

Corporate Social Responsibility and Corporate Identity: Potentials for Disciplinary Cross-Fertilization within Research and Teaching

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Abstract

Through a review of CSR and corporate identity literature placed within a stakeholder perspective, the paper addresses potential cross-fertilization between CSR and corporate identity research focusing on fostering stakeholder dialogue when addressing corporate accountability and legitimacy. The stakeholder perspective acts as a framework for a cross-disciplinary approach proposing that different stakes (i.e. those of employees, shareholders, consumers etc.) condition different dialogue forms and scripts evoking similar aspects of corporate identity and CSR in different ways. The findings call for further research into the cross-disciplinary potentials of the proposed model.

Key words – Corporate identity, corporate social responsibility, stakeholders, cross-disciplinary research

Introduction

Societal developments and increasing stakeholder awareness have placed accountability and responsibility on corporate agendas emphasizing the ability of companies to secure their licenses to operate. As companies have to act in new ways in order to deal with pressures brought on by a number of different issues (climate change, sustainability, financial scandals and crisis etc.), corporate social responsibility (CSR) has begun to inform other disciplines such as corporate strategy (Lamberti and Lettieri, 2009), corporate marketing (Podnar and Golob, 2007) and corporate communication (Cornelissen, 2008; van Riel and Fombrun, 2007). Legitimacy and corporate citizenship have accordingly attained a more central position within recent research on corporate identity (Balmer *et al.* 2007; Roland and Bazzoni, 2009) as studies have shown that CSR has become a key driver when measuring corporate reputation (Morsing *et al.*, 2008). Simultaneously, European companies have experienced a move away from state and governmental regulation towards a higher degree of self-regulation and delegation of responsibility to organizations themselves (European Commission, 2001). The move towards greater self-regulation has meant a shift in relation to how companies

communicate CSR activities from implicit to more explicit forms of communication. Consequently, as CSR is considered to be of increasing importance, it may be argued that it is also becoming an aspect of corporate identity management and communication (Balmer *et al.*, 2007; Nielsen and Thomsen, 2009). Although the challenges posed by societal developments and stakeholder awareness are similar when viewed from CSR and corporate identity perspectives, little research has been carried out on potential cross-fertilization.

The paper argues that potential overlaps in the stakeholder orientations of CSR and corporate identity research can aid in handling societal challenges by strengthening communication as a dialogical tool in relationship building. Dialogue is introduced as a key aspect in CSR, corporate identity and stakeholder research, but the question remains how dialogue can be initiated or scripted? We seek to provide a provisional answer by beginning with a brief outline of the stakeholder perspective which frames our approach. Secondly, we tentatively identify how different stakeholders, and the varying stakes they hold, are addressed within the two research disciplines. Finally, based on such identification and the similarities between the two, we discuss how to foster stakeholder dialogue through dialogue forms and the implementation of dialogue scripts based on different stakes and interests held by stakeholders.

The stakeholder approach

The stakeholder approach to understanding organizations in their environments has paved the way for a broader perception of organizational roles and responsibilities beyond profit maximization as compared to the traditional shareholder perspective. An organization is defined in terms of a grouping of stakeholders. Its mission is hence not only to provide benefits for shareholders and owners but rather to integrate interests and claims from other groups into the strategic management of the business (Mitchell *et al.*, 1997, p.853; Friedman and Miles, 2006, p.1). Since the mid-1980s, the stakeholder concept has grown in popularity not only in academic circles but also among policymakers, regulators, NGOs, businesses and the media. However, the concept is not clearly defined. It is multiple and fluid covering a broad spectrum of interests, meanings and schools of thought ranging from political economy to institutional and management theory. Philosophically speaking, stakeholding represents a general sense of social inclusion in a community in which every citizen is a valued member who contributes and benefits. From a participatory perspective, stakeholding assumes active

participation in processes of accountability; and financially speaking a material interest in the well-being of an enterprise is what legitimates such participation (Clarke, 1997, p.211).

Robert E. Freeman, one of the fathers of stakeholder theory, defines stakeholders as “groups and individuals who can affect, or are affected by the achievement of an organization’s mission” (Freeman, 1984:52). Typical stakeholders include customers, non-governmental organizations, employees, unions, competitors, suppliers, governments and investors. Stakeholder management refers to the necessity of an organization to manage its relationship with stakeholders on an action-oriented basis (Freeman, 2005, p.122). However, since Freeman’s introduction of stakeholder theory in 1984, a postmodern approach has replaced the idea of ‘stakeholder management’ with that of ‘stakeholder enabling’ indicating a shift from a static, instrumental perception of stakeholders who can be ‘managed’ towards a notion of stakeholders as groups involved in dynamic interaction with post-bureaucratic, networked organizations (Calton and Kurland, 1995; Friedman and Miles, 2006).

Legitimacy and accountability are crucial to the stakeholder perspective. Stakeholders expect companies to earn their licenses to operate by paying back to society some of their benefits and by taking on responsibility for solving societal problems. As legitimacy becomes increasingly salient, CSR issues such as employee and environmental policies also speak to the identity of a corporation. The stakeholder approach implies that different stakeholders, once identified, must be addressed in relation to the stake(s) they hold and that communication must be adjusted to these stake(s) as they determine stakeholder interest in certain aspects of the company (Cornelissen, 2008, p.49) including its CSR activities and corporate identity.

Stakeholders within CSR and corporate identity

Corporate Social Responsibility

Generally, CSR is about businesses’ good deeds in society. CSR embraces issues ranging from legal compliance, philanthropy and community investment to environmental management, sustainability, animal rights, human rights, workers’ rights and welfare, market relations, corruption and corporate governance (Blowfield and Murray, 2008). However, there is no general consensus on CSR. Within a European framework, CSR is defined as corporate social initiatives that are voluntary and beyond regulation. It is framed in relation to both

internal and external subareas of responsibility such as recruitment and retention, health and security on the working place, change management, working environment, stakeholders in local communities plus suppliers, customers and others, human rights and global environmental considerations (cf. EU Commission, 2001). Following the EU agenda, it is clear that CSR cannot be isolated from the stakeholder perspective as supported by many CSR researchers (e.g. Wood, 1991; Papisolomouet *et al.*, 2005; Jamali, 2008).

Since stakeholder dialogue is the issue in this paper, we find it relevant to give a brief account of CSR communication. From a public policy perspective, CSR communication is considered a question of businesses' capacity to respond to social pressure rather than only an obligation to work for social betterment (Valentin, 2006). In this sense, CSR is conceptualized as corporate social *responsiveness* (Frederick, 1978). Introducing a notion of responsiveness places stakeholder dialogue in a central position. If managers are required to adapt their businesses to the social environment by practicing corporate policies that are responsive to the public (Valentin, 2006), they may be expected to enter into dialogue with stakeholders.

Within communication research, a transmission understanding of communication is overruled by more interactive approaches focusing on establishing and maintaining good relationships through dialogue. Inspired by Grunig and Hunt's model of public relations (Grunig & Hunt, 1984), Morsing and Schultz (2006) establish a framework of CSR communication arguing that stakeholders can be approached using various communication strategies that take into account the contextual and dynamic features of specific communicative frames. The *stakeholder information strategy* (one-way communication) is used when organizations want to transmit factual information about their business to stakeholders with the aim of informing as objectively as possible about organizational issues (Morsing and Schultz, 2006, p.142). The *stakeholder response strategy* (two-way asymmetrical communication) is used when organizations try to engage stakeholders in actions and decision-making with the aim of obtaining external endorsement through market surveys, opinion polls and the like (Ibid. p. 143). The *stakeholder involvement strategy* (two-way symmetrical communication) is used to achieve dialogue with stakeholders. The idea behind this strategy is that organizations should not only try to influence their stakeholders, they should also learn from them by taking in their advice and putting it into practice "in order to explore mutually beneficial action – assuming that both parties involved in the dialogue are willing to change" (Ibid., p.145). While the information and response strategies are sender-oriented and views stakeholders as passive receivers, the involvement strategy invites stakeholders to participate. However,

stakeholder involvement in CSR issues differ based on the nature of the stakes held by specific stakeholder groups.

The role of NGOs is to protect society from corporations doing harm. Their interest in engaging in dialogue with corporations ranges from influencing business practice, representing their organization and members' interests, retaining legitimacy and operability, gaining a better understanding of the different sides of the debate to achieving outcomes that can only be reached by working in partnerships with private corporations (Burchell and Cook, 2008, p. 39). However, NGOs also fear that their engagement with businesses will be giving legitimacy to the business agenda of CSR and to endorse their products (ibid.). Consumers' interest in CSR is that they need socially committed organizations in support of their own consumption pattern. This mechanism is based on of how consumers can legitimize their own identity as socially conscious consumers (Taifel and Turner, 1986). Through brand preference, choice and consumption, consumers create meaning and try to define or strengthen their identity as socially responsible consumers (Belk, 1988; McCracken, 1986; Andersen & Nielsen, forthcoming). Investors' stake is related to risk minimization. The stock market's reaction to bad management and corporate governance practices following business crises and scandals can often be risky business for investors, of which the Enron scandal has become *the* business case (e.g. Maak, 2008). Suppliers have to live up to their customers' claims in order to keep their business profits. Consequently, they have to present themselves as attractive and innovative actors in the market by taking over corporate branding, strategic communication and reputation instruments from large corporations (Morsing, Vallentin and Hildebrandt, 2008). Employees have an interest in keeping their job, but what is more and more important, in keeping a safe and healthy working environment that allows them to develop and construct their identity and express themselves in a meaningful way through their work. It is also of great importance that employees have a close and relevant relationship to their organizations in order to act as good ambassadors in the environment (Christensen, Morsing & Cheney, 2008. P. 72.). The different interests of the stakeholders call for adapted communication forms and scripts.

Corporate Identity

Corporate identity can be defined in multiple ways (see e.g. Cornelissen and Harris 2001; Alessandri, 2001; Balmer, 2008). However, in this paper it is understood as “the way in which

an organization's identity is revealed through behaviour, communications, as well as through symbolism to internal and external audiences" (van Riel and Balmer, 1997. p. 341). Defined as a company's self-presentation, corporate identity is ascribed a boundary-spanning role between the company and its surroundings – creating and maintaining relationships with numerous stakeholder groups e.g. consumers, customers, investors, employees, suppliers, NGOs, the media and the general public (Cornelissen, 2004). As such it is regarded as an important strategic resource in relation to ensuring that a company is perceived as credible by its stakeholders (Melewar, 2003, p. 195)

Generally, corporate identity is said to foster positive reputations and favourable stakeholder relations. However, the potential benefits attributed to corporate identity in relation to creating and maintaining stakeholder relations are often specified according to the specific nature of the stake that a particular stakeholder or group of stakeholders has in a company (Melewar *et al.*, 2005). Investors and shareholders are interested in information relating to strategy and operations (Cornelissen 2008, p.49) as the stake they hold is financial. Customers favour identity elements related to the distinctiveness, quality and desirability of products and services (*ibid.*) often expressed in brand promises. Suppliers are more likely to stay loyal and have confidence in the company (van Riel 1995, p.29). Employees are said to become motivated and satisfied with their jobs as they come to understand the purpose, direction and focus of their company (Melewar 2003, p.195). In addition, corporate identity can create identification by promoting a 'we-feeling' amongst employees leading to higher loyalty and commitment (van Riel, 1995, p. 29). Consequently, a company is faced with many different, perhaps conflicting, aspects of its identity when addressing each stakeholder group.

Addressing different stakeholders may require the organization to speak with multiple voices i.e. to employ polyphonic communication (Christensen *et al.*, 2008) said to allow corporate mobility and flexibility in self-presentation embracing societal complexities and varying stakeholder interests (*ibid.*).

Corporate identity thus plays different roles in different stakeholder relations reflecting the different stakes held. These differences also become manifest in polyphonic communication as companies are encouraged to enter into dialogue with multiple stakeholder groups based on the nature of their specific stakes. However, within existing literature little emphasis is given as to how such dialogue is to be established and maintained. Below we suggest that successful stakeholder dialogue is determined by a company's ability to address specific stakeholder

interests when communicating both CSR and identity and suggest that these different interests be explored through dialogue forms and accompanying dialogue scripts.

Stakeholder dialogue within CSR and corporate identity: from strategy to scripts

Having outlined key aspects of CSR and corporate identity with reference to the stakeholder perspective, the two disciplines inform a framework for designing dialogue forms and scripts allowing for the identity and CSR communication to be targeted at specific stakeholders. The intention is not to suggest integrating one into the other as e.g. ethical identity; a notion discussed and rejected by Balmer *et al.*, 2007, but rather that similar solutions might be sought when seeking to encourage stakeholder dialogue. As addressed earlier, dialogue is a key aspect within corporate identity research and CSR where it (in relation to stakeholder involvement) is addressed as an important strategy within CSR communication (Morsing and Schultz, 2006). We propose to develop this strategy by using specific stakes to sketch out dialogue forms and scripts in relation to select stakeholders as an important step in exploring and explicating an approach for stakeholder dialogue. Form refers to the type of interaction embedded in the dialogue whereas script refers to a set of discursive conventions and rules implied in a specific form.

Stakeholders	Stake/interest	Dialogue form	Dialogue script
Consumers	Seek quality, licence to consume and distinctiveness	Networking	Experience and engagement
Investors	Seek pay-off, risk minimization and responsible investment	Briefing	Ensuring and balancing (finance and ethics)
Employees	Seek identification, safety and job satisfaction	Involvement	Sense-making and cultural enactment
NGOs	Seek influence, control, awareness and legitimacy	Negotiation	Compromising and partnering
Suppliers	Seek commitment, long-lasting relationships and inclusion	Exchange	Knowledge-sharing and (mutual) learning

The framework suggests that since stakeholders belong to diverse interest communities, companies ought to address these differences not only from a strategic perspective but also in relation to the communicative forms and scripts applied when entering into dialogue with the

individual stakeholder groups. Furthermore, it could be implied that the individual stakes should condition the nature and features of the dialogue. In other words, companies should be more aware of discursive practices and conventions within stakeholder groups.

Conclusive remarks

The conclusions drawn from the provisional overview into potentials for cross-fertilization between CSR and corporate identity indicate that interesting parallels exist between the two disciplines. Moreover, such parallels may be utilized in developing a framework for fostering successful stakeholder dialogue. However, additional research into the cross-disciplinary potentials is needed in order to develop a complete and elaborate framework with relevance for research, teaching and practice.

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