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Corporate social responsibility and CSR fit as predictors of corporate reputation: A global perspective

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A R T I C L E   I N F O

A B S T R A C T

This paper reviews the literature for articles that include both the terms corporate social responsibility and reputation in the title and/or abstract. The results of the conceptual analysis reveal that most studies on CSR and reputation focus on practical implications without contributing to the theoretical framework. The authors propose applying institutional theory to enhance the understanding of the relationship between CSR and reputation and to foster public relations theory development.

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1. Introduction

This study aims to understand which theoretical approaches have been used to understand the relationship between corporate social responsibility (CSR) and reputation. Corporate social responsibility is a challenge to define because it entails many different approaches and because it changes according to the context, era, and culture. Overall, CSR implies that companies have a moral obligation to the society in which they operate to behave ethically, beyond the limits of legal requirements and beyond their obligations to traditional stakeholders, such as employees, consumers, vendors, and the local community (Snider, Hill & Martin, 2003, p. 175). Consumers consider companies' CSR efforts when making purchasing decisions or reputation attributions. Thus, for companies, CSR has become an important public relations strategy to define who they are and to attract consumers. For consumers, CSR has become a tool to determine reputable companies and then to develop relationships with them. Companies that are able to use the reputation advantage of a good CSR strategy may increase their sales and profitability by increasing their consumer base through strong relationships which is major purpose of public relations. Reputation has been defined as stakeholder perception about the organization. Fombrun, Gardberg, and Barnett (2000) refer to reputation as "a cognitive representation of a company's actions and results that crystallizes the company's ability to deliver valued outcomes to its stakeholders" (p. 87). Reputation affects all stakeholders in that it determines how an organization is perceived and plays a role in determining the company's success or failure. This paper reviews the literature for articles that include both the terms corporate social responsibility and reputation in the title and/or

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abstract, with no date exclusions, and analyzes 33 articles in detail. By analyzing the literature, the paper identifies areas for future research in CSR and contributes to theory development.

2. Methodology

The authors conducted a conceptual analysis to understand how the literature explains the relationship between CSR and organizational reputation. Using InfoTrac OneFile, Ebsco Host, Wilson Web, ISI Web of Knowledge, and Expanded Academic ASAP, they identified articles that include both the key terms corporate social responsibility and reputation in their titles or abstracts. A total of 33 studies (four theory-based and 29 application-based) between the years 2000 and 2013 were identified. In-depth readings of these articles revealed the theories used to understand the relationship between CSR and reputation. The authors also identified the organizational outputs and impact of CSR. The aims of the current study are to develop a theoretical framework for the relationship between CSR and reputation for public relations, identify areas for future research, and forward theory development.

3. Results of the conceptual analysis

The authors determined that four theories are used in the reviewed literature to explain the relationship between reputation and CSR: stakeholder, attribution, value, and postcolonial. According to stakeholder theory, consumers make purchasing decisions based not only on economic reasons, but also on social reasons, such as how a company's CSR efforts influence consumers as members of a community. Indeed, many companies engage in CSR efforts as part of their public relations strategy because there is pressure from various stakeholders to be socially responsible; consumers are not just price sensitive, they also have social and environmental concerns that influence their purchasing decisions. Another theory used to discuss reputation and CSR is attribution theory, from social psychology. Attributions result from a cognitive process that causes people to assign an underlying cause or explanation to observed events. Attribution theory explains why a consumer might be skeptical about the behavior of a corporation thought to be using CSR activities for financial gain, while other stakeholders would see those activities as being in the company's and stakeholders' best interests.

Value theory is also used in the literature to understand CSR. According to the value-theoretical approach, CSR activities are founded on a company's core values, and it is thus important to determine the value priorities behind a company's actions. Finally, postcolonial theory is used to critique the neocolonial aspects and power dynamics of public relations, more specifically, the field's appropriation of terms such as corporate social responsibility and sustainable development. Accordingly, a postcolonial approach to public relations may help expose attempts to communicate corporate goals that parallel a dominant and Western model of economic growth and development.

The authors also present an overview of the research-based scholarship that explores the relationship of reputation to CSR.[1] The application-based studies mainly focus on charitable donations, stakeholder perceptions, CSR benefits, CSR regulation, human-rights-related issues and CSR, CSR during crises, CSR as social insurance, a critical approach to CSR, CSR reputation and culture, and diffusion of CSR practices around the globe.

The research reviewed herein argues for a strong link between CSR and corporate reputation from the perspective of public relations, so much so that CSR is often defined as one component of corporate reputation. Perceived CSR motives are argued to be important regarding reputation, but there is inconsistency regarding the process. Some research suggests that if CSR is not strategic it leads to shareholder distrust and a poor reputation. Other scholars suggest that motive is a filter through which stakeholders view CSR; in this light, CSR activities thought to benefit the company are viewed with skepticism, which results in a poor reputation. Companies that engage in CSR activities as part of their public relations strategy are perceived to be not only profit-motivated but also socially motivated, to develop a stronger reputation (i.e., increased sales), to develop better relationships with stakeholders, and to achieve long-term profitability. When organizations have a positive reputation, high-fit CSR activities which are closely related to a company's main business activities, such as an automobile manufacturing company initiating a CSR activity where it supports traffic safety, may lead to less skepticism. However, when organizations already have a negative reputation among stakeholders, high-fit activities may lead to more stakeholder skepticism, which may lead to even a more negative corporate reputation.

The result of the conceptual analysis reveals that most studies on CSR and reputation focus on practical implications. This result was expected as these study areas often take their roots from practice itself. Due to the nature of the study area, application-based studies, which try to understand the immediate impact of CSR, are more common. Out of 29 such studies, 10 focus on measuring stakeholder perceptions while five focus on the benefits of CSR. This emphasis reveals that the field concentrates on CSR returns through application-based studies rather than on gaining an in-depth understanding of the phenomenon utilizing a theoretical perspective. Application-based studies contribute to the literature and provide guidance for professional practice but they do not foster theory development.

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[1] There was no single journal that includes a majority of these studies; the articles are found in various advertising, business, and public relations journals. Articles are mainly from *Journal of Corporate Citizenship*, *Corporate Reputation Review*, *Journal of Advertising*, *Public Relations Review*, *Journal of Business Ethics*, and *Journal of Business Research*.

4. Discussion and conclusions

The authors' analysis of existing research on CSR and CSR fit reveals that the number of studies providing theoretical explanations for the relationship between CSR and organizational reputation is fairly limited. Theory-building is critical for the development of an academic field, however, thus the authors propose that studies providing a theoretical background for reputation and CSR studies will enhance the understanding of the construct and increase the value of CSR practices, especially for the academic and practical public relations fields.

The authors specifically propose that institutional theory be used to provide a deeper understanding of the relationship between CSR and reputation and the overarching value of CSR activities for organizations. According to institutional theory, organizations need to conform to social and cultural expectations imposed by the institutional environment to increase the probability of survival and success (Zucker, 1977). When the CSR outputs noted in the literature are considered, some have economic concerns, such as a competitive advantage and increasing stock value, while others have non-economic concerns, such as corporate visibility, trust and building strong relationships. Outputs that have a direct effect on internal stakeholders, such as commitment, motivation, and improved recruitment, are also observed. Institutional theory holds that all of these organizational outputs/impacts are used as a means of achieving organizational legitimacy. Companies must ensure legitimacy to increase their chances for survival (Meyer & Rowan, 1977). As this review suggests, CSR is one of the key public relations tools used to communicate industry norms and values, and thus gain legitimacy.

With the explosion of CSR initiatives around the globe and a related push from stakeholders for companies to be socially responsible, further research is needed to understand how to develop effective CSR and public relations strategies that more accurately predict impact on corporate reputation in different cultures. Thus, it is the role of public relations scholarship to develop theory that helps public relations practitioners understand how CSR affects reputation under different circumstances; what kind of CSR fit is required, and how the view of fit differs in different contexts to gain legitimacy.

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