addresses the importance of stakeholders and how an organisation’s CSR endeavours affect them. Next, the term Planet refers to the responsibility organisations

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52 Schwartz & Carroll 518
53 Schwartz & Carroll 520
54 Schwartz & Carroll 515
55 Cornelissen 46
have, in which they need to integrate ecological initiatives into sound business operations; reducing harmful waste is an example of a Planet initiative.\textsuperscript{56} Lastly, Profit refers to the aim of generating financial returns, and is often considered a basis for meeting the other responsibilities.\textsuperscript{57}

Having provided a description of the Triple Bottom-Line, its relation to the Three-Domain Approach can be demonstrated in the sense that both theories underline how different areas of CSR practice should be connected, in an effort to address as many stakeholder needs and concerns as possible. Furthermore, addressing Schwartz and Carroll’s Three-Domain Approach it became evident that CSR practice involves several different areas. Also, a comprehension was gained pertaining to the overlapping nature of CSR and which overlapping approach is most advantageous. Subsequently, this enables us to undertake a more extensive analysis BAT’s CSR initiatives, and whether all three areas (Economic, Ethical and Legal) are included in these initiatives. As a result, the analysis of BAT’s CSR initiatives will enable us to present recommendations for communication professional in part three of the thesis. Moreover, the assessment of the Triple Bottom-Line theory has illustrated the different outcomes CSR initiatives can present. This will allow us to determine whether BAT successfully can combine the benefits of the People, Planet, and Profit aspects and whether some stakeholder interests result in focusing on one aspect over another. In conclusion, this section has established a basis for an analysis of how and whether BAT’s CSR initiatives overlap in terms of the domains to which they belong.

3.6 Critical view on Corporate Social Responsibility (Jeanette)

Having assessed the theories of CSR as a Three- Domain Approach along with the Triple Bottom-Line, a discussion of whether the implementation of CSR is always motivated by economic incentives, will follow. Incorporating a critical discussion on CSR practice is imperative as it will provide us with a critical perspective on CSR implementation, along with an understand-

\textsuperscript{56} Cornelissen 47
\textsuperscript{57} Cornelissen 47
ing of how CSR theory can be employed within a business context to nurture stakeholder relations.

As aforementioned, CSR’s point of departure is centred on three domains, which can overlap. These are the Legal, Ethical and Economic domains. Consequently, the ideal approach for business professionals is to seek an overlap that covers all three domains. However, an approach that covers only some of the domains can be employed, for instance Ethical and Legal can be pursued. Nevertheless, it can be discussed whether all CSR activities (regarding for-profit organisations) are more or less always motivated by economic incentives, as these function as a prerequisite for the other responsibilities. Furthermore, the argument that economic benefits function as the primary motivating factor for organisations is further substantiated by the neo-classical economist, Milton Friedman (1970), who states that “…there is (...) only one social responsibility of business – to use its resources to engage in activities designed to increase its profit (...) without deception or fraud”. Although this argument dates back almost 40 years, it can be discussed whether it is still valid considering the way in which organisations engage in CSR. Moreover, Friedman concluded that solving social problems fell under governmental responsibilities, however, the practice of CSR today proposes the opposite – namely that business also need to act responsibly in the Legal and Ethical domains with the outcome of affecting not only Profit, but also People and Planet. Thereby, the applicability of the Three-Domain Approach and the Triple Bottom-Line is substantiated. On the other hand, the argument that CSR performance is based on economic benefits is also supported by Joep Cornelissen who states, that it is difficult to give the actual reasons for CSR, as these differ between businesses - yet, he underlines that “…regardless of the underlying motives (...), research has found that [CSR] initiatives are related to reputational returns and an overall better financial performance”. On the basis of this, it can be concluded that due to reputational returns, an economic benefit is a natural consequence of CSR implementation, yet it is not the only goal

58 Schwartz and Carroll 505
59 Cornelissen 47
60 Lantos 602
61 Lantos 602
62 Cornelissen 44
towards which organisations should strive. Consequently, social and environmental factors need to be taken into consideration as societies in which organisations operate increasingly expect and require socially responsible behaviour.

In addition, it has to be taken into consideration that practising CSR with an economic motivation is based on the role that stakeholders play in terms of organisational survival. As Werther and Chandler state, the success of an organisation’s CSR activities reflects how well it has been able to navigate stakeholder concerns while implementing its business model. In other words, an organisation must understand the importance of reflecting stakeholder considerations in its actions, because if society, and the stakeholders in particular, do not approve its actions, it can pose a threat to organisational survival. As organisational survival is also dependent on profits, the notion that stakeholders determine organisational success substantiates the argument of CSR being based on profit. Hereby, we are lead back to Friedman’s argument that businesses should focus on creating profit as an end goal, as practising CSR should give the organisation competitive advantages, and thereby financial returns.

Being aware that complying with stakeholder demands is a necessary consideration for organisations to survive, this section supports Carroll’s recommendation to aim for covering all three domains (Legal, Ethical, and Economic) in CSR practice. This enables a more in-depth and critical analysis of BAT’s CSR strategy in part two. Furthermore, besides from supporting the argument of aiming at covering all three domains, this critical view on CSR will help to understand that even though organisations put a strong effort into communicating their ethical goals, one should question the genuineness of the CSR initiatives, or whether the implementation is merely “window dressing” with the single aim of generating profit.

To evaluate this, Guido Palazzo and Ulf Richter have given their views on how an organisation can enhance its credibility when this is questioned, with the tobacco industry as a primary example. Here they state that an organisation’s CSR initiatives actually contradict the organisation’s raison d’être, and that an organisation must ensure it acts in specific ways to enhance

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63 For a deeper explanation of stakeholders, see sections 3.7 and 3.8
64 Werther & Chandler 8
65 Cornelissen 44
credibility\textsuperscript{66}. In relevance to the chosen case example of the thesis (BAT), Palazzo and Richter stipulate that tobacco organisations are fighting on a rather different territory than other industries, and that they are fighting for their right to even exist by “\textit{...being at the lowest level of public acceptance}”\textsuperscript{67}. For this reason, tobacco companies find themselves on a low level of credibility, and their CSR efforts will therefore be exposed to a much greater degree of scrutiny and negative expectations – therefore, the tobacco industry must fulfil several demands to enhance their trustworthiness\textsuperscript{68}. For example, Palazzo and Richter recommend that tobacco organisations give an honest description of all corporate dilemmas, from potential risks relating to child labour in production to marketing activities in developing countries. Furthermore, they recommend that organisations in the tobacco industry improve their credibility by making efforts in trying to influence the behaviour of the retailers, who play a key role in the control of underage smoking. Lastly, Palazzo and Richter recommend tobacco organisations to engage in promoting transnational regulations and to voluntarily adopt the highest standards of tobacco regulation\textsuperscript{69}. This being said, one must have in mind that the text gives a rather subjective view on the tobacco industry. Sentences like “\textit{For decades the industry engaged in massive lobbying and misinformation campaigns...}” and “\textit{the interests of tobacco industry run counter to the social good simply because tobacco kills}”\textsuperscript{70, 71}, gives the impression of trying to induce a certain viewpoint towards tobacco industries and their possibilities to practice CSR credibly. However, although Palazzo and Richter appear rather subjective in their evaluations, they still manage to present several suggestions to how tobacco organisations can cope with stakeholder scepticism when communicating their CSR initiatives. These suggestions will therefore be included in the analysis of BAT’s communication strategy, in order to see whether BAT fulfils these, and thereby can be evaluated as increasing its chances of being credible in its CSR endeavours, although these might contradict their raison d’être. In general, as this section has provided a critical perspective on the communication and practice of CSR, it

\textsuperscript{66} Palazzo and Richter 388
\textsuperscript{67} Palazzo and Richter 396
\textsuperscript{68} Palazzo and Richter 396
\textsuperscript{69} Palazzo and Richter 397
\textsuperscript{70} Palazzo and Richter 389
\textsuperscript{71} Palazzo and Richter 397
is beneficial for communication practitioners to bear this in mind, as it can prepare them for opposing viewpoints when planning corporate communication, and thereby tailor communication to become as effective as possible, depending on stakeholder opinions, needs, power, and interest towards the organisation.

### 3.7 CSR Communication Strategies (Layanna)

Nowadays, stakeholder management has become a focal point within organisations, as these have come to realise that one of the keys to sustaining a competitive advantage is to adopt a future-oriented perspective for instance by building long-term reciprocal relations between themselves and their stakeholders.\(^{72}\) Subsequently, adopting a stakeholder perspective entails that an organisation establishes transparency and openness towards its internal and external stakeholders, in an effort to achieve two-way communication. On the basis of this, an organisation needs to employ the appropriate communicative strategies to address its stakeholders. In the following section on stakeholders, we will present the notions on *Sense-giving* and *Sense-making* followed by three CSR communication models, based on Grunig and Hunt’s four PR models, which were addressed in section 3.2.1. These models are imperative in that they provide a wider understanding of how an organisation’s CSR endeavours can be communicated to external stakeholders within the framework of the four PR models. Subsequently, we will propose how the models can be linked to Grunig’s *Mixed Motive* model, which adopts a more contemporary, pragmatic and encompassing view on how to conduct two-way asymmetric communication in conjunction with two-way symmetric communication.

Nowadays, when organisations involve themselves in CSR endeavours, it is imperative that they take on an ongoing and active interest in their stakeholders. On the basis of this, organisations need to be conscious of which communication strategies to employ when engaging with stakeholders.\(^{73}\) As a means to employing the appropriate communication strategy, organisations need to be keenly aware of the internal and external environments in which they

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\(^{72}\) Werther and Chandler 38  
\(^{73}\) Morsing & Schultz 136
operate. According to Gioia and Chittiped (1991) who retain an internal focus, an organisation needs to comprehend the notion of Sense-making and Sense-giving. First of all Sense-making involves that an organisation disseminates what others want and appoints meaning to it, while Sense-giving involves that managers aid in the sense-making process by “walking the talk” and communicating to stakeholders the vision of the organisation. In other words, the managers shape the way in which stakeholders make sense, by taking them into account in relation to the mission and objectives of the organisation. Furthermore, also Mette Morsing and Majken Schultz have embraced the notion of Sense-making and Sense-giving, however, through an external focus, in which external stakeholders are included in organisational CSR endeavours. Consequently, implicating managers and employees by adopting an external focus means that they too will partake in the sense-making and sense-giving processes. Subsequently, the objective is to have not only managers and employees but also stakeholders engage in these processes by cooperating with organisations, thus making stakeholders play a role in the organisation’s CSR endeavours. This aspect will increase the chance of establishing a long-term and mutually beneficial relationship through dialogue, which consequently increases organisations’ revenue streams and their competitive advantage, for instance through knowledge sharing.

Next, we will establish an understanding of the three CSR communication strategies, in which different stakeholder perspectives come to fore: these contend with informing, responding and involving. However, first we need to address Edward Freeman’s Stakeholder View of Firm (1984) in order to grasp the importance of having an organisation avail itself of an external focus as a means to effectively address the needs of its stakeholders. Freeman stipulates that stakeholders can influence and are influenced by organisational endeavours. Therefore, depending on the context organisations need to integrate the abovementioned CSR communication strategies in an effort to manage stakeholders. Here, it is evident that there has been a shift in focus from regarding stakeholders as an entity to be managed by the or-

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74 Morsing & Schultz 137
75 Morsing & Schultz 137-138
76 Morsing & Schultz 137-139
77 Mosing & Schultz 138
ganisation, to a focus in which they interrelate with an organisation and partake in organisational processes.\textsuperscript{78}

Furthermore, what lies at the heart of stakeholder methodology is that an organisation should engage with stakeholders through discourse, in order to establish the grounds for a reciprocal relationship. This, in turn, develops the basis for a mutually beneficial relationship characterised by cooperation, candour and accountability between stakeholder and organisation.\textsuperscript{79}

Subsequently, we will address the three \textit{CSR Communication Strategies} respectively. First of all, the three CSR communication strategies (see Morsing and Schultz' illustration below) are based on Grunig and Hunt's (1984) PR models, as previously addressed. As aforementioned, the models provide an in-depth comprehension of how organisations can address the subject of PR. Positioning the PR models in conjunction with stakeholder- and CSR communication strategies we are able to provide an encompassing view on how organisations can engage in CSR efforts through a focus on stakeholders.\textsuperscript{80} Subsequently, the \textit{CSR Communication Strategies} include a one-way communication strategy, a two-way asymmetric strategy as well as two-way symmetric communication strategy. Consequently, the processes of \textit{Sense-making} and \textit{Sense-giving} can be juxtaposed with the strategies; the objective of one-way communication is sense-giving while the objective of two-way communication is sense-giving and sense-making. Naturally, when organisations undertake CSR endeavours, they need to foster two-way communication vis-à-vis their internal and external stakeholders by means of the sense-making - and sense-giving processes.\textsuperscript{81}

\textsuperscript{78}Morsing & Schultz 138-139
\textsuperscript{79}Morsing & Schultz 139
\textsuperscript{80}Morsing & Schultz 139
\textsuperscript{81}Morsing & Schultz 140
Begin with the **Stakeholder Information Strategy**, which is rooted in the **Public Information** PR model, the organisation engages in one-way communication, through which it efficiently communicates to its stakeholders its CSR perspective, choices and objectives. Consequently, the objective is to enlighten the external stakeholders about the organisation in a way that

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**The CSR Communication Strategies**

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<td>Public information, one-way communication</td>
<td>Two-way asymmetric communication</td>
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<th>Communication ideal: sense-making and sense-giving</th>
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<td>Sense-making</td>
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| Stakeholders: | Request more information on 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 feed-back via opinion polls, dialogue, networks, and partnerships | Negotiated continuously in interaction with stakeholders |

| Strategic communication task: | Inform stakeholders about favourable 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 et cetera |

| 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 |

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82 Morsing & Schultz 141
fosters stakeholder support. However, the outlooks of the external stakeholders are not taken into account. Rather, the organisational perspectives are communicated to them.\footnote{Morsing & Schultz 142}

Next, there is the \textit{Stakeholder Response Strategy}, which is derived from the \textit{Two-way Asymmetric PR} model. Subsequently, considering the fact that the organisation is dependent on approval from its stakeholders, its organisational objective is to adjust stakeholder attitudes and the way, in which stakeholders conduct themselves. Thus, the CSR initiatives become enticing and applicable for stakeholders. On the basis of this, the model involves elements of persuasion, which in turn means that there is an imbalance in the power-relationship between the organisation and its stakeholders. In view of this, communication is distinguished as feedback on the part of stakeholders, for instance through opinion polls, partnerships et cetera, and depending on the feedback received, the organisation will adjust communication accordingly.\footnote{Morsing & Schultz 143} Therefore, stakeholders take on a reactive role contrary to a proactive role as with the following stakeholder model.\footnote{Morsing & Schultz 144}

Finally, there is the \textit{Stakeholder Involvement Strategy}, which centres on the \textit{Two-way Symmetric PR} model. The essence of this model lies in establishing a sense of mutuality between an organisation and its stakeholders through a continuous exchange of ideas. Here, it is essential that an organisation engages in on-going and long-term dialogue with its stakeholders, as a means to ensure positive collaboration and progress, for instance in terms of organisational CSR initiatives. In other words, it is imperative that the organisation listens to and comprehends the arguments laid forth by its stakeholders relative to organisational undertakings. Consequently, the challenge is to avoid alienation by its internal and external stakeholders; rather it should ensure simultaneous and organised communication through which the apprehensions of either party are recognised, dealt with and integrated in an effort to establish plausible CSR activities that can be substantiated by all involved.\footnote{Morsing & Schultz 145} As aforementioned in section 3.2.1 \textit{Public Relations models}, together with the \textit{Stakeholder Involvement Strategy}, pose a
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Challenge in that they necessitate that an organisation draws a parallel between itself and its stakeholders. Yet, the relationship between the two will always be disproportionate, as an organisation employs elements of persuasion in order to create stakeholder involvement. As aforesaid, this is why the Two-way Asymmetric PR model, as well as the Stakeholder Involvement Strategy, can be considered too idealistic in nature. Consequently, this is where the previously mentioned Mixed Motive model by Grunig becomes relevant. Although this model relates to PR, it can be connected to the three CSR Communication Strategies, considering the fact that they are based on Grunig and Hunt’s four PR models. Additionally, utilizing the Mixed Motive model establishes the basis for a more pragmatic and contemporary view on and comprehension of how to employ and establish the grounds for a mutually beneficial relationship between an organisation and its stakeholders.

As aforesaid, the Mixed Motive model provides a realistic and in-depth comprehension of how communication takes place between an organisation and its stakeholders and how symmetric communication is achieved in conjunction with two-way asymmetric communication. In essence, two-way symmetric communication is “sporadic” in the sense that an organisation and its stakeholders, corporate critics, the media and opinion-makers come together through pro-active dialogue in an effort to devise a win-win situation. As aforesaid in section 3.2.1, this is achieved through the instigation of new ideas along with their perspectives concerning corporate CSR endeavours. While this is the case, the Two-way Asymmetric model of communication exists through which the organisation and its stakeholders offer feedback to one another. Nevertheless, the organisation is to be found at one extreme, while stakeholders are to be found at the other end of the extreme. Consistent with the three CSR Communication Strategies, which propose useful ways in which to communicate with stakeholders, Max Clarkson devised seven principles, which propose ways in which stakeholders can be managed. These principles involve action words to be used in connection with stakeholder management and they are as follows: Acknowledge, monitor, listen communicate, adopt, recognize, work, avoid, and acknowledge conflict. Subsequently, these words emphasise the importance of stakeholder awareness and the importance of adapting corporate communication accordingly. This substantiates which aspects need to be taken into consid-

87 Caroll & Buchholz 112
eration when engaging in effective CSR practice, while the *CSR Communication Strategies* themselves provide the tools through which this can be achieved.

In conclusion, we propose employing the *Mixed Motive* model because we consider *Stakeholder Response Strategy* and the *Stakeholder Involvement Strategy* to be obsolete. Rather, these models provide us with an understanding pertaining to how organisations can communicate with their stakeholders and the level of involvement stakeholders can have with organisations. Consequently, we will look into the CSR endeavours and communication approaches adopted by BAT, in an effort to determine which of the models are consistent with BAT’s chosen communication strategy.

### 3.8 The Power-Interest Matrix (Jeanette)

The previous section provided an in-depth understanding of stakeholder theory. On the basis of this, this section will provide an understanding of how an organisation can position its stakeholders, depending on their importance and power towards the organisation. Positioning the stakeholders into different groups can aid the organisation in gaining an overview of its stakeholders as a means to formulate appropriate communication strategies.\(^{88}\) Subsequently, stakeholders can be positioned through the *Power-Interest Matrix*, a mapping device, which categorises stakeholders based on the power they possess and the extent to which they are likely to have an interest in the organisation’s activities.\(^{89}\) These two variables can be demonstrated in the matrix where the stakeholders’ level of interest ranges from low to high on the horizontal axis, while their level of power towards the organisation ranges from high to low on the vertical axis. Consequently, the stakeholders can be placed in four different areas within the matrix depending on their level of interest and power. The matrix is illustrated below.

\(^{88}\) Cornelissen 53

\(^{89}\) Cornelissen 53
Considering that stakeholder approval is vital for organisational survival, the Power-Interest Matrix illustrates that quadrant D (Key Players) is the most important to which an organisation should pay attention. On the basis, Key Players need to be constantly communicated with in order to establish a common consensus about organisational undertakings. It is, however, also important to keep stakeholders with less power constantly informed (quadrant B), in order to maintain their commitment to the organisation, and in connection with this, increase the likelihood of stakeholders engaging in positive Word-of-Mouth. Moreover, also quadrant C (Keep Satisfied) should receive attention, since the stakeholders positioned in this quadrant pose the greatest challenge for organisations to uphold well-balanced relations. This has to do with the fact that they lack interest but are still able to exert power towards the organisation in reaction to an organisational decision or activity. Lastly, the stakeholders in quadrant A (Minimal Effort) are those stakeholders about whom an organisation should worry the least, as their level of interest and power is low. Thus, a minimal effort is required.

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90 Cornelissen 53
91 Cornelissen 53
92 Pava & Krausz 344
93 Cornelissen 53
94 Cornelissen 53
Having addressed the various stakeholder positions in regards to interest and power, organisations must pay attention to the fact that stakeholders can move from one quadrant to another, for instance when their level of interest in the organisation changes. Furthermore, the model is useful for communication professionals, as it provides an overview of the influence and importance stakeholders can hold, both in general and with regards to specific issues.\(^{95}\)

Having dealt with the various stakeholder positions available and the importance of these, it is imperative that an organisation pays special attention to its **Key Players**. Specifically, **Key Players** relate to employees, consumers, suppliers, and shareholders. Consequently, organisations need to listened to, and, if possible, involve them in organisational decision making.\(^ {96}\) In connection with this, Cornelissen suggests employing different communication strategies, depending on who are the stakeholders. On the basis of this, he suggests employing a **Dialogue Strategy** towards **Key Players**, whereas an **Informational Strategy** should be employed towards stakeholders in quadrant C (keep Informed), as it is considered an ideal approach with which to address them, since it is based on merely providing information. Such information is presented in the form of newsletters and free publicity. Subsequently, the information flow is one-way, whereas the **Dialogue Strategy** involves two-way communication, in which stakeholder consultation, mutual exchange of ideas and opinions are included.\(^ {97}\) Which strategy to choose, therefore depends on where in the matrix the stakeholders are positioned and how great the organisational need is to build long term relationships with them.\(^ {98}\) Accordingly, it can be argued that the **Two-way Symmetrical approach** is ideal, as substantiated by A. Svendsen’s (1998) statement in *The Stakeholder Strategy: Profiting from Collaborative Business Relationships*. Here, he stipulates that collaboration with stakeholders is a source of opportunity and competitive advantage\(^ {99}\), and from this it can be derived, that mutual understanding is vital for organisational survival. These communication strategies are elaborated in section 3.2

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\(^{95}\) Cornelissen 53

\(^{96}\) Cornelissen 53

\(^{97}\) Cornelissen 55

\(^{98}\) Cornelissen 55

\(^{99}\) Cornelissen 57
Systems and Public Relations theory, and support the argument that an organisation should function as an open system, which adapts to its internal and external environment.

As concluded in this section, it is important for organisations to categorise its stakeholders according to the power and interest level they hold, in relation to the organisation. This is imperative because it enables the organisation to choose communication strategies suited for the specific groups. Operating in a stigmatised industry, as tobacco organisations do (see a further description in the introduction and section 4.1.1), the Power-Interest Matrix is a relevant tool employ when planning communication strategies. Therefore, this theory is included in part one in order for us to be better equipped when analysing BAT's communication in relation to its CSR initiatives in part two. Consequently, this will enable us to provide suggestions for communication practitioners in part three.

3.9 Persuasive Methods (Helene)

Next, this section will address the area of how the use of persuasive methods in organisational communication can assist organisations in fulfilling corporate communication objectives. Subsequently, we will describe what persuasion is, how it is used and how it is useful for organisations. The theory will be presented from the vantage point of audience awareness and credibility, as well as how it can be carried out through a rhetorical approach. This lays the foundation for our analysis of BAT's use of persuasion in part two, which will enable us to present recommendations for communication professionals in part three.

3.9.1 Definition of persuasion (Helene)

Persuasion is a tool that facilitates communicators in designing their communication to become more effective in reaching communicative goals. This is because it is defined as the interpersonal conscious “... activity of creating, reinforcing, modifying or extinguishing beliefs, attitudes, intentions, motivations or behaviours (...)” through communication.\(^{100}\) Put differently,
persuasion is a way of adapting communication to a specific audience so that the communicative goal can be reached. Persuasion can be reflected in the communication by the degree of credibility that an organisation seeks to establish\textsuperscript{101}, through language use in terms of intensity, symbols, and formality et cetera.\textsuperscript{102} Also, the structuring of the message\textsuperscript{103} and the choice or non-choice of motivational appeals\textsuperscript{104} can be employed in an effort establish credibility. The central factor underlying the abovementioned elements of persuasion is audience awareness. To be an effective and persuasive communicator it is imperative to be aware of audience characteristics and preferences in order to compose communication adapted to these.\textsuperscript{105}

\subsection*{3.9.2 The function of persuasion – the Elaboration Likelihood Model (Helene)}

A communicator can change, influence or create an audience’s attitudes through communication by adapting it to the elaboration likelihood of the audience. This is due to the fact that persuasion operates via two basic paths, namely a cognitive route called the central processing and a less cognitive route called the peripheral processing, as introduced by Petty and Cacioppo’s \textit{Elaboration Likelihood Model of Persuasion (ELM)}.\textsuperscript{106}

The different elements that constitute persuasion, some of which are mentioned above, individually serve as cues that motivate peripheral and/or central processing. Assessing the audience’s elaboration likelihood is, therefore, central for the communicator before determining which persuasive element to use in a specific communication context. The ELM identifies receivers of communication as active participants in persuasion, as they produce thoughts and elaborations in response to the stimuli, to which they are exposed.\textsuperscript{107} Therefore, when exposed to a message, a receiver will elaborate on that message based on his/her ability and

\begin{thebibliography}{99}
\item Gass & Seiter 72-90
\item Gass & Seiter 147-160
\item Gass & Seiter 187-194
\item Gass & Seiter 271-272
\item Gass & Seiter 112-113
\item Gass & Seiter 36
\item Benoit & Strathman 96
\end{thebibliography}
motivation to process the information presented. In this context, a receiver can either engage in central or peripheral processing. Central processing is based on thought and reflection and involves thoughtful consideration of the arguments presented in a message, is activated when the receiver is both able and motivated to think about the content of the message and is encouraged by central cues. A central cue is one that promotes thought, analysis and reflection, and increases receivers’ involvement. On the other hand, the peripheral route is employed when the receiver reacts to communication on the basis of other cues than the message content, due to a lacking ability or motivation to process the content of the message. The peripheral route is encouraged when communicators provide peripheral cues, which are “easy” cues that do not promote active thinking about the message content. The more involved a receiver is in a topic, the more likely the receiver is to rely on central processing, and the more likely it is that the communicator can change receiver attitudes through the use of central cues in communication. Considering the difference in the degree of involvement between the two cognitive routes, the attitude change achieved by affecting the receivers to engage in central processing is more persistent than one achieved through encouragement of peripheral processing. Therefore, if a short-term attitude change is the most relevant outcome of a communication context, the communicator should employ peripheral cues. When analysing BATs communication material in part two, we will assess which cues are employed and juxtapose it to the prerequisites of the stakeholders addressed in the BAT 2007 Sustainability Report.

108 Benoit & Strathman 96
109 Gass & Seiter 53
110 Benoit & Strathman 96
111 Gass & Seiter 36
112 Gass & Seiter 53
113 Gass & Seiter 36
114 Rucker & Petty 40-41
3.9.3 Persuasion and Credibility (Helene)

Credibility is a persuasive tool that addresses the believability of a communicator and is defined as “… judgments made by a perceiver”. The more credible a communicator is perceived, the higher the believability. In other words, credibility is a receiver based construct, therefore what works on one audience may not work on another. This stresses the importance of audience awareness when using persuasion and its dimensions as a communicative tool.

In addition, in order to be considered credible, it is important that the communicator displays empathy and responsiveness, has a perceived expertise, conveys an impression of honesty and integrity and is perceived to be caring and interested. These keywords make up the three primary dimensions of credibility which affect an audience’s evaluation of the communicator and which the communicator can seek to enhance. These dimensions are expertise, trustworthiness and goodwill. The dimensions are interesting to search for when analysing BATs communication material in part two, to assess how BAT attempts to improve the target audience’s evaluation of the organisation, which, in turn, will assist us in providing recommendations for communication practitioners in part three.

Credibility facilitates persuasion by exerting an influence on the receivers and through the use of credibility organisations are aided in managing their image. Furthermore, we will shed light on how credibility can be established in communication by looking into the rhetoric of persuasive messages.

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115 Gass & Seiter 75
116 Gass & Seiter 89
117 Gass & Seiter 112
118 Gass & Seiter 77-79
119 Gass & Seiter 79
3.9.4 The Rhetoric (Helene)

Aristotle’s notion on *Ethos*, relates to the credibility and trustworthiness of the communicator addressed above. According to Aristotle, credibility is established by means of the attitude displayed by the writer not only towards his/her audience, but also towards the subject in question. What is imperative in this instance is the “tone” or feeling employed by the communicator and the way in which his/her ethical appeal is demonstrated through choice of words and the level of formality employed. Consequently, the communicator must take the audience into account and communicate with it in a language, suitable for the situation and subject. Furthermore, according to Aristotle, *Ethos* connects to the social footing between the participants engaging in the rhetorical situation.  

In order to obtain a credible position amongst an audience and a position, in which an audience pays attention to the subject in question, the writer has to appear impartial, open-minded, and honest. Additionally, credibility can be established based on the “expert” knowledge of which the communicator is in possession; a case in point can be the communicator demonstrating authority by employing the appropriate “expert” lingo in his/her style of communication. Accordingly, it is of great importance that the communicator embodies three attributes as a means to establishing credibility; these characteristics are intellect, integrity, and goodwill, and will be addressed shortly.

First, aside from employing “expert” language to establish credibility, the communicator should acknowledge contradictory perspectives, in order to give the impression of open-mindedness and impartiality. This aspect serves to substantiate the communicator’s credibility on a given subject. Next, *Ethos* is created if the communicator addresses the audience when initiating a subject by communicating his/her vantage point and principles regarding the subject. Naturally, it is easier to establish credibility when addressing an un-biased audience than one, which is biased. When facing a biased audience, however, the notion of goodwill comes in. Consequently, this notion assists the communicator in altering the attitudes held by the audience and can be achieved when genuine concern and consideration for the beliefs, held by an audience, is expressed.121

120 http://www.mc.maricopa.edu/~rrodrigo/lessons/ethos/situated.htm (April 14th 2009)

3.9.5 Persuasion and Ethics (Helene)

Having examined what persuasion is and how it can be successfully executed, it is appropriate to touch upon the topic of ethical persuasion. Indeed, persuasion is a useful tool, but it can damage or even destroy relationships with stakeholders if it is employed unethically. The criticism of persuasion is that it can foster a manipulative approach to communication, as it is used to produce communication, which influences audiences. However, the means of persuasion are ethically neutral and it is then all about how persuasion strategies are used, and the motives of the communicator, that determine whether an influence attempt is manipulative. On the contrary, ethical persuasion is intentional, occurs with the awareness of the receiver and enables the receiver to choose freely. To sum up, being honest and displaying interpersonal and intercultural sensitivity as a communicator ensures ethical consideration, and allows the receivers to engage in independent thought, which in turn enables them to choose freely.

3.9.6 How is persuasion useful in corporate communication? (Helene)

Used ethically, persuasion is, indeed, a useful tool. Organisations seek to project positive images towards their stakeholders in order to ensure organisational survival as discussed in section 3.6 Critical View on CSR. The power and ability of organisations to influence stakeholders are linked to their reputations; therefore organisations should strive to be perceived as credible entities in order to influence their stakeholders. For this reason, we will include a credibility aspect in our recommendations in part three, based on the analysis of BAT’s communication material in part two.

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122 Gass & Seiter 348
123 Gass & Seiter 12-13, 349
124 Gass & Seiter 354
125 Gass & Seiter 359
In this section, we have offered a framework of how organisations can make use of persuasion to establish credibility as an image management tool. In section 3.3.2 *The Importance of Employing CSR in a PR strategy*, we addressed how organisational success is linked to the strength of the organisation’s image. In connection with this, it becomes obvious that persuasion is a useful tool in corporate communication.

In conclusion, persuasion is receiver based and therefore relies on thorough organisational audience awareness in order to be effective. As a means to obtain audience awareness, an organisation must acknowledge and monitor the concerns of its stakeholders and subsequently adopt behaviour that is sensitive to these stakeholder concerns by addressing them through corporate communication. With regards to this, it becomes evident that an organisation is assisted in adding persuasive elements to its communication by fulfilling the seven principles for effective stakeholder management proposed by Clarkson, (section 3.7 *CSR Communication Strategies*). As aforementioned, these focus on assessing audience characteristics and adapting communication accordingly. Consequently, considering the principles will assist an organisation in becoming more persuasive as it can then communicate more effectively.

Addressing the theory of persuasion provides theoretical tools for reaching persuasive communication. We achieved an understanding of how persuasion operates via the ELM model, how it is enhanced by credibility, how it is carried out by Aristotle’s rhetoric and how an ethical approach catalyzes all these factors. The knowledge gained on persuasion establishes the framework for our analysis in part two, which then serves to substantiate our recommendations for successful persuasive methods in part three.
4. Part two – Analysis of how British American Tobacco p.l.c. communicates its CSR initiatives through its 2007 Sustainability Report (Helene, Layanna, Jeanette)

The objective of part two of the thesis is to apply the theory addressed in part one to the case example of BAT. To provide a basic comprehension of the organisation exemplified, part one will be initiated with a description of BAT as an organisation, its development, vision, mission and values. Providing a basic presentation of BAT, will aid in establishing a meticulous comprehension of how its communication is conducted and with which motives, since its raison d’être becomes easier to understand. Following the description of BAT, a short description of the chosen communication material, BAT’s 2007 Sustainability Report will be provided, since creating an understanding of the character of the material to be analysed, will lay the foundation for an understanding of the content and thereby aid the understanding of our analysis. As a natural consequence, an analysis of BAT’s 2007 Report will follow. The theories to be applied from part one in the analysis here, are respectively the Triple Bottom-Line, the Three-Domain Approach, stakeholder theories and persuasive theories. These theories are used to assess how BAT incorporates CSR into its undertakings and juxtapose this to theoretical recommendations. In addition, it should be noted that apart from the specific CSR theories, Triple Bottom-Line and Three-Domain Approach, the analysis, based on the remaining theories, can be applied within other corporate communicative contexts. Consequently, this renders the analysis applicable for other business contexts than that of communicating CSR.
4.1 About British American Tobacco p.l.c. (Helene)

Part one of the report addressed the theories of Public Relations, Corporate Social responsibility and how to assess those stakeholders most important to an organisation. The conclusions reached, will be employed here in part two. However, before analysing the chosen communication material of BAT, an overview of the organisation and the industry in which it operates is necessary.\footnote{Aside from footnote references, see appendix 1 which presents the content of the mostly used websites} This is necessary as it establishes a foundation for a more thorough analysis of the chosen material, the British American Tobacco p.l.c.’s 2007 Sustainability Report (the Report).\footnote{To see the Report in full, see appendix 2} Subsequently, the point of departure for establishing an analysis of BAT’s communication material is through an understanding of its values and goals, as knowing these, enhances our understanding of the organisation’s undertakings. Furthermore, a comprehension of BAT’s values assists in the process of analysing and evaluating whether these are apparent in the Report and consistent with what BAT communicates.

4.1.1 Tobacco companies – part of the sin industry (Helene)

As addressed in the introduction, the term sin industry will be used to describe organisations producing products or services, which are harmful to the consumers and/or the environment. Furthermore, such organisations, which have a major (negative) impact on the social and physical environments, are often vilified by the media and attacked by stakeholders,\footnote{Tench & Yeomans 95} rendering CSR activities even more important to perform. Put differently, we define operators in sin industries as organisations, who earn their money by creating and selling products that pose a health risk to consumers.

Subsequently, the following section will address facts about BAT, which is included in the terminology sin industry, its history, vision and mission, and how these are expressed through
its values. With this in mind, a description of BAT’s communication material, the Report, will follow. Our focus on the Report functions as a basis for the analysis and in the following, an assessment of how the organisation communicates its CSR initiatives will be conducted.

Therefore, presenting a description of BAT will enable us to perform an analysis, which will serve as a basis for our recommendations for communication professionals by providing a different perspective, through the case example of BAT, on how CSR can be employed within an organisation, in which CSR practice is considered an oxymoron.

4.1.2 Introduction to British American Tobacco (Layanna)

4.1.2.1 History

On the 29th September 1902 British American tobacco was established through a joint venture of Kingdom’s Imperial Tobacco Company and the American Tobacco Company129 and was thereby “... born international’, (...) operating locally in diverse cultures around the world”130. This established the foundation for continuous progress and throughout the 20th century, milestones were reached, such as when BAT became the largest tobacco manufacturer in the free world in 1970, with annual sales of £500 billion cigarettes131. The success of BAT led to continuous acquisitions of famous brands like Kent, Lucky Strike, and Pall Mall, which further contributed to its success.

In the new millennium, BAT’s focus has evolved around its social conscience. In 2002, the year of its centenary, BAT became the first tobacco company to publish a social report. Subsequently, another milestone was reached in 2005 when BAT began to produce a less harmful form of tobacco; the Swedish-style snus. A product, it continuously mentions throughout its on-line communication material and in the Report. Furthermore, throughout the new millennium BAT has gained several awards and recognitions, for example in 2008, when it for was


130 http://www.bat.com/group/sites/uk_3mnfen.nsf/vwPagesWebLive/DO52ADGE?opendocument&SKN=1 (April 28th 2009) – Appendix 1

131 http://www.bat.com/group/sites/uk_3mnfen.nsf/vwPagesWebLive/DO52ADJ8?opendocument&SKN=1 (April 28th 2009) – Appendix 1
selected for the 08/09 Dow Jones Sustainability Index for the seventh year. Here, the organisation scored on economic, social and environmental performance. This combination of the economic, social and environmental areas will be further addressed when analysing how BAT communicates its CSR initiatives.

Through time, BAT has performed well, which has enabled it to position itself at the top, which according to its official website, renders it the second largest tobacco group by market share (13%) in the world, with a portfolio consisting of over 300 different brands, sold in over 180 markets worldwide. An awareness of BAT’s size can contribute to the analysis in the following sections, as it can be argued that a large organisation, as BAT, has many stakeholders with different interests and with whom, it is beneficial to create relationships, as a means to maintain sustainability. This is supported by Werther and Chandler who argue that satisfying each stakeholder group, allows organisations to maximise their commitment to their owners, in this case shareholders. Considering that creating value for shareholders is BAT's vision (see the next section), underlines BAT’s dependence on stakeholders satisfaction.

4.1.2.2 Vision, Strategy and Values

As concluded in the previous section, BAT has expanded worldwide during the last 100 years, rendering it the second largest tobacco company in the world. Recalling the theory assessed in part one about the Triple Bottom-Line, this success should be viewed in conjunction with responsible performance towards people and environment, and not merely through a focus on economic gain. Subsequently, scepticism exists towards organisations, operating in sin industries, which means that stakeholders to a certain extent expect organisations such as BAT to focus merely on profit. Consequently, this scepticism can be argued to exist, due to the fact that organisations operating within a sin industry produce products that pose serious health risks to consumers. As a result, stakeholders can be expected to retain negative attitudes towards the organisation’s endeavours.


133 http://www.bat.com/group/sites/uk_3mnfen.nsf/vwPagesWebLive/DO52ADCY?opendocument&SKN=1 (April 28th 2009) - Appendix 1

134 Werther and Chandler 19
On www.bat.com, BAT states that its vision is “...to achieve leadership in order to create long term shareholder value”. Consequently, the organisation defines leadership as consisting of a qualitative and quantitative dimension. The quantitative dimension defines leadership as volume leadership among its competitors, and qualitative leadership as being “…the partner of first choice for governments, NGOs, investors and potential employees, by continuously demonstrating that it is a responsible tobacco Group”. Thereby, it can be concluded that BAT’s vision is two-fold, focusing partly on delivering economic benefit for its shareholders by engaging in global leadership, and partly by recognising the importance of being considered responsible by stakeholders. To perform its vision, BAT has a strategy consisting of four values, which are Growth, Productivity, Responsibility and Winning Organisation. The main focus of the analysis that follows will be on Responsibility as it is the most relevant for the purpose of this thesis. Through Responsibility, BAT aims to balance commercial interests with a broad range of stakeholder interests to ensure a sustainable business. For example, it will promote sensible tobacco regulation in the regulatory area, which establishes an open minded approach to harm reduction as a policy to address consumer needs and social expectations. In general, BAT communicates with its stakeholders about what it calls its Business Principles which are Mutual Benefit, Responsible Product Stewardship, and Good Corporate Conduct - each underpinned by a number of core beliefs, which explain how BAT expects its business to be run. Generally, these Business Principles offer a broad overview of how BAT aims at creating 1) mutual beneficial relationship with the stakeholders in order to build long term shareholder value (Mutual Benefit). This is interesting to consider when analysing who are BAT’s stakeholders and how they can be divided, in order to analyse if the way in which BAT communicates with its stakeholders is in alignment with stakeholder needs and interests. 2) How to become a good business partner (Responsible Product Stewardship) through full organisational transparency – another important aspect to take into consideration when analysing how BAT communicates with its stakeholders and whether these values are apparent in the Report. 3) Acting as a well-behaved corporation should (Good Corporate Conduct), by complying with society’s expectations, including the governments’, as organisations are obligated to

engage with high standards of behaviour and integrity through organisational undertakings.\textsuperscript{137} In addition, BAT states that its responsibility is to work together with stakeholders to identify the requirements of its CSR practise, in order to address societal needs, to maintaining sustainable and in the end create shareholder value. This confirms the aforementioned advice, provided by Werther and Chandler; they stipulate that organisations have to satisfy each stakeholder group in order to maximise commitment to owners, who are the ultimate stakeholders.

Having provided a description of BAT, its history, development, vision and values, an in-depth analysis of the Report will now be presented.

4.2 Description of analysis material (Jeanette)

In order to achieve an overview of the communication material of which the analysis will be based, a short description of it will follow. Primarily, the analysis is based on BATs 2007 Sustainability Report\textsuperscript{138} in an effort to analyse how BAT communicates its CSR initiatives. This Report was considered relevant due to the fact that it provides a more thorough description of BAT’s CSR initiatives and how the organisation copes with the issues of concern to its stakeholders. However, elements of BAT’s website, www.bat.com will be included as well to achieve an encompassing perspective on how BAT communicates its CSR initiatives.

In addition, the analysis of BAT is based on the Report, as it was considered relevant, given that it provides an in-depth comprehension of the organisation’s CSR endeavours. This is based on the fact that, through the Report, we are able to assess the organisation’s use of CSR theory. For instance, Elkington’s \textit{Triple Bottom-Line} theory is evident, as BAT’s Chief Executive, Paul Adams states that for BAT “...sustainability means addressing key business-related social, environmental and economic impacts (...) to bring value to (...) stakeholders, including shareholders”\textsuperscript{139} Furthermore, the Report is a substitute for BAT’s social Report in that it ad-

\textsuperscript{137} \url{http://www.bat.com/oneweb/framework.nsf/F/GCC1?opendocument} (April 28\textsuperscript{th} 2009) – Appendix 1

\textsuperscript{138} See Appendix 2

\textsuperscript{139} The Report 2
dresses various stakeholder concerns, including performance measures to demonstrate its progress in establishing full transparency for stakeholders. On the basis of this, the report was considered an obvious choice, not only to analyse how BAT communicates its CSR endeavours to its stakeholders, but also to analyse whether it engages in stakeholder dialogue.

The following pages will therefore provide an analysis of different parts of the Report. Based on the theory addressed in part one, we will, through a stakeholder perspective, be able to evaluate how BAT communicates its CSR performance. Consequently, these evaluations will serve as a basis for the recommendations, which will be provided in part three.

4.3 Stakeholder analysis (Layanna)

Having provided a description of BAT and its vision/mission, we will now turn to an analysis of the organisations stakeholders based on the Report and its website, www.bat.com. This analysis will map BAT’s stakeholders in terms of their power and interest vis-à-vis BAT, as described in section 3.8 The Power-Interest Matrix. Next, we will examine which CSR communication strategies are employed by the organisation depending on with which stakeholders, they are attempting to communicate. Furthermore, the analysis of BAT’s communication strategy is based on the CSR Communication Strategies, addressed in part two of the thesis.

Considering the fact that BAT is a controversial organisation based on its product portfolio, we predict that the majority of its stakeholders hold high power and high interest when positioned within the framework of the Power-Interest Matrix. Additionally, we expect to find that BAT employs a combination of the three stakeholder strategies presented earlier. Nevertheless, we anticipate that the Stakeholder Response Strategy, which embodies two-way asymmetric communication and the Stakeholder Involvement Strategy, through which two-way symmetric communication comes to fore, are the predominant strategies employed within the organisation. Consequently, this has to do with the fact that the majority of BAT’s stakeholders are expected to hold a high power and high interest level within the organisation.

140 The Report 2
Subsequently, this implies that the organisation needs to be in continuous and long-term dialogue with its stakeholders.

Based on the Report, it is evident that the organisation acknowledges the importance of its stakeholders, considering the fact that, within the Report, a four-page section has been designated to BAT’s stakeholders, followed by a matrix, in which they can be positioned based on their salience within the organisation. Furthermore, this aspect is substantiated by the fact that during the last seven years, BAT has “…consulted stakeholders to identify their issues of greatest concern” as stated in the report.

On account of this, we have positioned the majority of BAT’s stakeholders in quadrant D in the Power-Interest Matrix, since they are the stakeholders, we consider to hold high power and high interest within the organisation. On the basis of this, we will primarily focus on quadrant D in the analysis. Subsequently, each of these key Players are in a position to influence or be influenced by important opinion leaders, thereby affecting public opinion. Examples of these are Non Governmental Organisations (NGOs), such as the World Health Organisation (WHO) and the media. Another example of key stakeholder positioning relates to suppliers and regulators. These are positioned in the quadrant as they can affect pricing, an aspect substantiated by BAT’s cost reduction strategy – Smart Cost Management. Additionally, we have included consumers as holding an important position within the matrix, because they have the power to switch brands, for instance owing to economic recession. Therefore, BAT needs to communicate with these stakeholders on a continuous basis to maintain their interest in its products, in an effort to sustain its corporate revenue stream and competitive advantage. Finally, we have included shareholders in the quadrant, since BAT specifically addresses them in its vision statement: “Our vision is to (...) create long term shareholder value”. Subsequently, within quadrant B: Keep Informed, we have positioned CSR and marketing audit corporations, such as Ernst & Young, as these are beneficial to BAT, given that they serve to validate the or-

141 The Report 10-13
142 The Report 12
143 http://www.bat.com/group/sites/UK_3MNFEN.nsf/vwPagesWebLive/DO65AC5N?opendocument&SKN=1 (April 23rd 2009) – Appendix 1
144 The Report 1
145 The Report 1
ganisation’s corporate undertakings, thereby establishing credibility for BAT. This is perceived when BAT stipulates that: “Ernst & Young carried out an independent review of our sustainability report and how it is aligned with AA1000AS”. Moreover, such audits are placed in this quadrant as it can be argued that they hold high power when evaluating BAT, yet do not necessarily hold high interest, considering the fact that they have been hired by BAT to audit its sustainability report. Next, we have positioned local communities in quadrant C: Keep Satisfied; they also hold high power but low interest. In this instance, it is imperative that the organisation addresses the issues of concern to stakeholders in the communities, in which it operates, and ensures that these stakeholders have faith in the fact that BAT has addressed their issues of concern adequately. Consequently, BAT achieves this aspect through “funding and local community based projects”. Finally, we have not positioned any of BAT’s stakeholders in quadrant A: minimal Effort. Consequently, we judged that each of the stakeholders bore more merit and could not be considered to hold low power and low interest.

146 The Report 49
147 The Report 44
Power-Interest Matrix: based on 2007 sustainability report

**Low**

- **A: Minimal effort**
  - Competitors
  - Retailers
  - CSR and Marketing audits (ACONA, Ernst & Young)

- **B: keep informed**
  - Local communities

**High**

- **C: Keep satisfied**
  - Regulators/Governments
  - Suppliers
  - Employees
  - Shareholders
  - Investors
  - Opinion leaders (NGO’s)
  - Consumers

**Low**

- **D: Key players**

Turning to the communication strategies employed by BAT, we see evidence of all three CSR communication strategies. Beginning with the *Stakeholder Information Strategy*, we find that BAT engages in one-way communication and *Sense-giving* through the information pertaining to the dangers of smoking, provided on its cigarette packaging.\(^{148}\)

Next, we find evidence of two-way asymmetric communication pertaining to the *Stakeholder Response Strategy* in the Report, as well as on BAT's website. In terms of the website, the strategy is manifested via the “Contact us” information available.\(^{149}\) Consequently, the user has an opportunity to engage in the *Sense-giving* and *Sense-making* processes, by providing feed-


back to the organisation with reference to its CSR initiatives. Nevertheless, the stakeholders do not have the opportunity to correspond directly with BAT associates or provide immediate feedback. This aspect validates the fact that there is an imbalance in the power-relationship between BAT and its stakeholders, and is further substantiated in the Report when BAT asserts that “…in 2007, in response to stakeholder feedback (…)”.150

Finally, when addressing the Stakeholder Involvement Strategy, it is evident that BAT takes on a proactive role in working towards establishing a mutually beneficial relationship between itself and its stakeholders. This aspect is corroborated by one of its three business principles concerning Mutual Benefit.151 Consequently, BAT will establish mutual beneficial relationships with its stakeholders through internal and external transparency, as well as through long-term dialogue, consistent with the Sense-giving and Sense-making communication processes. Also, BAT directly states that it will “…continue to integrate [its] stakeholder dialogue methodology into mainstream business practice”.152 Subsequently, the Report, in and of itself, supports the fact that BAT engages in open and reciprocal dialogue with its stakeholder pool, ranging from issues on the subject of Harm Reduction to subjects pertaining to People and Culture. Also, the organisations most avid critics are invited to partake in open dialogue.153

Finally, considering the stakeholder strategies employed by BAT, it is evident that Grunig’s Mixed Motive approach underpins the organisation’s communication strategy. As aforementioned, this has to do with the fact that the strategies do not exist in isolation. Subsequently, this aspect is further substantiated in the Report, when BAT combines the Stakeholder Involvement strategy with the Stakeholder Response Strategy in its statement that it will: “…undertake external dialogue with key stakeholders [symmetric communication] to seek feedback on our approach [asymmetric communication]”.154

150 The Report 21

151 http://www.bat.com/group/sites/uk_3mnfen.nsf/vwPagesWeblive/DD725ECW?opendocument&SKN=1 (April 28th 2009) – Appendix 1

152 The Report 49

153 The Report 10-13

154 The Report 20
To sum up, having analysed BAT’s communication strategy based on the Report and its website [www.bat.com](http://www.bat.com), it is evident that the organisation predominantly employs the asymmetric Stakeholder Response Strategy and the symmetric Stakeholder Involvement Strategy by way of Grunig’s Mixed Motive approach. This aspect is substantiated by the fact that the majority of BAT’s stakeholders hold high power and high interest within the framework of the Power-Interest Matrix. Next, we will further analyse the Report and the BAT website in relation to Elkington’s Triple Bottom-Line and Schwartz and Carroll’s Three-Domain Approach.

### 4.4 Triple Bottom-Line (Jeanette)

Having analysed BAT’s stakeholders in terms of their power and interest and which communication strategy would best suit their dialogue needs, this section presents an explanation of BAT’s use of the Triple Bottom-Line and the Three-Domain Approach, based on the theory assessed in part one. Here, the objective is to examine whether BAT employs all three domains, as recommended by Carroll, as a means to create the best CSR communication strategy possible.\(^\text{155}\) However, having assessed BAT’s official website it becomes clear that it includes a great deal of financial information, for example under “About Us” and “Investors”.\(^\text{156}\) Therefore, it can be expected that the approaches covering the other domains, Ethical and Legal, are to be found in the Report, which should serve as an indication that the organisation employs the model and that there is an overlap of the three domains, as recommended by Carroll. In addition, we expect to find that BAT covers the Triple Bottom-Line, meaning People, Planet and Profit, as it is important to take as many stakeholders needs and expectations into consideration. Consequently, long-term relationships can be established, through which the organisation can uphold its sustainability.\(^\text{157}\)

In the Report, it is evident that BAT is aware of the importance of addressing all three areas of the Triple Bottom Line. For instance, in the beginning of the Report, Chief Executive, Paul Ad-
ams states that “For us, sustainability means addressing key business-related social, environmental and economic impacts”\(^\text{158}\), thereby affecting respectively People, Planet and Profit. Furthermore, the Report is based on what BAT stakeholders find relevant, and therefore the issues included in it, reflect their concerns. These are “Harm Reduction, Marketplace, Supply chain, Environment, and People and Culture”. These aspects will now be assessed in relation to the predominant areas affected by them.

Subsequently, the environmental aspect, Planet, is primarily reflected in the issue “Environment”. This issue assesses the environmental consequences of acquiring raw material for production, for product littering and addresses initiatives, through which negative environmental consequences can be reduced. For instance, BAT states that one of its aims is to reduce its CO\(_2\) emission “…by implementing energy conservation programmes (…), [by] reducing the amount of [production] waste”\(^\text{159}\). In addition, BAT provides various figures in relation to its environment protection performance, when stating that the reduction in weight of waste and on environmental protection expenditures, both from 2006 to 2007 have been reduced”\(^\text{160}\). Moreover, this establishes credibility for the organisation given that it provides actual figures to support its arguments.

Next, the social aspect of BAT’s actions will be addressed, namely People. Subsequently, the greater part of the issues addressed in the report relates to this aspect. These are “Harm Reduction”, which relates to the production of less harmful tobacco products (snus)\(^\text{161}\), Supply Chain, regarding a display of responsible behaviour in a business-to-business context, by way of the Triple Bottom-Line\(^\text{162}\), Marketplace, connected to the rules and regulations, which need to be addressed when promoting a health-threatening product\(^\text{163}\), and People and Culture\(^\text{164}\), with reference to the requirements of acting responsibly towards employees in order to de-

\(^{158}\) The Report 2

\(^{159}\) The Report 35

\(^{160}\) The Report 37

\(^{161}\) The Report 14-19

\(^{162}\) The Report 28-31

\(^{163}\) The Report 20-27

\(^{164}\) The Report 38-45
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velop their potential, thereby achieving a competitive advantages.\textsuperscript{165} Also on page 14 in the Report, BAT states that its approach to harm reduction entails producing less harmful products for consumers, thereby “…minimizing harm and decreasing (...) mortality without (...) eliminating tobacco and nicotine use”. In relation to the issue Supply Chain, we find evidence of the People aspect. Consequently, this issue addresses how responsible behaviour can be displayed towards the individuals involved in production processes, through close cooperation with suppliers and other stakeholders. This aspect serves to provide BAT with a competitive advantage,\textsuperscript{166} given that it requests that its suppliers act responsibly towards employees, with respect to human rights, which include working conditions, employee benefits, and rules that prevent child labour.\textsuperscript{167} Next, the issue of Marketplace can be argued to affect the social aspect of the Triple Bottom-Line, in the sense that this section illustrates BAT’s wish to abide by the law with respect to marketing rules. For instance, the organisation does not encourage underage smoking. Consequently, BAT states that it agrees with the fact that “…tobacco products should be regulated in appropriate ways [and that it] can provide information [and] ideas (....) to help regulators address the key issues surrounding [its] products”\textsuperscript{168}. This demonstrates that the organisation has a genuine interest in adhering to consumer protection laws.

The last issue with a social outcome is People and Culture. This issue addresses the importance of displaying concern for employees’ and their career potential, in order to create an even stronger business.\textsuperscript{169} For example, BAT states that its managers should “…be committed to developing high-quality people who can make a difference to our business”\textsuperscript{170}. As a result, it can be concluded that BAT expresses concern for its employees and that it has an interest in supporting them by developing their skills in an effort to create profit.

Now, we will address the last part of the Triple Bottom Line, Profit in relation to the Report. Here, financial profit is not directly stated as an issue, but is apparent as an underlying factor

\begin{thebibliography}{99}
\bibitem{165} The Report 39
\bibitem{166} The Report 28
\bibitem{167} The Report 29
\bibitem{168} The Report 26
\bibitem{169} The Report 38
\bibitem{170} The Report 39
\end{thebibliography}
with regard to the issues addressed in the Report. For instance, when introducing the *Supply Chain* issue, BAT argues that improved sustainability in the supply chain can add value to its business through which it can achieve a competitive advantage.\textsuperscript{171} This is also the case with the issue of *People* and *Culture*, which, as aforementioned, addresses the development of employee talent and skill as a means to gain a competitive advantage. Thus, nurturing employees presents financial gain. In addition, the initial pages involving highlights from the annual report (page 0 - *About Our Business 2007*) followed by an explanation of BAT’s vision and strategy (“...to achieve leadership in order to create shareholder value”)\textsuperscript{172} further substantiate the underlying goal of generating profit through responsible conduct. Consequently, although *Profit* is not as visible in the Report as are the *People* and *Planet* aspects, it can still be argued that all three elements are in existence and are affected by the initiatives undertaken by BAT. Furthermore, the fact that *Profit* is not as apparent as *People* and *Planet* has to do with the fact that the Report addresses social and environmental issues over economic aspects due to stakeholder interests. In relation to this, it can be argued that some stakeholders will find it inappropriate to include a large focus on economic gains when producing health-threatening products. Therefore, if some stakeholders search for extensive economic information, they can, as aforementioned, find it, on BAT’s corporate website [www.bat.com](http://www.bat.com). Thus, it can be concluded that BAT addresses all three areas consistent with the *Triple Bottom-Line* in its corporate communication, but with a main focus on *People*.

In addition, through BAT’s Business Principles (section 4.1.2.2 *Vision, Strategy and Values*), which address how the organisation should conduct itself in a socially responsible manner, it becomes evident that the organisation’s objective, to develop into a responsible corporate citizen, will be achieved through its actions, strategy, and the values underpinning the organisation. Consequently, these aspects verify that BAT engages in CSR at a strategic level. As a result, it can be concluded that when adopting an ethical stance through its strategy and communicating this stance in the Report, coherence is created for BAT, which aids the organisation in gaining positive associations within the minds of stakeholders. Furthermore, this is rooted in the fact that when there is coherence between an organisation’s CSR endeavours,
strategy and communication, the outcome is enhanced credibility. As aforementioned, this leads to positive associations of the organisations and its undertakings.173

4.5 Three-Domain Approach (Jeanette)

Next, what also substantiates the social perspective of the Report is the Three-Domain Approach, which is in alignment with, the previously addressed, Triple Bottom-Line. However, the Three-Domain Approach addresses how messages are communicated whereas the Triple Bottom-Line addresses the areas affected by CSR. To a great extent, the Ethical Domain addresses social elements, which contend with the individuals influenced by CSR endeavours. Consequently, there are numerous examples in the Report, through which the Ethical Domain comes to fore; for instance the issue of “Harm Reduction” addresses how to engage in ethical behaviour when producing health-threatening products. Also, the issue, Marketplace, includes the Ethical Domain given that it discusses how the organisation should cope with the issue of advertising, without attracting the wrong target group, of which youths are an example. However, this is where the Legal Domain comes in, since it is the main approach employed in the section “Market place”. Accordingly, it centres on knowing and abiding by the law. Moreover, a specific combination of the Ethical and Legal Domain is seen on page 25, where BAT states that in order to avoid illicit trade by second-hand sellers of its equipments, it destroys all its manufacturing equipment, when replaced. Consequently, this does not involve the Economic Domain, but only the Ethical and Legal Domain. Also, there are different combinations of the Three-Domain Approach, which is evidenced in the Report on page 31; here, the organisation recognises that a sustainable future depends on its ability to collaborate and satisfy the expectations of the stakeholders in its supply chain. At this juncture, we see an Economic/Ethical Approach. Ethical in the sense that BAT recognises and adapts to stakeholder expectations, and Economic in the sense that the organisation understands the necessity of complying with its stakeholders in the supply chain, in order to avoid having to engage with less flexible and more expensive suppliers. Consequently, BAT adopts an Economic/Ethical Approach in an effort to sustain financial profit.

173 For a further explanation on the establishment of credibility, see section 3.9.3 Persuasion and Credibility
Furthermore, the Ethical perspective is reflected in the issues Environment and People and Culture. Addressing environmental issues and issues contending with recruitment and employee nurturing is ethically sound and serves to establish credibility for BAT. However, as aforementioned, the issue on People and Culture also addresses the Economic Domain. For instance, when BAT states that its competitive advantage derives from the quality and motivation of its employees, which in turn furnishes the organisation with the benefit of retaining talented individuals that work towards increasing the organisation’s financial balance. Consequently, this section demonstrates that BAT communicates its CSR initiatives by way of the Three-Domain Approach, as all three domains are covered in the Report, with a focus on the Ethical Domain throughout it. However, the Legal Domain is the most predominant in the section on Market Place, whereas the Economic Domain comes to fore in combination with the other domains. Nonetheless, the Economic Domain is emphasised on the first page of the Report where highlights from BAT’s annual report are presented. Consequently, there is overlap between the different approaches. Nevertheless, the Economic Domain is in focus on BAT’s corporate website. Subsequently, the fact that the Report mainly addresses the Ethical and Legal Domains has to do with the fact that the Sustainability Report serves to address stakeholder needs and concerns. With this said, it can be discussed whether it would be beneficial for BAT to focus slightly more on the economic aspect in the Report, in an effort to enhance its credibility, by acknowledging that its primary objective is to create profit. This is based on the discussion assessed in section 3.6 Critical View on CSR. Here, it was concluded that there is always an economic objective with the CSR endeavours of for-profit organisations. First of all, as aforementioned, BAT risks being construed as contradicting itself if it chooses to enhance its economic focus in the Report; if it communicates that it strives towards increased regulation pertaining to under-age smoking whilst communicating that its objective is to increase profits, for instance by enhancing its consumer base, the organisation risks losing credibility and may be considered as engaging in unethical conduct. Moreover, another reason why BAT does not include additional information on how to generate profit has to do with the fact that its stakeholders have not communicated economic issues of concern to them. This, also has something to do with the fact that the Report acts as a substitute for BAT’s Social Reports.
which means that BAT and its stakeholders have found it more relevant to include information, which contends with ethical issues and social performance. Irrespective, BAT states that the Report addresses key stakeholder issues and based on the fact that Ernst & Young has approved the Report, we conclude that it addresses the issues of concern to BAT. Furthermore, an organisation operating within a stigmatised industry, as is the case with BAT, needs to find the right balance in its communication of ethical, economic and legal perspectives. Also, it needs to balance the dimensions of the Triple Bottom-Line, People, Planet and Profit. Moreover, to a certain extent the Three-Domain Approach can be juxtaposed to the Triple Bottom-line, however, they are not completely alike as the Legal Domain cannot be directly adapted to the Triple Bottom-Line in the same way, as can the Ethical domain, which relates to People and the Economic Domain, which relates to Profit. Furthermore, with this section we conclude that the Triple Bottom-Line has a bearing on the issues addressed in the Report, while the Three-Domain Approach reflects the line of attack an organisation can adopt, through which it can engage in CSR practice.

In conclusion, both theories can be employed to analyse the issues put forth in the Report, which indicates that there is coherence in how BAT approaches the issues set forth by its stakeholders and the way in which it communicates its CSR endeavours. Consequently, we consider the organisation to have adopted a professional, comprehensible and all-encompassing line of attack in communicating the BAT CSR initiatives.

### 4.6 Persuasion (Helene)

Having analysed BAT’s stakeholders in terms of power, interest, and the communication methods appropriate, we will now turn to a more specific analysis of the persuasive elements apparent in the Report, based on the theory applied in part one.

The harmful nature of BAT’s products indicates that the organisation faces a stakeholder group with resistance towards the organisation, as these pose a health threat and thereby a threat to social well being. This poses a great challenge to BAT’s communication initiatives

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175 The Report 14
given that these are met with scepticism and therefore need to include more persuasive elements, in order to be considered credible. On the basis of this, we find it interesting to examine how persuasive elements are employed to establish credibility towards BAT in relation to its stakeholders, considering the fact that the tobacco industry, in and of itself, is perceived to hold low stakeholder credibility. Furthermore, it is interesting to investigate which persuasive elements are present in BAT’s communicative acts and specifically the way in which it engages in rhetoric.

4.6.1 Communicative Acts - Credibility of the Communicator (Helene)

As we learned from section 3.9 Persuasive Methods, the believability of a communicator can be enhanced through responsiveness, bestowing an impression of honesty and integrity, of being caring and interested, et cetera. Subsequently, publishing a sustainability report can be considered an attempt to display BAT as an honest organisation, since the Report aims to establish the organisational acts of BAT as transparent, consequently, the organisation states: “...we aim to maintain transparency and enable stakeholders to assess our performance”, giving the impression that BAT acts with good intentions throughout its business undertakings and therefore has nothing to hide. Moreover, the Report is a means for BAT to be responsive to stakeholder interests by responding to the main stakeholder concerns on social issues through the statement of key goals for the organisation. To illustrate the legitimacy of BAT’s consideration of stakeholder opinions in the Report, the sections contain stakeholder quotes regarding the issue addressed, for instance under Harm Reduction, a stakeholder is quoted: “…It was a big step to acknowledge harm. Go beyond that and look at the solution to the harm”. This quote justifies BAT’s choice to include Harm Reduction as an issue in the Report, thereby demonstrating BAT’s responsiveness to stakeholder concerns.

176 The Report 2
177 The Report 2
178 The Report 17
All in all, by producing the Report, BAT addresses the stakeholders when approaching the issues from their vantage point and thereby exerts transparency and responsiveness. Both, these elements build credibility.\(^{179}\)

Furthermore, within the individual sections of the Report, evidence of attempts to establish credibility around BAT and its communication is found. For example, in *Harm Reduction*, the statement that “... *tobacco products are addictive and their use poses real and serious risks to health*” is an acknowledgement of the risk factor of BAT’s products. This reflects honesty, integrity and responsibility through admittance of the harmful nature of its products; all dimensions that establish credibility. Also, the responsible character of BAT is expressed in the *Marketplace* section where BAT discusses local marketing violations as a response to critical stakeholders.\(^{180}\) As a result, BAT overtly admits that breaches were found but dealt with. Admitting breaches demonstrates that BAT’s social footing with stakeholders is informal and based on equality, and it can be considered an act of displaying honesty, self-admittance and responsibility as well as integrity. Consequently, admitting breaches further aids BAT in establishing credibility.

Additionally, the statement in the *Harm Reduction* section convey “*Together with other members of the European Smokeless Tobacco Council trade association [ESTC] we submitted proposals to the European Commission for the regulation of smokeless tobacco products within the European Union*”，\(^{181}\) is an interesting attempt to establish credibility through the act described along with the linguistic approach describing it. Here, BAT states that it encourages regulations on tobacco products thus indicates, that it is in the interest of the organisation not merely to abide by the law but also to support it, in an interest to protect the public. This adds to the stakeholders’ perception of BAT as a caring and emphatic entity, as it identifies BAT as an organisation, which does not merely strive for economic growth but also considers social and environmental wellbeing. Another element within the sentence that serves to establish credibility is the phrase “*other member*”, which describes BAT as being part of ESTC. This

\(^{179}\) See section 3.9 Persuasive Methods

\(^{180}\) The Report 22

\(^{181}\) The Report 19
makes BAT appear responsible and caring as the entire sentence adds to credibility both on the linguistic and act levels (the act of cooperating with ESTC).

4.6.2 Credibility of the Communication Medium (Helene)

To add further credibility to the Report, it is stated throughout the Report that it is assured by Ernst & Young. For instance, this is seen on page one: “... Ernst & Young LLP reviewed all commitments and statements of progress, data, GRI information, text and (...) performance-related information”. This confirms that it is in the interest of BAT to eliminate any doubt held by stakeholders, concerning the reliability of the information presented. Furthermore, towards the end of the Report, Ernst & Young’s independent assurance of the Report is attached.\textsuperscript{182} This includes observations on the quality of the Report, areas for improvement, conclusions on review sessions, as well as a justification of why the evaluation can be trusted, as the evaluation is impartial. In this sense, the independent assurance statement also builds credibility around Ernst & Young in order for it to establish credibility of the Report.

The process of building credibility, as seen in the instance of Ernst & Young above, leads to a discussion on how BAT’s communication reflects the stakeholders’ cognitive elaboration likelihood according to the \textit{ELM Model}. This is seen by way of how BAT seeks to persuade stakeholders by using central cues in its communication. As described in section 3.9 \textit{Persuasive Methods}, central processing means that the audience is motivated to scrutinise all aspects of a message, therefore more information is needed to convince them of the reliability of the information. Several times, the Report demonstrates that BAT has used central cues to affect its stakeholders to engage in thoughtful consideration of the arguments presented. An example of this is seen from the textbox in the \textit{Environment} section: “... based on available academic literature (...) [the consultancy] identified 56 potential climate change risks”.\textsuperscript{183} This statement identifies how credibility is built around the issue of identifying potential climate change risks. Furthermore, the identification of the climate change risks is assisted by an environmental consultancy, whose work is assisted by academic literature. BAT’s motive for providing the stakeholders with such scrutinising information can be argued to be an attempt to re-

\textsuperscript{182} The Report 46-48

\textsuperscript{183} The Report 34
spond to its stakeholders’ power-interest levels.\textsuperscript{184} This is based on the notion that many stakeholders are highly involved and approach information critically, especially due to the risk factor of BAT’s products. Creating credibility in several dimensions, as the above examples illustrate, assists BAT in convincing these critical stakeholders of the reliability of the information.

However, in the Report, there is evidence of peripheral cues as well. For example, the stakeholders quoted within the different sections, as addressed previously, are only referred to in terms of their positions as stakeholders towards BAT, rather than by name and rank. This is seen in the example: “academic stakeholder in dialogue”.\textsuperscript{185} This lack of specific information about the stakeholder quoted, demonstrates that the quote is included merely for a justification of the relevance of the issue in the Report, than for a justification of the credibility of the quote. The quote is therefore a peripheral cue that addresses stakeholders who do not have the motivation to engage in central processing, and thereby do not need specific evidence pertaining to the background of the individual, quoted. In the situation of BAT, the stakeholders addressed here, are the ones mentioned in the Power-Interest Matrix with low interest due to low motivation to scrutinise the message and thereby low interest in the validity of the argument.

To sum up, the Report carries a great amount of credibility in several different aspects, both on the content of the Report but also on BAT as the communicator. Considering the image of BAT, derived from its controversial nature of operating within a sin industry, it is natural that credibility is the rhetorical dimension that takes precedence since it assists organisations in image management as described in section 3.9 Persuasive Methods. Credibility can thereby help build positive stakeholder perception of BAT. In addition, this confirms the notion in section 3.6 Critical View on CSR, which addresses that tobacco organisations must put an extra effort in establishing credibility. For example, it is suggested that tobacco organisations should give an honest description of their corporate issues. According to Palazzo and Richter, examples of such issues are child labour risk issues\textsuperscript{186}, the attempt to influence the behaviour

\textsuperscript{184} See section 3.8 The Power-Interest Matrix

\textsuperscript{185} The Report 17

\textsuperscript{186} The Report 44
of retailers, who play a key role in avoiding youth smoking\textsuperscript{187}, and lastly the participation in transnational regulations in order to adopt the highest standards of tobacco regulation\textsuperscript{188}. These are all elements addressed in the Report. By this, BAT’s extended effort to establish itself and its actions as credible, can be confirmed.

\textsuperscript{187} The Report 23

\textsuperscript{188} The Report 21
5. Part Three – Evaluation and recommendations on our findings

(Helene, Layanna, Jeanette)

This part of the thesis provides an overall evaluation on the findings from the analysis of BAT’s communication material in part two and it encompasses our recommendations for communication practitioners, based on the theoretical framework addressed in part one and on the essential findings from the analysis in part two.

Accordingly, the objective of part three is to rise above the theory assessed in part one by putting it into a larger perspective. In the process of placing theory in a broader perspective, we will undertake a critical perspective on CSR communication when presenting our recommendations, in order to emphasise aspects of which communication professionals should be watchful, when communicating CSR. Consequently, the point of departure of the discussion in this part of the thesis is how organisations, operating in stigmatised industries, such as that of tobacco, are faced with great challenges in overcoming scepticism regarding their CSR initiatives. Therefore, the recommendations featured in this part illustrate how the findings, throughout the thesis, are useful for future business communication professionals, especially those working under pressure from stakeholders within exposed industries.
5.1 Evaluation on part one and two (Helene, Layanna, Jeanette)

Part three of the thesis will include an evaluation of the conclusions reached in our analysis of the Report. Consequently, based on our findings, we will present recommendations of which aspects communication professionals should consider when engaging in CSR communication.

In part one of the thesis, we addressed the connection between PR and CSR practice and how CSR originates from PR. Furthermore, we gained an in-depth understanding of how organisations attempt to establish mutually beneficial relationships with their stakeholders by actively choosing to adopt the role of a good corporate citizen, thus giving back to the societies in which they operate. Moreover, engaging in CSR endeavours requires that organisations consider not only the financial gains of their operations, but also take social and environmental matters into account, as a means to maximising the positive effects which their endeavours have on society, while minimising the negative. For that reason, CSR is a balancing act. This implies that organisations need to consider the social and environmental impact their undertakings have on society, while simultaneously aiming to generate organisational profit. Subsequently, Elkington’s Triple Bottom-Line illustrated which areas CSR affects, whereas Schwartz and Carroll’s Three-Domain Approach provided an understanding of the different approaches through which CSR can be performed. However, these theoretical approaches do not offer ideal mixes of each of the three dimensions involved, as they should be adapted to the specific context and environment, in which an organisation operates.

Having examined BAT’s communication material in part two of the thesis, it was apparent that the organisation’s CSR communication is context specific; in the Report, the focal point is on social aspects, which means that the organisation does not retain an economic focus. As a result, communication in the Report has been tailored to address social issues of concern to the organisation’s stakeholders. However, though BAT’s objective is to address all three areas of the Triple Bottom-Line, there is less focus on Profit than on People and Planet through a main focus on the Ethical Approach. Also, the Triple Bottom-Line theory has enhanced our comprehension of how important it is to consider stakeholders when executing a communication

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189 Werther & Chandler xiv
strategy. Therefore, taking their needs and concerns into account facilitates organisations in reaching their communicative goals.

Furthermore, the analysis of the Report augmented our understanding of the different power- and interest levels stakeholders hold within organisations. Consequently, when stakeholders with high power and high interest are resistant to organisational communication, as might be the case with BAT’s stakeholders, it becomes immensely important not to communicate to them but rather to correspond and connect with them through dialogue. Subsequently, the PR and CSR communication methodology broadened our comprehension with reference to the importance of establishing dialogue between an organisation and its stakeholders. Furthermore, this aspect is achievable through openness and transparency on part of the organisation, which establishes a basis for a mutually beneficial relationship. Accordingly, having an open system allows an organisation to create an in-depth understanding of its stakeholders and subsequently allows it to position them within Cornelissen’s Power-Interest Matrix, through which an organisation can tailor communication to the different stakeholder constituents. Concisely, successful CSR implementation is achievable when applying a proper communication strategy, tailored to stakeholder needs and concerns. On account of this, we recommend that communication professionals, irrespective of the industry in which they operate, demonstrate concern for their stakeholders when implementing an adequate mix of the Triple Bottom-Line. Additionally, Communication professionals should strive to attain an in-depth stakeholder comprehension through the Power-Interest Matrix. As aforementioned, this will aid them in tailoring communication to the different stakeholder constituents. Moreover, the analysis concluded that BAT succeeds in obtaining credibility and positive stakeholder attitudes by way of transparency and integrity in the Report. Consequently, this is attainable through persuasive tactics.

Having applied persuasive theory in the Report, we concluded that BAT places an emphasis on establishing credibility for itself and its corporate undertakings. In other words, the organisation seeks to display trustworthiness, substantiated by the way in which BAT communicates its CSR endeavours, followed by its rhetorical approach in the Report, of which the feedback from Ernst and Young is an example. Additionally, having assessed and established an in-depth analysis of the persuasive elements of the Report in conjunction with the theo-
retical notions on CSR, it can be derived that the objective of the Report is to have BAT enhance its credibility by establishing a mutually beneficial relationship between itself and its stakeholders. Consequently, transparency is the key to accomplishing this goal.

Moreover, we should consider what Palazzo and Richter pointed out. According to them, organisations, such as BAT, need to establish credibility for themselves. Consequently, as BAT operates within a stigmatised industry, it needs to legitimise its raison d’être by establishing credibility in regards to both its communication and the organisation. This is even more important to achieve for an organisation such as BAT, which operates within a sin industry, than for an organisation, which operates in an industry that is not stigmatised. On the basis of this, it can be concluded that achieving credibility will always be an important aspect when engaging in corporate communication, as stakeholders are more likely to listen to and engage openly with an organisation they trust. As a result, with an established reliance between an organisation and its stakeholders, it becomes easier for an organisation to tailor communication to them, as they will, in all probability, interpret the organisation’s information, as intended. Hence, persuasion facilitates an organisation in achieving its communicative goal.

Looking at BAT’s vision, strategy and values in section 4.1.2.2, we identified how CSR has been incorporated into- and is reflected in- the organisation’s vision statement. This is another aspect that augments the process of establishing credibility vis-à-vis BAT’s CSR commitment. Aligning the organisation’s CSR initiatives with its vision and values renders BAT’s CSR commitment as genuine and trustworthy. Furthermore, organisations operating within sin industries are exposed to stakeholder scepticism due to the controversial nature of their products. As a consequence, such organisations would benefit significantly from integrating CSR into their overall strategy, as exemplified by BAT. Therefore, incorporating CSR into organisational policies and strategies makes it increasingly difficult for critical stakeholders to question the objectives, integrity and authenticity of the organisation’s CSR endeavours. Moreover, making use of credibility dimensions within communication establishes competitive advantages for organisations, which, in turn, improves organisational reputation. In addition, this aspect strengthens an organisation’s image and leads to superior financial performance. On the basis of this, we recommend that organisations establish coherence between all their corporate undertakings. Consequently, there has to be a connection between an organisation’s Triple
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Bottom-Line, its Three Domain-Approach, as well as its chosen CSR communication strategy, and the different rhetorical approaches, it adopts.

5.1.1 Limitations of the theoretical framework (Helene, Layanna, Jeanette)

In the analysis, it was concluded that the chosen communication material from BAT acts in accordance with the theoretical recommendations, assessed in part one. Nevertheless, the question remains whether the theoretical recommendations for best practice CSR communication are applicable and effective within all industries or whether they become inadequate in certain contexts. In this connection, it is interesting to assess which factors advocate successful CSR communication, and which oppose. In other words, it is interesting to raise the question: Are there factors that can act as a hindrance for successful CSR communication even when following theoretical recommendations? The question is interesting to pose, considering stakeholder opposition towards the tobacco industry based on the nature of its products. Inevitably, it can be argued that many organisations, such as BAT, are faced with the challenge of complying with critical stakeholders. As a result it can be discussed whether an organisation, like BAT, should display corporate social responsibility as a response to stakeholder needs and concerns, or whether this point has been surpassed in its lifecycle, rendering CSR an unfeasible practice to be performed, due to ingrained negative stakeholder opinions.

At this juncture, we will present the notion of the CSR threshold as presented by Werther and Chandler, which specifically addresses this area. According to them, every industry has a CSR threshold, which means that there is a point where it is neither beneficial nor acceptable to employ CSR for an organisation. They further stipulate, that the industry in which an organisation operates, has a bearing on when the CSR threshold is surpassed, which means that previous actions of the industry can have an effect on how low the threshold is, also for new members. Considering this aspect in relation to the tobacco industry, Werther and Chandler state that this particular industry has passed the point of no return in relation to its CSR initiatives. In other words, they argue that the tobacco industry, of which BAT is included, has im-
implemented its CSR endeavours too late to offset the CSR threshold.\textsuperscript{190} With this aspect in mind, the line of attack, BAT has chosen, has a bearing on whether the CSR threshold has been surpassed. Consequently, an organisation can choose to employ either an offensive CSR line of attack, which is proactive or a defensive CSR line of attack, which is reactive.\textsuperscript{191} Considering the tobacco industry in terms of its history and past dubious behaviour, it can be argued that BAT has chosen to employ a defensive line of attack; an aspect inextricably bound to the fact that previously “...the industry engaged in massive lobbying and misinformation campaigns”,\textsuperscript{192} The acts of lobbying and misinformation are acts most likely perceived by stakeholders to be executed through the motivation to, solely, benefit the industry; lobbying to eliminate or lessen the potential or actual obstacles on the way to success; misinformation to idealize the actual situation and with this, seek to establish an image that is not rooted in the truth. Consequently, the previous behaviour of the industry can, to some extent, be considered an unethical attempt to persuade stakeholders because of their perception of an underlying manipulative self-serving objective. As a result, there is a vast amount of distrust towards the industry within the minds of stakeholders, and as such they question its integrity. This is in alignment with the theory assessed in section 3.9.5.\textit{Persuasion and Ethics}, which stipulates that seeking to persuade through the use of unethical methods can damage or even destroy relationships with stakeholders. Furthermore, the NGO, WHO, which is one of BAT’s stakeholders, is conscious of the health threatening consequences of smoking and therefore criticises the organisation’s use of CSR.\textsuperscript{193} Consequently it can be argued that CSR practice in the tobacco industry as a means to prolong its organisational lifecycle. However, to offset “…criticism and other attacks on the firm or its offerings (...), organisations, as BAT, should employ a reactive strategy in relation to its many stakeholders, while taking corrective action.\textsuperscript{194} Naturally, employing a defensive line of attack enables BAT to respond to the critiques set forth by stakeholders, and in the process, hopefully, offset the negative associations stake-

\textsuperscript{190} Werther & Chandler 64
\textsuperscript{191} Werther & Chandler 63-64
\textsuperscript{192} Palazzo & Richter 389
\textsuperscript{193} Palazzo & Richter 388
\textsuperscript{194} Werther & Chandler 64
holders have of the organisation, and the industry in which it operates. Nevertheless, different industries induce different stakeholder emotions, and it can be argued that the tobacco industry and BAT have a lower CSR threshold based on their product portfolio, contrary to other industries, and based on the way in which the industry has conducted itself in the past.\textsuperscript{195} In this context, it can be questioned whether the past unethical behaviour has damaged stakeholder relations to an extent, which will be difficult to offset, through present corrective and ethically sound behaviour, that follows theoretical recommendations. Furthermore, also the notion on CSR threshold confirms that the theoretical approach towards communicating CSR initiatives might not always be sufficient for organisations operating within exposed industries. Consequently, this has to do with the fact that some industries have already passed the CSR threshold, as abovementioned, and therefore it can be questioned whether the CSR initiatives are considered credible or merely as “window-dressing” among stakeholders.

However, having assessed and established an in-depth understanding of BAT and its CSR initiatives we consider its endeavours to be genuine in all aspects. In conclusion, the question remains whether BAT and the tobacco industry as such could have offset the CSR threshold had the industry implemented its CSR initiatives earlier, and adopted a proactive line of attack, along with open, honest, and ethical communication. Consequently, by implementing CSR early, organisations are likely to avoid intersecting the CSR “tipping point”, and had the tobacco industry and BAT adopted a proactive strategy it would have lessened the stakeholder critiques it has received, while possibly enabled it to identify new competitive advantages, thus advancing its long term financial gains.\textsuperscript{196}

\textsuperscript{195} Werther & Chandler 66
\textsuperscript{196} Werther and Chandler 64
6. Conclusion (Helene, Layanna, Jeanette)

The objective of the thesis was to assess how stakeholder relations can be established and nurtured through an integration of CSR initiatives into external corporate communication with a point of departure on theoretical frameworks. This was obtained by studying the case example of BAT and how it has employed CSR initiatives in its 2007 Sustainability Report as a means to managing stakeholder relations. Therefore, in part one, we provided a theoretical framework in order to establish a foundation for the analysis in part two. Subsequently, part two included an analysis of BAT’s communication material in order to gain insight into how BAT has employed the theoretical recommendations addressed in part one, thereby evaluating whether it managed to tailor its CSR communication to its stakeholders’ needs and concerns. Moreover, part three provided evaluations on the findings in part two, and, furthermore, presented a critical view on communication initiatives within stigmatised industries.

Assessing the chosen theory in part one, aided us in identifying the connections between PR and CSR and the different ways stakeholders can be managed through a CSR communication framework, specifically through the three stakeholder models, called the CSR Communication Strategies. These models established the basis for a comprehension of how an organisation can tailor its communication towards its stakeholders by emphasising the importance of assessing communicative objectives, while the Power-Interest Matrix assessed the power-interest level of its stakeholders. These two aspects need to be aligned in order achieve effective communication that reflects stakeholder needs and concerns. This substantiates what was concluded in the theoretical assessment on PR and CSR; that organisations should not underestimate the importance of organisational transparency when engaging with stakeholders. This is due to the fact that the basis for establishing a mutually beneficial relationship with stakeholders is centred on the concept of transparency and dialogue. In the analysis of BAT’s CSR communication strategy, it became evident that BAT has employed two-way symmetric and asymmetric communication. On the basis of this, it was concluded that BAT has adapted to its stakeholders by actively striving towards establishing transparency and credibility for, and in relation to its different stakeholder constituents. Consequently, to establish a positive reputation and consequently a competitive advantage, it can be derived that transparency and credibility are especially important in nurturing stakeholder relations when op-
erating within a sin industry. This is due to the fact that in sin industries, organisations’ communicative approaches are especially scrutinised by critical stakeholders. Moreover, establishing a competitive advantage assists organisations in achieving economic gains, thereby prolonging the organisational lifecycle. This substantiates the discussion in part one, on the subject of whether the use of CSR is always centred on an economic gain; non-profit organisations are exempted from this equation. This further refers to Schwartz and Carroll’s theory on the Three-Domain Approach and Elkington’s Triple Bottom-Line-theory, as these theories present an ideal approach through which CSR can be communicated and employed. Consequently, all three areas of each model should be in focus, however the mix of all three areas of each theory can vary in the sense that some areas should be more apparent than others, depending on contextual dimensions, such as stakeholder interests. Subsequently, this was further substantiated in the analysis of BAT’s sustainability report in part two, where it became evident that the report covers all the areas, of the Triple Bottom-Line and the Three-Domain Approach, thereby employing what can be considered an ideal communicative CSR approach, according to these theories. In addition, we concluded that BAT balances these areas with less focus on the economic area, due to the concerns of the stakeholders. Thereby it can be concluded that organisations within such industries should strive to adapt the mix of these domains according to stakeholder needs and concerns in order to increase positive stakeholder relations. This adaptation should include less focus on the economic aspect in the organisations’ CSR initiatives.

Also, organisations operating within stigmatised industries can nurture stakeholder relations through CSR communication in an effort to establish credibility. This entails both rhetorical considerations and an overall transparency about organisational actions, goals, and how these are reached. In relation to BAT’s 2007 Sustainability Report, it was concluded that it employs credibility on several levels; both on the rhetorical level, and on a general level. Consequently, these aspects identify how stigmatised organisations, vilified by stakeholders, need to focus their communication initiatives on establishing credibility, in order to establish communication, which is considered genuine and trustworthy by stakeholders. Moreover, they need to display stakeholder concern and employ an open approach, in order to establish dialogue with them. Subsequently, this enables organisations to address stakeholder needs and con-
Concerns. This is further obtained by recognising the different ways through which stakeholders can be communicated. This aspect depends on the context, on how much power they hold, and on the level of interest they have in the organisation and its undertakings. In conjunction, these elements aid organisations in achieving well-balanced relationships with stakeholders, thereby prolonging the organisational lifecycle. Consequently, this leads to mutually beneficial relationships with stakeholders through which, dialogue enables organisations to tailor communication to stakeholder needs and concerns. However, as discussed in part three, theoretical guidelines for CSR practice might not always be sufficient, as contextual influences always determine the outcome. Therefore, CSR practitioners should always bear contextual aspects in mind, when planning and conducting CSR.

In conclusion, engaging in two-way communication, demonstrating credibility, open-mindedness towards stakeholders, and organisational integrity, organisations, especially those operating in sin industries, can establish well-balanced and beneficial relationships with their stakeholders through CSR. Moreover, CSR can be employed to nurture stakeholders, by adapting an appropriate mix of the Ethical, Legal and Economic Domains followed by an adequate mix of the People, Planet and Profit areas, affected by CSR.

Consequently, CSR is a useful tool that contributes to the wellbeing of society, a valuable tool to promote organisations, and in establishing valuable stakeholder relationships. However, one must always bear the external influences in mind, which can obstruct the applicability of CSR frameworks. Consequently, this concludes that a one-best-way of CSR practice does not exist – an aspect evident in stigmatised industries, such as the tobacco industry, considering its low CSR threshold. This in turn, casts a doubt on the efficiency of CSR as a stakeholder communication tool, even when following theoretical guidelines.
7. Works cited

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Appendix 1

From [http://www.nku.edu/~turney/prclass/readings/3eras.html](http://www.nku.edu/~turney/prclass/readings/3eras.html) - April 10th 2009:

Public Relations history

Today, public relations is usually seen as being in the third phase or era of its professional development. And, while many practitioners still act with the mindset and values of the two earlier eras, the most successful practitioners now seem to use the less-self-serving approaches that are characteristic of the third phase.

Even the writers who bluntly assert that public relations is as old as civilization and implicit in all human interactions will admit there's a tremendous difference between the concept of public relations and the profession of public relations or, phrased another way, there's a big difference between practicing common sense "public relations“ and developing a professional public relations practice. And, no one disputes that public relations has changed dramatically since it emerged as a distinct discipline and viable career path in the second half of the 19th century. It's grown tremendously in size, scope, and significance.

This growth has been particularly dramatic in the last few decades, and it's been accompanied by a growing recognition of public relations’ expanding role and influence in organizational life of all sorts. In many corporations, government agencies, and non-profit organizations the public relations function has been elevated from its traditional role as a support service and made it an integral part of upper management decision-making.

James Dowling, then-president of Burson-Marsteller, one of the largest world-wide PR firms, described the changes that have occurred in public relations in the following way during an interview by a *The New York Times* reporter in the mid-1980s.
In the 1950s organizations asked their public relations consulting firms, "How should we say this?"

In the socially turbulent 1960s and 1970s, faced with various confrontations, these same organizations asked, "What should we do?"

Today they ask, "What should we do?"

**Public relations has had a three-stage evolution.**

The field's earliest manifestations have been called the **publicity phase of public relations**. During this stage of development practitioners were primarily concerned with creating awareness and building recognition for the individual or organization employing public relations. It was/is closely tied to advertising and promotion, and getting "the message" out to the widest possible audiences was/is paramount.

As practitioners evolved into the **explanatory phase of public relations** greater emphasis was placed on providing more complete information and having the organization clearly articulate the reasons for its actions and policies so its publics would understand, sympathize with, and patronize the organization. Simply getting the organization's message out wasn't enough. Receivers had to understand and accept the point of view of the sending organization.

Now, in the **mutual satisfaction phase of public relations** practitioners encourage organizations and their publics to adapt to one another by making complementary adjustments or compromises so that both benefit from their relationship. Practitioners are now as concerned with in-coming messages and information they can use to counsel management on current public opinion as they are with developing and delivering outgoing messages.

**All three stages are practiced today.**

Although each of these phases is characterized by distinctly different strategies and techniques, the succeeding phases did not totally obliterate or replace the preceding ones.

Even though most of today’s public relations textbooks teach that public relations focuses on the mutual adaptation of organizations and their publics and promote the goal of mutual satisfaction of all parties to a relationship, there are practitioners who operate as if the field were
still in an earlier stage of development. There are some public relations people who operate like flamboyant press agents and tout their clients. Others come across like Machiavellian persuaders who try to bamboozle the public with less than reliable information. And, some of these practitioners are very successful at what they do and make a lot of money doing it.

But, don't think public relations is the only field in which this happens. There are many fields in which there are individual practitioners who don't follow the currently accepted standard practices of their professions in ways that discredit the field and embarrass other practitioners. Some simply use outdated practices, while others violate contemporary ethical guidelines.

For instance, most American businesses today describe themselves as "environmentally conscious" and concerned about pollution. Despite this, there are some businesses that pollute the environment on a daily basis because they haven't adopted state of the art technology or simply because they don't care. While these throw-backs may be distasteful to those who encounter them and an embarrassment to the majority of "clean" companies within their industries, we realize their behavior isn't the norm and we don't condemn an entire industry for their shortcomings. Similarly, most businesses describe themselves, and are accepted by the public, as honest and fiscally responsible. Nonetheless, there are occasional well-publicized scandals such as Enron. And, while Enron and its accounting company, Arthur Anderson, have certainly fallen from public favor, we haven't condemned the entire energy distribution industry or all accountants.

The same should be true of the way we view public relations. The mere fact that some public relations practitioners still stress publicity and stretch truth the way P. T. Barnum did isn't a valid reason for condemning the entire profession as manipulative and exploitative. No profession should be judged by the shortcomings of a few practitioners.

From [http://www.nku.edu/~turney/prclass/readings/3eras1.html](http://www.nku.edu/~turney/prclass/readings/3eras1.html) - April 10th 2009:

The publicity phase of public relations aimed at creating awareness and building recognition for the individual or organization engaging in public relations. Getting messages out to the
widest possible audiences was paramount. It was/is closely tied to advertising and promotion.

Maximizing awareness was the first goal of public relations.

In the late 19th century attempts to generate publicity became more and more common as publicity's effectiveness became increasingly apparent. While it seems blatantly obvious to us now from our 21st century perspective, it took a while for promoters who organized concerts and theatrical performances to realize that audiences for entertainers whose names were widely recognized were almost always larger and therefore more profitable than audiences for lesser-known artists. They came to realize that it often didn’t -- and still doesn’t -- matter whether those well-known entertainers were known for the quality of their performances or simply because of newspaper stories about their personal lives. The sometimes depressing truth is that fame and notoriety are often much more effective in attracting audiences than artistic quality.

In a similar way, manufacturers and store owners saw the sales of common, household products with well-known brand names surge past identical but unlabeled products and also surpass sales of other products with brands which were less heavily promoted and whose names were less familiar to consumers. Brand names started to become important to consumers, and the fundamentals of what's now called "brand management" began developing in large company board rooms.

And, some politicians found that they could get elected on name recognition alone. Voters sometimes vote for the most familiar names on the ballot and show little or no regard for the stance the candidates took, or didn't take, on issues.

Organizations and individuals alike began believing that becoming a household name was the key to success. And, the emerging field of public relations defined its role as getting those names into as many households in as many ways and with as much frequency as it possibly could.
"Making the news" became critical.

Edward Bernays who many regard as "the father of modern public relations" described the actions of early practitioners as follows:

Most of them saw their work only in terms of obtaining favorable mention in the press for their employers.

Edward L. Bernays, Introduction to The Public Relations Idea Book (1953)

"To know us is to love us." could be considered the rallying cry of the practitioners and clients who believed in this approach to public relations. Their implicit assumption was/is that if they could generate enough publicity and get enough media coverage everything would be fine.

Public relations practitioners focused their efforts on "making the news" or "getting ink", and they measured their success in terms of how many newspaper and magazine column-inches were devoted to the organizations they represented. Other common measures of success became press release placement rates, the percentage of their news releases that were "picked up" and run as news by the media, and the number of media who used each release. The more media who ran the stories and the longer these stories were, the more successful the public relations effort was believed to have been. When the broadcast media became popular, getting and tracking broadcast air time became at least as important as getting and counting column-inches in newspapers and magazines print media, and the basic measure of success remained: "How much coverage did we get?"

The only problem publicity-seeking practitioners usually had with press coverage was not getting enough of it. The following statement, often attributed to P.T. Barnum, epitomizes the
view of those who felt publicity and news coverage didn’t have to be favorable as long as they were frequent.

**I don't care what the newspapers say about me as long as they spell my name right.**

Even when press coverage of their clients was negative and reported bad news or embarrassing revelations, many practitioners were unfazed. While some would respond by trying to create an even bigger wave of positive publicity to over-shadow the bad, others would simply revel in the negative attention.

In some instances, theatrical producers and entertainers sought negative publicity as a way of generating public interest and larger audiences. For many, being able to claim they had been "banned in Boston" almost assured a sell-out audience in other cities. While nowhere near as conservative as Cincinnati, Boston had a long-established reputation as a prim and proper place. It also had a Watch and Ward Society which screened all entertainment presented in the city and tried to shut down any that didn’t meet its standards of acceptability. Coincidentally, Boston was also the city most frequently used by major theatrical producers to try out new shows before they opened on Broadway in New York. As *pr reporter* (2/26/01) said, some producers and playwrights eventually came up with the idea of intentionally including "a slightly sexy scene or a bit of strong language so they could advertise the show as banned in Boston. Never failed to pack `em in."

Even today there’s evidence that negative publicity is sometimes beneficial. "When it comes to books and works of art," said *pr reporter* (6/30/01), "negative publicity can be positively priceless." It then cited the following examples to support its claim:

"Alice Randall’s *The Wind Done Gone* would not have make a splash were it not for the publicity surrounding the injunction that prevented Houghton-Mifflin from publishing it. Copious
press coverage has the book climbing sales lists, even though critics have not been impressed and *USA Today* tagged it a sad, stale tale.

"Renee Cox's photograph titled, *Yo Mam's Last Supper*, included in an exhibit at the Brooklyn Museum of Art, drew large crowds after New York Mayor Rudolph Giuliani called it offensive. Cox said, 'You couldn't hire a pr person who could do this.'"

**Obviously, publicity phase thinking hasn't disappeared.**

Although most textbooks proclaim that public relations has grown up and changed dramatically since P.T. Barnum's days, there are still many public relations practitioners -- especially those who deem themselves press agents or publicity experts -- who see their primary role as coming up with interesting and exciting stories to pique the interest of reporters and editors. Some, but certainly not all, of these practitioners will do whatever it takes to generate publicity and get their stories into the media including:

- embellishing or exaggerating the truth;
- developing unusual angles to make routine stories seem more appealing to editors and more exciting to consumers;
- concocting elaborate publicity stunts to generate interest;
- asking for favors and exploiting personal contacts to convince editors to run their stories; and
- plying reporters with food, booze, gifts, and/or luxury junkets in the hope that they'll reciprocate with favorable stories about the practitioner's clients.

Make no mistake, publicity and media coverage are important aspects of public relations no matter what stage of development it's in. Practitioners in all phases of public relations have to be concerned about the media coverage their clients get. But, those operating in the second or
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third phase of public relations don’t use media coverage measured in column-inches or
seconds of air time as their primary measure of success.

From:

Early years: 1902 - 1932

British American Tobacco was “born international”

In its first quarter century, British American Tobacco expands rapidly. From Canada to China, the company has
from the start a single objective: to seek market leadership in all countries where a market exists.

With operations around the world, the company finally reaches the US in the 1920s with the acquisition of a small North
Carolina company, Brown & Williamson.

As trading conditions deteriorate after the Wall Street Crash in 1929, the 1930s sees consolidation across the company,
with several distribution networks becoming fully-fledged subsidiaries.

Born international

On 29 September 1902 the UK’s Imperial Tobacco Company and the American Tobacco Company of the United States
form a joint venture, the British American Tobacco Company, in a bid to end an intense trade war.

From:

92
Our history

British American Tobacco was “born international”

British American Tobacco has been in business for more than 100 years, trading through the turbulence of wars, revolutions and nationalisations as well as all the controversy surrounding smoking.

The business was formed in 1902, as a joint venture between the UK’s Imperial Tobacco Company and the American Tobacco Company founded by James ‘Buck’ Duke.

Despite its name, derived from the home bases of its two founding companies, British American Tobacco was established to trade outside both the UK and the USA, and grew from its roots in dozens of countries across Africa, Asia, Latin America and continental Europe.

We were ‘born international’, and have developed over a century’s expertise in operating locally in diverse cultures around the world.

From:


Recent past: 1969 – now

Millennium celebrations at British American Tobacco's London headquarters
By 1970, British American Tobacco has operations in 50 countries. Diversification with the creation of BAT Industries in the late 1970s and the expansion into financial services in the 1980s gives way by 1989 to a re-focus on the tobacco business.

**Acquisition**

By 1970, under new Chairman Richard Dobson, British American Tobacco companies are manufacturing in 140 factories across 50 countries. Two years later, with the revocation of its 1902 agreement with Imperial, it gains exclusive ownership of its original brands, including State Express, in the UK and Western Europe.

In the company’s quest for another significant business, British American Tobacco finally settles on retailing where acquisition in the seventies includes Argos in the UK and Saks Fifth Avenue in the United States.

In 1976, the Group undergoes radical reorganisation. With a new Chairman, Peter Macadam, operations are coordinated under a new holding company, B.A.T Industries. Within two years, Industries is the UK’s third largest company and the largest tobacco manufacturer in the free world with annual sales of 500 billion cigarettes.

From:


**Awards and recognition**

The following is a selection of awards and recognition received by British American Tobacco p.l.c.

**2009**

- Included in the Sustainable Asset Management (SAM) Sustainability Yearbook 2009, achieving Gold Class as well as being identified as both a sector Leader and a sector Mover.

**2008**

- Selected for the 7th successive year as the only tobacco business in the 2008/09 Dow Jones Sustainability World Index and Dow Jones STOXX Sustainability Index for Europe, scored on economic, social and environmental performance.
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From:

Who we are

We work with thousands of tobacco farmers worldwide

We are the world’s second largest quoted tobacco group by global market share, with brands sold in more than 180 markets.

With over 300 brands in our portfolio, we make the cigarette chosen by one in eight of the world’s one billion adult smokers. We hold robust market positions in each of our regions and have leadership in more than 50 markets.

In 2008, our subsidiaries enabled governments worldwide to gather almost £22 billion a year in taxes, including excise duty on our products, more than eight times the Group’s profit after tax.

We have sustained a significant global presence for over 100 years. Our business was founded in 1902 and by 1912 had become one of the world’s top dozen companies by market capitalisation.

People and factories

Our subsidiary companies produce some 715 billion cigarettes through 49 cigarette factories in 41 countries. Four of these plus two separate plants also make cigarillos, roll your own and pipe tobacco. We also have a factory making smokeless snus.

From:

Our vision
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ACHIEVE LEADERSHIP OF THE GLOBAL TOBACCO INDUSTRY

Our vision is to achieve leadership of the global tobacco industry in order to create long term shareholder value. Leadership is not an end in itself, but a company that leads its industry, is the preferred partner for key stakeholders and is seen to have a sustainable business, should be valued more highly.

We define leadership in both a quantitative and qualitative sense. Quantitively, we seek volume leadership among our international competitors and in the longer term, value leadership. We recognise that our success will depend on adult consumers and that, therefore, we must be consumer driven.

But the hard, quantitative measures do not in themselves address all the things we must do as a company. We take a long term view, focusing on the quality of our business and how we work. As a result, qualitatively, we seek to be recognised as industry leaders and to be the partner of first choice for governments, NGOs, investors and potential employees. We will do this by continuing to demonstrate that we are a responsible tobacco Group, with a sustainable business, outstanding people and superior products.

In order to deliver our vision, our strategy for creating shareholder value has four elements around which all our efforts revolve - Growth, Productivity, Responsibility and Winning Organisation.


Business Principles and Framework for CSR

The Principle of Good Corporate Conduct

The principle of Good Corporate Conduct is the basis on which all our businesses should be managed. Business success brings with it an obligation for high standards of behaviour and integrity in everything we do and wherever we operate. These standards should not be compromised for the sake of results.

Core Beliefs

GCC1 We believe our businesses should uphold high standards of behaviour and integrity

GCC2 We believe that high standards of corporate social responsibility should be promoted

Our responsibility is to work to We should work together with We see it as the role of the
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<table>
<thead>
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<th>within the tobacco industry</th>
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<td>GCC3 We believe that universally recognised fundamental human rights should be respected</td>
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<td>GCC4 We believe our industry should have a voice in the formation of government policies affecting it</td>
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<td>GCC5 We believe in achieving world class standards of environmental performance</td>
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| ensure that all our employees continuously uphold high standards of conduct in the performance of their duties. |
| our principal business partners to promote high standards of conduct. |
| wider business community, governments and society as a whole to combat unacceptable business practices. |

**We will:**
- Ensure that employees are aware of and understand our Standards of Business Conduct;
- Review our Standards of Business Conduct, as necessary, to ensure they continue to reflect global best practice;
- Maintain effective mechanisms designed to ensure compliance with the law and our Standards of Business Conduct.

**For our part, we will:**
- Communicate our Framework for Corporate Social Responsibility to our principal business partners;
- Strive only to work with principal business partners who are committed to high standards of business conduct.

**We will contribute by:**
- Engaging in public debate about what standards of conduct are appropriate for business;
- Encouraging a universal respect for high business standards in every country where our Group companies operate.

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**PRODUCTIVITY**

**Smart cost management**
- Supply chain
- Overheads & indirects

**Marketing efficiency**

**Capital effectiveness**

Our overall approach to productivity is about using our global resources to increase profits and generate funds for reinvesting in our business.

Today, all companies are trying to cut costs. Our approach is integrated - aiming to establish a lower cost base while improving the quality of products and the speed they get to the market, as well as our effectiveness in terms of how we deploy our people and capital.

To remain competitive, it’s important to reduce the complexity and costs across our entire supply chain, while also improving our service to retailers and ensuring product freshness and integrity. We have programmes in place to find reductions in our Overheads and Indirects (anything we spend money on other than leaf, wrapping materials and labour) and make the most of our global buying power. In short, our aim is smart cost management.

As a Group focused on our consumers, marketing is a large part of what we do and we are working to ensure we effectively and efficiently deploy our marketing resources.

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In order to maintain a strong balance sheet, capital effectiveness is an important part of our productivity strategy and includes a focus on inventory levels, utilising our assets, financing and other uses of capital.

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Our principles and standards

This page is not a complete description of Group policies and standards, but offers an overview of those likely to be of particular interest to stakeholders, with links to the documents.

Statement of Business Principles

Our Statement of Business Principles forms the basis on which we expect our businesses to be run in terms of responsibility. Developed with the help of stakeholders in dialogue, it consists of three Business Principles: Mutual Benefit, Responsible Product Stewardship and Good Corporate Conduct, and eighteen Core Beliefs. All Group companies have adopted the Statement and are encouraged to engage in stakeholder dialogue to help determine how it should best be reflected in their business practices. The Business Principles and Core Beliefs form the basis for our continuous auditing of Group companies’ CSR performance.
Corporate Social Responsibility in the Tobacco Industry

An Inherent Contradiction or an Efficient Stakeholder Management Tool?

Appendix 2

See enclosed disc: British American Tobacco Sustainability Report 2007