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GUEST EDITORIAL

Ethics and international marketing

Research background and challenges

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Abstract

Purpose – This paper is a general review contextualising the current debate on ethics and international marketing. The aim of the paper is to present an overview of historical and current trends as a background for this special issue edition of *International Marketing Review* focusing on international marketing ethics.

Design/methodology/approach – The paper examines how ethics in international marketing have evolved and progressed towards the current "ethics era" and presents discussion surrounding the role and value of an ethical approach towards marketing in a global marketplace.

Findings – Essentially the paper argues that marketers should creatively embrace the complex challenges of the international marketplace by rethinking their approach to marketing ethics.

Originality/value – Gives an overview of the special issue.

Keywords Marketing, Ethics, International marketing, Customer satisfaction

Paper type General review

Contextualising ethical issues in marketing

Marketing ethics has developed in the context of business ethics that reflects the interests of various stakeholders in the exchange process. Baumhart (1961) and Tzalikis and Fritzsche (1989) suggest that the moral issues in marketing are particularly important as marketing is expected to identify, anticipate and satisfy customer requirements profitably, thus creating and sustaining the interface between consumer preferences and companies' market aspirations. Some of the problems in achieving a general consensus on ethics in marketing stem from the lack of uniform philosophical arguments of what is "good" and "ethical" and whether "good" and "ethical" have identical meaning.

Kant's (1788) views on ethics are utilitarian and deontological based on reason, intention and duty. According to him duties cannot be associated with self-interest expressed in expected pay-offs or rewards. Thus companies should exist to satisfy the needs of the society and firms have a duty, a moral obligation to deliver benefits to the society. Such an argument places organisational gains as a function of the social wealth and development they create and the consumer satisfaction they deliver. Consequently the social cause is paramount in a company's conduct. Taking Kant's ethical concept as a reference point it can be argued that it pays off for companies to appear ethical; their expectations of increased sales, market share and profitability to appear as motivated by objectives other than self-interest (Yeo, 1988). Such an approach can bring higher pay-offs for a firm because consumers will perceive its

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operations as ethical. Therefore, if companies appear to be ethical following ethical codes and norms regulating their self-interest they will (hopefully) be rewarded by the consumers. The real issue is whether companies want to appear ethical or truly commit to a marketing behaviour that will place consumer and social welfare before their self-interest.

John Mill's ideas on ethics (Mill, 1998) are utilitarian based on the consequences of action indicating that business ethics should maximize the total amount of pleasure in the world and minimise the total amount of pain thus augmenting the scope of beneficiaries. Mill's understanding of ethics is intrinsically associated with the common "good" rather than a company's self-interest. According to Nantel and Weeks (1996) of all functional business areas marketing management represents the most disputed area in terms of utilitarian ethics. They argue that the implementation of ethics in marketing is a paradox in itself as the definition of marketing, which is predominantly utilitarian, provides marketing managers with a justification for ethical conduct when they ensure that the consequences of their behaviour are moral. However, the utilitarian views do not always result in ethical marketing conduct. Mill's notion questions whether marketing activities are to be limited to an increase in the market share or profitability of a single company, should they deliver benefits to a greater number of people not involved in a company's decision-making processes. The problem is that the common "good" has various interpretations and its scope is vague if at all explicit. Should the common "good" be applied to a target market segment, to the mass market, to various social groups or society as a whole? Moreover, in international marketing the issue becomes even more complex and acute as the common "good" should transcend country borders and nationalities. Will the common "good" reflect the "good" for home and host countries, for companies that engage in international marketing activities and for consumers in their domestic and international markets? Mill's response to such questions would probably be that national, geographical and political categories are not an objective basis for ethical values. The greatest happiness principle, on the other hand, builds upon values that are universal to everyone – pleasure and pain. So the only consistent general moral principle must be "Seek the greatest good for the greatest number". The difficulty arises when companies need to decide what "the greatest good" is, what "the greatest number" is and how marketing could really deliver "the greatest good" to "the greatest number".

The marketing concept implies that companies need to satisfy various consumer preferences that are based on their needs and wants and should also generate profit. The idea of a company's self-interest in profitability is apparently difficult to justify in Kant's view but is acceptable in Mill's understanding of utility. The application of the marketing concept should, therefore, "put the customer first" and deliver benefits to the individual consumer, the society as a whole and the company itself.

Ethical relativists (Crane and Matten, 2004) accept that moral absolutes do not exist and therefore the definition of what is moral is based on the social norms of the society in which they are practiced. Hence there are no universal moral standards applied to all peoples at all times. In marketing terms ethical relativism can justify different ethical standards applied to various countries and evolve over time. Such an interpretation of morality does allow for various interpretations of ethical norms that reflect a diversity of cultures and practices. Moreover this creates a need for marketing adaptation within a particular market over time as the societal culture, knowledge, and technology change across markets at a given point of time. If moral relativism is accepted as a basis for the international marketing activities of companies there can be no common framework for resolving moral disputes or for reaching agreements on ethical matters between companies and different societies. It can only nurture flexibility, which creates rather complex relationships with consumers in the home and foreign markets with no common reference point. Thus the arguments for its implementation into the marketing of companies create unease and question the core universal values that transcend national borders.

Do marketing ethics matter?

According to Fineman (1999), marketers such as Beardshaw and Palfreman (1990) present marketing as "an ethically neutral system or management tool serving an unequivocal market good". Apart from the occasional lapse such as guns or pornography, marketing serves society's needs with few ethical strings attached. However, others Fineman argues, suggest that marketing is more profoundly value laden (Smith, 1995; Laczniak, 1993), and manipulates the consumer in anything but an innocent and friendly way. The following quotation from Haug (1986) emphasises this view,

> ... every real or potential need of the sensuous human being is "a weakness which will tempt the fly onto the limetwig". Wherever there is a want, a need, a demand, there is a producer who offers his "labour of love" with the most "glittering illusion" – and presents the bill. Just because it is completely inessential from the standpoint of exchange-value, the sensuous being of those with money is preyed upon, sustained and attended to in all its fancies, moods and whims, as the industrial capitalist caters for "his neighbour's" most depraved fancies, panders to his needs, excites unhealthy appetites in him and pounces on every weakness.

Rather than consumer satisfaction being the main aim, Fineman (1999) argues that the main moral imperative is the "sale". He quotes Gabriel and Lang's (1995) notion of the "unmanageable consumer" who upsets the applecart of business rationality. The unpredictability of the consumer is the difficulty faced by marketers whose task is to plot "predictability". The act of purchase and exchange is what interests marketers; it is an end in itself, remote from its "relationship to others' interests or concerns – like privacy, pollution, or resource scarcity" (Fineman, 1999). Thus marketing gets "unhinged" from its "imperial position in contributing to the apparent good life" (Fineman, 1999), and becomes guilty of contributing to the destructive and wasteful side of consumerist society. This conflict within the marketing community has given rise to the scholarly debate surrounding marketing ethics.

What has evolved since the 1960s is that groups of marketing scholars and practitioners have exploded the myth of benevolent marketing being practiced on co-operative consumers. There is now acceptance within marketing circles that not all marketing does create a satisfactory outcome for consumers if one broadens the definition of consumers to include the wider stakeholder group of society as a whole. What is desired by consumers may not necessarily be good for them (e.g. tobacco products), and although a marketer may create a happy customer in the short term, in the long run both consumer and society may suffer as a direct result of the marketers' actions in "satisfying" the customer (Kotler, 1972). Kotler believes it is the responsibility of marketers to generate new products that provide both immediate customer satisfaction and protect the long-term welfare of the consumers. More recently he has stated,

> The most radical implication for marketing is the shift from being an agent of the seller to being an agent of the buyer, from being a marketer of goods and services to being a customer consultant … (Achrol and Kotler, 1999).

In latter years marketing thought has focused upon the subject of marketing ethics, and in the 1980s there was a flurry of activity by marketing scholars who attempted to evaluate conceptually the nature and role of marketing ethics. Benchmark work was carried out by Laczniak and Murphy (1993) who examined ethical issues in advertising, personal selling, marketing research, pricing and multinational marketing. Hunt and Chonko (1984) conducted their survey on ethical dilemmas for marketing managers, and the ethical problems faced by marketing researchers. Laczniak's (1983) framework was a move to analyse marketing ethics, and Ferrell and Gresham (1985) developed their contingency framework to evaluate ethical decision-making in a marketing organisation. Robin and Reidenbach (1987) examined the challenge of integrating ethics and social responsibility into strategic marketing, while Garrett (1987) looked at the growing phenomenon of consumer boycotts, an early signpost of the growing consumerist movement (Sheth *et al.*, 1988).

At the early stages the activist school (Sheth *et al.*, 1988) tended to take the rather narrow view that unethical practices were being perpetuated by cynical and greedy marketers, but as the subject has evolved in marketing writing it has become clear that this is too simplistic a view. What is beginning to emerge is a more complex view of marketing ethics which acknowledges that unethical acts can be committed by the most honest and responsible individuals given a particular set of circumstances. There is now a core of marketing academics researching and writing in the field of marketing whose work has contributed to the ethics debate over the years, and continues to do so. Laczniak and Murphy (1993) remain at the forefront of the development of marketing ethics with their work in the broader field, and particularly in advertising ethics (Murphy, 1998; Laczniak, 1998) when responding to Vatican criticism of ethics in advertising. Other key scholars in advertising ethics in recent years include Hyman *et al.* (1994) who demonstrate that advertising ethics is now a key field of advertising research, and Zinkhan (1994) who debates whether societal well-being is enhanced by the actions of advertisers. Marketing research ethics is well documented in the work of Sparks and Hunt (1998) who question the ethical sensitivity (i.e. according to Hunt and Vitell (1992), the ability to recognise the presence of an ethical issue) of researchers, Pallister *et al.* (1999) in their investigation of the role of codes of conduct in ethical research, Castleberry *et al.* (1993) who examine the moral reasoning of marketing research practitioners, and Malhotra and Miller's (1998) integrated model for ethical decisions in marketing research. Researchers are also actively researching the dilemmas faced by multinational marketers when dealing with marketing ethics in cross-cultural settings (Rawwas *et al.*, 1995; Singhapakdi *et al.*, 1999); ethical sourcing (Kolk and van Tulder, 2002); ethical issues in relation to particular industries (Diacon and Ennew, 1996; Davis, 1994); ethical activism (Strong, 1996; Friedman, 1996) and the factors influencing the ethical judgement of the final consumer (Creyer and Ross, 1997; Boulstridge and Carrigan, 2000; Muncy and Vitell, 1992; Folkes and Kamins, 1999; Szmigin and Carrigan, 2005).

It is clear that the scope of marketing ethics is rather broad. There have always been ethical problems in marketing, even as far back as the "snake oil" merchants of the pioneer days. Cigarettes in their time have been marketed for their health benefits in clearing the lungs; so the existence of dubious marketing activities and outrageous product claims within the industry is nothing new. But what we are seeing today is not just interest in highlighting poor ethical behaviour and vilifying those who perpetrate the crimes, but a desire to try to establish acceptable ethical guidelines and practice, and disseminate that within the industry. Regulation is a key issue, but communication is also part of the ethical movement in marketing. Rather than be defeated by the continued lack of answers to the many questions which continue to be posed by the challenges presented by marketing ethics, as researchers we should be enthused at the prospect of such uncharted territory. It is probably true to say that developments in the field of marketing ethics, in theory and practice, have not moved as quickly as those early scholars might have desired or predicted. However, Zaltman (1999) noted that "one of the most reliable forecasts we can make about the future is that change never arrives as quickly as people say it will, and when it does arrive we're never ready for it".

Smith (1995) argues that we are now living in the "ethics era", whereby society's expectations of marketers have changed and we face challenges to basic marketing assumptions. Consumers are better informed, more educated and awareness is greater of consumer rights and product requirements at least in western society. Legislation has also played a part in raising consumer expectations of marketing behaviour. In the past, "caveat emptor" was justification for marketing practices that hitherto consumers were willing to accept. As consumer rights become more important, this should no longer be the case. The move towards "caveat venditor" in some situations is challenging many basic marketing tenets according to Smith, and marketing managers now have to respect and care about the welfare of those affected by their marketing decisions. In the developed economies marketers were being forced to recognise and confront the issues surrounding societal marketing. For example, advertisers and print media have had to face responsibility for their role in promoting "glamorous" anorexic body images (e.g. the Accurist "put some weight on" campaign; UK government anti-drug advertisements); food manufacturers and marketers have had to defend and amend the nutritional content of their products (e.g. McDonalds; Sunny Delight); cigarette firms have had to admit the carcinogenic qualities of their products (e.g. Phillip Morris). Today Zaltman's homily is apparent as teachers, researchers and practitioners of marketing are recognising that they must incorporate marketing ethics into what they do if they are to remain at the leading edge of marketing theory and practice.

International marketing activities and the importance of ethics

The need for addressing the issues of international marketing ethics arises from the increased internationalisation of multinational companies (MNCs) and the process of globalisation of business (Hoffman *et al.*, 1986; De George, 1986). Mainstream research on marketing ethics has been mostly focused on developed economies while emerging markets have received rather limited attention (Donaldson, 1985; Rogers *et al.*, 1995). As in business-to-consumer markets consumer support is of crucial importance for the success of marketing activities and companies' profitability ethical conduct towards consumers in diverse national markets is the most critical area of business ethics

(Crane and Matten, 2004). Big and powerful MNCs often have bargaining power greater than that of national governments. Companies such as Coca-Cola, Nokia, General Electric, Citigroup, Wal-Mart, Microsoft, General Motors, Pfizer, Royal Dutch/Shell, HSBC, BP, Toyota, and many others appear to have turnover and value added greater than the GDP of many developing economies. For example, the size of ExxonMobil with an estimated value-added of USD 63 billion in 2000 was bigger than the GDP of economies such as Pakistan or Peru (Onkvisit and Shaw, 2004). International markets and especially those of developing countries can be vulnerable and rather exposed to unethical marketing because of their economic potential, low bargaining power, lack of legal framework and law enforcement to protect domestic companies, consumers and the society as a whole. This makes consumers less likely to benefit from marketing ethics. Moreover, Friedman (1970) argues that the goal of business and hence marketing activities should be to maximise profit within the law. If the driving force of a company is to generate and maximise profit, its behaviour in the marketplace should also be based on universal ethics for ensuring benefits for the society at large. How can we define what the limits of ethical behaviour are? The question is whether profits should be maximised in environments where law protection is weak or non-existent. In such an environment the legal framework for regulating company-consumer interface is usually asserted on the conception of a company's interest for profit maximisation subject to legal constraints. While in developed economies consumers have become powerful, those in developing countries have few rights of moral treatment by MNCs that are legally safeguarded. MNCs expand into emerging international markets seeking untapped market growth potential, creating new market segments and penetrating existing ones, extending the product life cycle of outdated products, introducing new goods, acquiring and upgrading existing local brands thus offering more choice to consumers and satisfying existing and unmet needs and wants.

In this process MNCs strive to achieve stability and profitability in international markets and their marketing strategy implementation is often associated with unethical marketing behaviour. For example, in order to develop the market for tobacco products in Taiwan, cigarettes have been freely distributed to consumers regardless of their age and gender by fashion models and beautiful young girls in order to lure consumers into usage; when the transition from central planning to market-led economy started in the Ukraine MNCs were quick to engage in delivering packed cigarette gifts to consumers with the intention of increased product usage. While cigarette sales have been controlled and limited in many developed countries, the market share of cigarette producers in markets such as Russia, China, South Africa among others is on the rise.

The moral issues in developing and implementing marketing strategies are associated with the definition and mode of servicing target market segments. Serious ethical concerns arise from the approach of MNCs to target poor and illiterate consumers in international markets with unaffordable prices thus either excluding them from the market or driving them into consumption which can lead to a deprivation from basic necessities. An illustration of this is the prices of life-saving medication or introducing brands as substitutes for generic commodities (Amine, 1996).

International marketers control more than the elements of the marketing mix; they play a crucial role in changing social structures and competitive, in shaping political power, knowledge transfer, and even determining economic development structures.

This power and control creates major challenges for national governments who need to regulate the marketing and investment behaviour of MNCs. Under such conditions one would suggest that MNCs should not justify their behaviour as merely legally bound but set and maintain high ethical standards in their marketing activities.

One of the problems is that consumer sovereignty is a concept associated with free market economies where "... all authority rests with the sovereign consumer operating through the impersonal mechanism of the market" (Galbraith, 1984) and the society creates some regulatory and consumer protection mechanisms empowering individual consumers to exercise their rights. However, Galbraith (1984) also suggests that even in free market economies the power of MNCs to set and influence prices and to manipulate consumer response is disguised "by the mystique of the market and consumer sovereignty". Following Galbraith's (1974) assertion that corporations create artificial needs for unwanted products one can argue that this is even more so in developing economies where consumer rights are not protected or guaranteed by social and legal structures thus increasing consumer vulnerability and the probability of MNCs to manipulate consumers by producing artificial demand for products they do not need (Amine, 1996).

Consumers in developed countries have low individual bargaining power but a relatively high degree of consumer sovereignty thus being able to exercise much more power on companies' marketing ethics. While age and gender are characteristics of consumer capability that have been associated with the vulnerability of children and elderly members of society worldwide, the role of experience, education and income in assessing consumer vulnerability in developing countries is of a much greater importance. One might suggest that cultural embeddedness, traditions, consumer animosity, ethnocentrism and in some cases government intervention act as a counterbalance effectively reducing the vulnerability of consumers and increasing their individual and social protective mechanisms against marketing campaigns of MNCs in developing countries which are perceived as unethical.

The special issue

The aim of the present special issue is to provide diverse views on the complexity of ethical issues in the context of international marketing. It is the outcome of the efforts and contributions of several authors and reviewers who are passionate supporters of the overwhelming need for international marketing ethics. All papers included in the special issue have been subjected to a rigorous review process by internationally renowned experts in the field. As guest editors we would like to extend our gratitude to the authors of the papers submitted to the special issue and the reviewers' effort to ensure high quality scholarly contributions. We would also like to thank Professor Jeryl Whitelock for her support and patience during the process of editing this issue.

Articles

The special issue contains six articles. The authors come from a diverse range of countries which provides a strong international perspective to the issue in line with the international audience of the *IMR*.

The first paper by New Zealand researchers William Low and Eileen Davenport analyses the marketing of fair trade through mainstream commercial distribution channels which has been defined as the major success and greatest challenge for the fair trade movement since the 1990s. The discussion focuses on the role of the movement in bringing together committed parties to create the "value" of social change (trade reform), social development, fairness and equity through consumption by shortening commodity circuits between producers, retailers and consumers. This enhances the previously predominant view of the fair trade movement as one having a pivotal role in creating a system for certifying fair trade products such as coffee and tea, and in building fair trade brands. The authors introduce the term "Clean-wash" that refers to various ways in which marketing fair trade through mainstream distribution channels opens opportunities for businesses to regulate the terrain. The paper develops the argument further by showing how marketing of fair trade has shifted its focus from participation in international trade reforms to a message that can be summarised as "shopping for a better world". The paper analyses innovative actions and strategies applied by the movement where ethical consumerism is redefined by merging consumption and social action. The concept of the alternative high street is used to describe the fair trade movement's attempts to address these challenges, and presents an alternative way of thinking about the co-creation of value between producers, retailers and consumers.

The second paper continues the Fairtrade theme, this time from a European perspective, and is written by Patrick De Pelsmacker, Wim Janssens, Ellen Sterckx, Caroline Mielants from the University of Antwerp. The study examines Belgian consumer attitudes towards the marketing tactics of ethically labelled coffee producers. The research concludes that distribution strategy and labelling characteristics play an important part in consumer decision-making, and more so than external promotion. Given the increasing presence of fairtrade products in the global marketplace, and the growing success of such brands *vis-à-vis* mainstream brands, the findings have resonance for a broad audience, including governments, NGO's and marketers.

The third paper by Bettina Cornwell, Charles Chi Cui, Vince Mitchell, Bodo Schlegelmilch, Anis Dzulkiflee and Joseph Chan focuses on religion as an influence of consumers' ethical position and reflects the multinationality of its authors. They examine Forsyth's (1980) ethical positioning scales in each of three different major religions in five different countries to see how the constructs of idealism and relativism differ. Although the results of the study show a limited effect of religion, the authors point out the complexity of morals and ethical decision-making.

The paper cautiously suggests that there appears to be some ethical convergence between religions, which requires further research to overcome the cross sectional nature of this study. It is interesting to note that the paper re-affirms the notion that the measurement scales used in international settings should be developed in those settings not modified to reflect their contextual specifics. The authors come to the conclusion that multi-site scale development is needed where the definition of relativism (the rejection of universal morals) is viewed in conjunction with multiple world religions and consideration given to what or which moral framework or religion is being rejected.

The fourth paper by Călin Gurău and Ashok Ranchhod investigates the strategies applied by UK and Romanian companies commercialising ecological products in international markets. The paper has a strong exploratory orientation, which can explain some of its methodological limitations. The findings show significant differences in the marketing objectives and strategic orientation of the UK and

Romanian eco-firms. The UK companies from the sample attempt to exploit the positive image of their eco-brands in engaging in international marketing activities, which allows them to expand international sales. They sell through specialised distributors and maintain a strong control over the commercialisation and advertising process. The Romanian companies are exclusively focused on export, which is considered a source of future competitive advantage in the domestic market and is mostly driven by profit benefits based on international price levels. The paper outlines the importance of strategic alliances with foreign partners who provide market access for the Romanian products through distribution and branding activities.

The authors introduce a model for foreign market evaluation and selection which is adapted to the particular situation of an eco-marketing offer.

The fifth paper by Janet Marta and Anusorn Singhapakdi compares the perceived intensity of unethical marketing practices, corporate ethical values and perceived importance of ethics by Thai and US business people. The authors bring in evidence to suggest that economic development drives countries in a common direction, despite the divergence of their cultures and histories. Economic development is found to be a more powerful predictor than Hofstede's results, at least in situations where the cultural variables pointed in opposing directions. The impact of globalisation on managers' understanding of the critical role of differing ethical perceptions is indicated as a major factor in stimulating international business relationships and activities. Interestingly the research identifies that Thai managers tend to sense less moral intensity in the unethical marketing behaviours described in the scenarios than American managers do. This finding has a major implication for marketing managers who should be very explicit and detailed about marketing and sales behaviours, like those in the scenarios presented, that have moral implications. The conclusion of the authors is that upper management need to be unambiguous about behaviours they consider unethical and management training should change the "corporate ethical values" of an organization. The paper also raises the issues of unethical practices and "ethics gap" in emerging markets related to issues such as bribery and the need for companies to abide by ethical principles withstanding generally accepted practices by the business community within such a context. The authors argue that while a single firm might not have enough leverage to challenge entrenched corruption, an industry group can certainly have more clout.

The sixth paper by Jonathan Schroeder and Janet Borgerson focuses specifically on the ethics of representation for international marketing communications. The authors argue that an ethics of representation must invoke issues that arise when brand identity, corporate communication and visual strategy rely upon representations of identity. The paper develops the idea that judgments of image appropriateness should be informed by an awareness of potential epistemic closures as ethical analyses of marketing communications should offer accounts for how its images represent identity. Hence, marketing campaigns that represent identities of groups or individuals aesthetic and ethical questions intersect leading to some ontological assumptions. Some forms of representation are found to be damaging the interests of the represented groups and can actually manipulate these groups for consumption by others. The authors conclude that marketing communication may not cause cultural prejudices; rather it can be associated with relatively stable problematic representational conventions that might be avoided through ethical analysis of the marketing campaigns.

Taken collectively, the papers in this special issue of *IMR* offer conceptual developments and practical insights on the complex nature of marketing ethics in the context of the international marketplace where culture, religion, traditions, consumer requirements and protection differ.

Facing the challenge

In Gaski's (1999) review of the subject of marketing ethics, he outlines the principal focus of scholarly interest: the introduction of ethical philosophies; questioning the inherent ethics of marketing activity; empirical beliefs and practices; direction and advice for making marketing behaviour more ethical, along with specific normative guides and prescriptions on how to or how not to conduct ethical marketing behaviour. After a cynical debate of what marketing ethics has to offer, he makes a case for why we should continue to study and appreciate the field of marketing ethics. He states, "Without doubt, the ethics of one day may be the law of the next".

Brownlie *et al.* (1999) have also debated at length the changing face of marketing. In *Rethinking Marketing* (1999) they state,

> What is it like to think new thoughts . . . to undo the fragile web of assumption . . . to render new images to the familiar . . . to look anew at the world . . . to see the ordinary and everyday from a fresh perspective?

This is how many marketers now currently view the ethics era. All that they took for granted, assumed, believed and worked towards has been upended by those who argue that in order to "get it right" marketers must rethink their approach.

As Sheth and Sisodia (1999) state, the context of marketing is changing in fundamental ways. The acceptance of law-like generalisations is having to be, as they suggest, "either enhanced or modified". The old opinion of marketing ethics as "an oxymoron", or that "marketers do not have ethics" (Laczniak and Murphy, 1993) is being re-thought. The ethics of marketing is increasingly being called into question from various quarters (Brownlie *et al.*, 1999) and marketing scholars are developing the discipline in order to challenge the ethical complacency that existed in the past. Sheth *et al.* (1988) accept that ethical decision-making is very complex, and that allegedly "guilty marketing practitioners have quite sincerely stated that they honestly did not realize that their actions could possibly create ethical problems". Today, as the field of marketing develops a stronger ethical profile, academically and professionally, marketers are finding that it is harder to ignore the "ethics gap" between what society expects and what marketing professionals are delivering (Laczniak, 1993). We don't really know if all this research activity on marketing ethics has affected the ethical climate of marketing practice, and some practices such as deceptive pricing or manipulative advertising may never disappear (Laczniak, 1993). However, that does not mean that marketing scholars should not strive to improve the ethical climate in which marketing business is conducted.

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A stakeholder model for implementing social responsibility in marketing

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Abstract

Purpose – To provide a comprehensive managerial framework to understand and provide a well balanced and integrated stakeholder orientation for implementing corporate social responsibility in marketing.

Design/methodology/approach – Many published articles provide significant findings related to narrow dimensions of stakeholder orientation in marketing. This article utilizes existing knowledge on this topic to support a methodology to implement a well-integrated corporate social responsibility program that encompasses marketing.

Findings – The findings provide a grounded framework based on previous research that provides a step-by-step approach for implementing corporate social responsibility from a marketing perspective.

Research limitations/implications – The framework developed in this paper provides an opportunity to examine to what extent the step-by-step methodology has been implemented in organizations as well as alternative approaches for implementation.

Practical implications – This is a managerial guide for using a stakeholder model for implementing social responsibility in marketing.

Originality/value – This paper fulfils a need for advancing knowledge on implementing social responsibility in marketing and provides a practical framework for managers who desire to implement social responsibility.

Keywords Social responsibility, Stakeholder analysis, Corporate identity

Paper type Conceptual paper

While marketing has traditionally emphasized customer orientation, the unintended consequences of marketing activities require consideration of key stakeholders and their relevant interests (Fry and Polonsky, 2004). The marketing literature supports a focus on customers and the development of superior solutions to their needs (Slater and Narver, 1999). Market orientation has been found to be a key variable in the successful implementation of marketing strategies (Homburg *et al.*, 2004). But, a successful marketing strategy has not always been associated with meeting the needs and demands of all stakeholders (Miller and Lewis, 1991). Unfortunately, most approaches to market orientation select to elevate the interests of one stakeholder – the customer –

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over those of others (Ferrell, 2004). There is evolving concern that organizations must focus not just on their customers, but also the important stakeholder groups that hold the firm accountable for its actions. A new emerging logic of marketing is that it exists to provide both social and economic processes, including a network of relationships to provide skills and knowledge to all stakeholders (Vargo and Lusch, 2004).

This logic is captured in the new definition of marketing developed by the American Marketing Association (2004) which states that:

> Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

This definition emphasizes the importance of delivering value and the responsibility of marketers to be able to create meaningful relationships that provide benefits to all relevant stakeholders. This new definition of marketing is the first definition to include "concern for stakeholders". The complexity surrounding a determination of the effects of marketing transactions on all relevant stakeholders requires the identification of stakeholders in the exchange process (Fry and Polonsky, 2004). The reconceptualization of the marketing concept based on a long-term, multiple stakeholder approach has also been suggested as a prescriptive model for organizational responsibility in marketing (Kimery and Rinehart, 1998). For example, research indicates that strategic planning varies considerably based on the stakeholder profiles of organizations. It has been found that some companies focus on a specific stakeholder group, such as customers, shareholders, employees, or competitors (Greenley *et al.*, 2004). Based on these developments, there is a need for marketing to develop more of a stakeholder orientation rather than a narrow customer orientation. Stakeholder orientation in marketing goes beyond markets, competitors, and channel members to understanding and addressing all stakeholder demands.

As a result, organizations are now under pressure to demonstrate initiatives that take a balanced perspective on stakeholder interests. Even though some leading businesses –including Shell, Beyond Petroleum, and Starbucks – have introduced innovative corporate social responsibility (CSR) initiatives, many organizations have failed to implement a solid CSR program that truly integrates and balances their responsibilities to various stakeholder groups. Instead, most companies have a tendency to adopt uncoordinated initiatives that address only specific stakeholder issues (e.g. policies against child labor, green marketing, equal opportunity programs). Corporate identity and reputation, both important to marketing, are created by business actions and communications with stakeholders (Christen and Askegaard, 2001; Bromley, 2001; Dowling, 2003). Over time the relevance of corporate identity will diminish without implementation of meaningful communications with stakeholders (Topalian, 2003).

Interestingly, the academic and managerial literature has provided little guidance to help marketers integrate various initiatives into a sound program that can cover a wide range of corporate responsibilities. For example, it has been suggested that meeting the needs of customers and motivating employees to serve customers will provide growth in shareholder value and help meet stakeholder interests (George, 2003). It has been suggested that one way to enhance socially responsible marketing is to enhance customer well-being without any harm to other stakeholders (Sirgy and Lee, 1996);

much of the research on CSR has focused on its conceptualization (Carroll, 1979; Clarkson, 1995; Wood, 1991). Contemporary studies usually focus on the implementation of very limited aspects of CSR (Porter and Kramer, 2002). Little has been written about the concrete and systematic implementation of CSR in the organization (Smith, 2003) and the likely benefits to be expected from its implementation (Maignan *et al.*, 1999). This paper adopts an encompassing view of stakeholder orientation and describes a step-by-step methodology that can be used to implement a well-integrated CSR program in marketing to consolidate, coordinate, and integrate with existing initiatives at the organizational level of analysis.

CSR from a marketing perspective

From the 1950s onward, business scholars have provided various definitions of CSR and of related notions such as corporate citizenship, corporate social responsiveness, or corporate social performance (Bowen, 1953; Wood and Jones, 1995). The differentiated terminology employed, along with the multiplicity of the conceptualizations proposed, underpins the complexity of the CSR concept. The discussion below draws from the extant literature to outline a definition of CSR that accommodates the intricacies of this concept while providing solid grounding for organizational and marketing implementation.

Senior management and many marketers still struggle with the notion of corporate social responsibilities (Greenfield, 2004). In particular, they are unsure about the meaning of the word "social," and do not necessarily see its link to daily business activities. Quite often, they have problems evaluating how their own organization can have an impact on, or contribute to, the well-being of society as a whole. This difficulty is understandable because, as explained by Max Clarkson, society is "a level of analysis that is both more inclusive, more ambiguous, and further up the ladder of abstraction than a corporation itself" (Clarkson, 1995). Therefore, we propose as a starting point that even though businesses in general are accountable toward society at large, an individual business can be deemed responsible only toward the definable agents with whom it interacts. These agents can be regrouped under the label of "stakeholders" (Freeman, 1984). Even within a business, functional areas such as marketing may only have a limited view of important stakeholders. Marketing scholars have usually focused on two main primary stakeholders: customers and channel members (Maignan and Ferrell, 2004). Stakeholder research indicates the treatment of customers and employees has the most influence on firm performance (Berman *et al.*, 1999).

The discussion above suggests that businesses committed to CSR, at a minimum, adopt values and norms along with organizational processes to minimize their negative impacts and maximize their positive impacts on important stakeholder issues. Therefore, the CSR of an organization is issue-specific: while the organization might display exemplary behavior with respect to one stakeholder issue, it may fail to properly address another stakeholder concern. The degree of commitment to CSR is best evaluated at the level of an individual business unit: within large companies, various business units may face different stakeholders and stakeholder issues. In addition at any given life cycle stage of on organization certain stakeholders, because of their potential to satisfy organizational needs, will be more important than other stakeholders (Jawahar and McLaughlin, 2001). Within the marketing function, the degree of customer orientation will affect relationships with other stakeholders. It has been hypothesized that "company orientation to non-consumer stakeholder groups will be dependent on their consumer orientation" (Greenley and Foxall, 1996).

Marketing stakeholders and CSR

Stakeholders designate the individuals or groups that can directly or indirectly affect, or be affected by, a firm's activities (Freeman, 1984). Marketing stakeholders can be viewed as both internal and external. Internal stakeholders include functional departments, employees, and interested internal parties. External stakeholders include competitors, advertising agencies, and regulators (Miller and Lewis, 1991). The various relationships should be identified and interests understood.

Another view of stakeholders characterizes them as primary or secondary. Primary stakeholders as those whose continued participation is absolutely necessary for business survival; they consist of employees, customers, investors, suppliers, and shareholders that provide necessary infrastructure. Secondary stakeholders are not usually engaged in transactions with the focal organization and are not essential for its survival; they include the media, trade associations, non-governmental organizations, along with other interest groups. Different pressures and priorities exist from primary and secondary stakeholders (Waddock *et al.*, 2002). Unhappy customers may be viewed with less urgency than negative press stories that can damage a business (Thomas *et al.*, 2004). Highly visible secondary stakeholders such as an interest group or the media may at times be viewed with greater concern than employees or customers. Remote stakeholders at the fringe of operations can exert pressure calling into question the firms' legitimacy and right to exist (Hart and Sharma, 2004). The three critical elements in assessing stakeholder influence is their power, legitimacy and urgency of issues (Mitchell *et al.*, 1997).

Power has been defined as "the ability to exercise one's will over others" (Schaefer, 2002). Legitimacy relates to socially accepted and expected structures that help define whose concerns or claims really count and urgency captures the dynamics of the time-sensitive nature of stakeholder interactions (Mitchell *et al.*, 1997). Power and legitimacy may be independent but the urgency component sets the stage for dynamic interaction that focuses on addressing and resolving issues.

Shared stakeholder norms and values. Major stakeholders may have different needs and a fine-grained approach may be needed to ascertain even differences within major stakeholder groups, such as customers, employees, suppliers, and investors (Harrison and Freeman, 1999). On the other hand, usually, a certain number of individual stakeholders share similar expectations about desirable corporate practices and impacts (Maignan and Ferrell, 2004). Some of them choose to join formal communities dedicated to better defining, and to advocating, these values and norms. For example, some investors choose to play a role in SocialFunds.com, an organization that provides information about socially responsible investing and stimulates shareholder activism in favor of CSR. Similar communities can also be found among employees (Employee's Advocacy Group), consumers (Consumer Federation of America), suppliers (Covisint in the automobile industry), competitors (Better Business Bureau), the geographical areas where the firm operates (Alaska Wilderness League), and the media (National Association of Broadcasters). Individual stakeholders may embrace and discuss issues on a collective basis even when they do not join a formal organization. For instance, customers do not need to be members of Greenpeace, a group concerned about the environmental impact of business operations, to discuss this issue with others, and to incorporate this concern in their voting and purchasing decisions. Accordingly, stakeholders can be regrouped into formal or informal communities that share a certain number of values and norms about desirable business behaviors. Often different stakeholders include customers, suppliers, employees, as well as others who agree upon shared needs and interests:

> Cultivating a "stakeholder friendly culture" that is responsive to those common needs can be a source of competitive advantage for a firm (Leap and Loughry, 2004).

Stakeholder issues in marketing. Stakeholder values and norms apply to a variety of marketing issues such as sales practices, consumer rights, environmental protection, product safety, and proper information disclosure (Maignan and Ferrell, 2004). Noticeably, stakeholder values and norms concern both issues that do and do not affect stakeholders' own welfare. For example, consumers may worry not only about product safety, but also about child labor, an issue that does not impact them directly. We define stakeholder issues as the concerns that stakeholders embrace about organizational activities and the residual impact. Within the context of marketing, Social Responsibility (SA) 8000 registration/certification addresses customer concerns about child labor, worker rights, discrimination, compensation, and other issues that could impact marketing activities (Miles and Munilla, 2004). Accordingly, the level of social responsibility of an organization can be assessed by scrutinizing its impacts on the issues of concern to all defined stakeholders. Table I provides examples of common stakeholder issues that impact marketers and may need to be considered in CSR decision-making.

Stakeholder pressures. As illustrated in Figure 1, various stakeholder communities are likely to exercise pressures on the focal firm and on each other in order to push forward their own values and norms. Figure 1 further illustrates that, in spite of disparities across communities, stakeholders conform to broad and abstract norms that define acceptable behavior in society. Home Depot requires that an independent firm check the promoted environmental practices of the products and materials provided by its suppliers. In particular, the retailer requires wood products be certified through the independent Forest Stewardship Council. Hence, Home Depot imposes its norms and concerns regarding the natural environment on its suppliers. Noticeably, each business has its own values and norms depicting desirable behaviors based on its corporate culture and operations. These organizational values and norms overlap with those of some stakeholder groups, and especially with those of primary stakeholders since they are in the best position to exercise an influence on the organization.

Importance of stakeholder norms. Stakeholders provide resources that are more or less critical to the firm's long-term success (Freeman, 1984). Stakeholder resources may be both tangible and intangible. For example, stockholders can bring in capital; suppliers can provide material resources or intangible knowledge; local communities can offer infrastructure and a location; employees and managers can grant expertise, leadership, and commitment; customers can provide loyalty and positive word-of-mouth; and the media help spread positive corporate images. The ability of stakeholders to withdraw, or threaten to withdraw needed resources gives them power

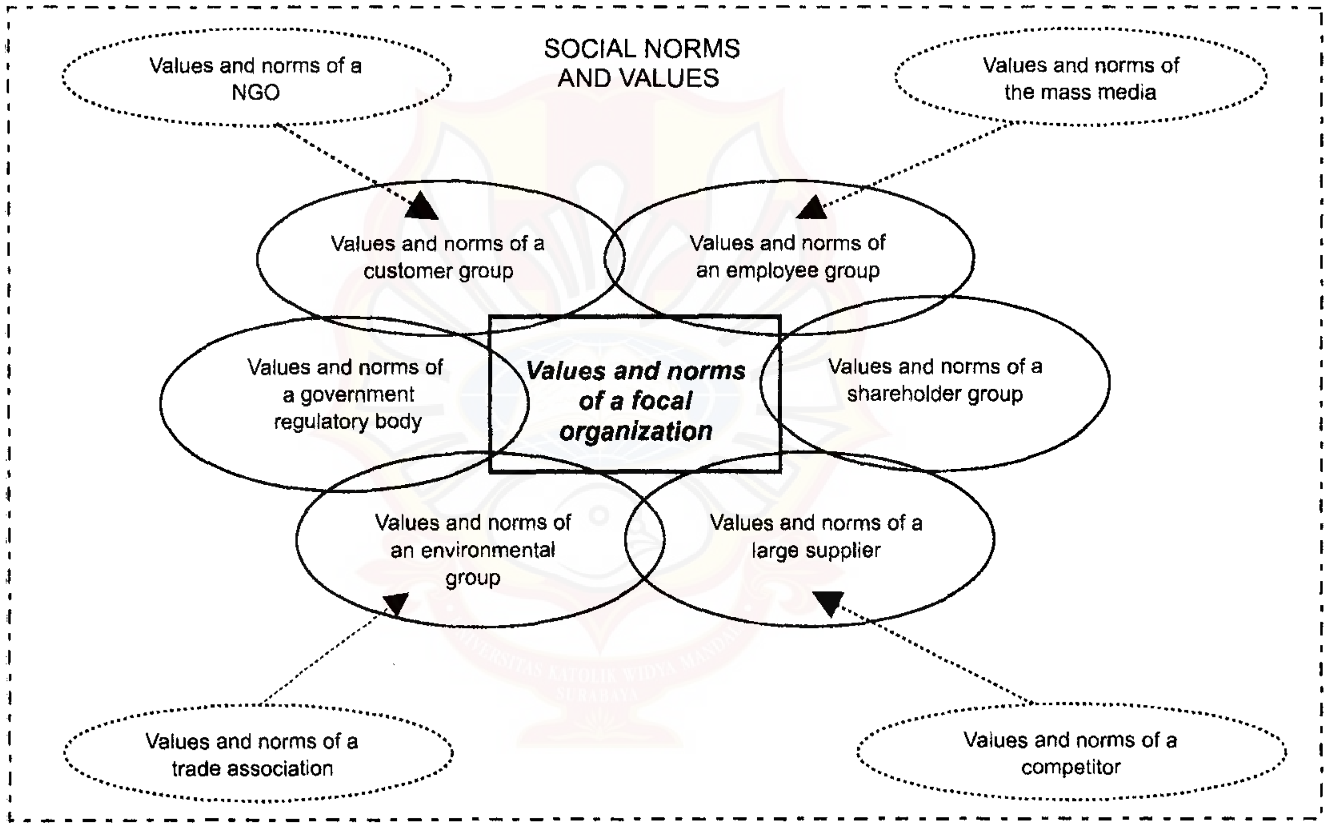
Some stakeholder groups and issues	Potential indicators of corporate impact on these issues
Employees	
1. Compensation and benefits	1. Ratio of lowest wage to national legal minimum or to local cost of living
2. Training and development	2. Changes in average years of training of employees
3. Employee diversity	3. Percentages of employees from different gender and race
4. Occupational health and safety	4. Standard injury rates and absentee rates
5. Communications with management	5. Availability of open-door policies or ombudsmen
Customers	
1. Product safety and quality	1. Number of product recalls over time
2. Management of customer complaints	2. Number of customer complaints and availability of procedures to answer them
3. Services to disabled customers	3. Availability and nature of the measures taken to insure service to disabled customers
Investors	
1. Transparency of shareholder communications	1. Availability of the procedures to keep shareholders informed about corporate activities
2. Shareholder rights	2. Litigation involving the violation of shareholder rights (frequency and type)
Suppliers	
1. Encouraging suppliers in developing countries	1. Fair trade prices offered to suppliers in developed countries
2. Encouraging minority suppliers	2. Percentage of minority suppliers
Community	
1. Public health and safety protection	1. Availability of an emergency response plan
2. Conservation of energy and materials	2. Data on reduction of waste produced and comparison to industry
3. Donations and support of local organizations	3. Annual employee time spent in community service
Environmental groups	
1. Minimizing the use of energy	1. Amount of electricity purchased; percentage of green electricity
2. Minimizing emissions and waste	2. Type, amount, and destination of the waste generated
3. Minimizing the adverse environmental impacts of products and services	3. Percentage of product weight reclaimed after use

Table I. Examples of stakeholder issues and associated measures of corporate impacts

over the organization. The idea of stakeholder power is exemplified in Ford's on-line Corporate Citizenship Report:

> We exist in a complex system of relationships with our stakeholders. When the connections between us are strong, communications are clear and high levels of trust and respect are

Figure 1.
Interactions between organizational and stakeholder values and norms



—— Primary stakeholders ······ Secondary stakeholders – – – Society at large

> present in our relationships, we are more likely to achieve sustained business success. And when any part of the system breaks down, we are more likely to fail.

On the other hand, citizenship can enhance social capital contributing to the creation of structural, relational, and cognitive sustainable organizational advantage (Bolina *et al.*, 2002).

Stakeholder values and norms

The discussion above could imply that marketers will engage in socially responsible behaviors only in the presence of stakeholder power. Marketers would then limit their responsibility initiatives to those issues of concern to the most powerful and visible stakeholder communities. This view has some merit especially since managers and employees form stakeholder communities that actively defend specific norms and values within the firm. However, organizations may be driven to commit to a specific cause independently of any stakeholder pressure. Businesses may also want to exceed stakeholder expectations. Thus, organizational values and norms can dictate modes of behavior that are more stringent than those demanded by more various stakeholder communities. For example, Starbucks engages in recycling, employee-friendly policies, and fair trade initiatives that go beyond what stakeholders might require. Organizations such as the Home Depot engage in strategic philanthropy tying their business goals to their social mission. When employees volunteer to erect Habitat for Humanity homes, they are applying their skills and improving their expertise as sales associates for the company.

Clear organizational values and norms are also needed to select among conflicting stakeholder demands. A given organization could indeed be faced with equally powerful stakeholders whose views of CSR imply differentiated business practices. For example, while customers may demand environmentally friendly products, shareholders may question green investments because of their high costs and uncertain returns. Accordingly, organizational values and norms are especially useful to guide CSR practices when they specify the nature of either relevant stakeholder communities or important stakeholder issues. For example, the pharmaceutical company Bristol-Myers Squibb states on its website:

> Our company's core values [...] center on sustaining and improving the lives of people throughout the world. This specifically includes our employees and shareholders, customers and consumers, suppliers and contractors, and members of the communities in which we operate.

Organizational values and norms are most likely to actually pervade decisions and practices when they are clearly formalized and well-communicated to employees and business partners. The formalization of CSR norms can be accomplished in many ways such as:

- Presenting the stakeholder issues viewed as most important in official organizational communications (mission statement, values statement, annual reports).
- Clarifying the nature of desirable and undesirable behaviors in a code of ethics and associated training programs.

- Openly endorsing environmental, ethical, or social charters (e.g. Caux principles, Keidanren Charter for Good Corporate Behavior, CERES principles – Coalition for Environmentally Responsible Economies, Responsible Care Principles – from the American Chemistry Council).
- Actively benchmarking achievement of CSR goals and establishing revised expectations annually.

Noticeably, even though strong organizational values and norms are important, they are not sufficient to ensure responsible corporate behaviors: they may fail to account for the evolving norms and issues valued by powerful stakeholder communities. Wal-Mart customers appear to have more power than employees, while suppliers do not feel preferred and some communities boycott Wal-Mart stores. Employees may be gaining power as their treatment is under scrutiny (Ferrell, 2004). Therefore, businesses must be capable of defining their values and norms while concurrently keeping abreast of those of their stakeholders.

Stakeholder issues and processes

Important stakeholder issues. Given limited organizational resources, businesses cannot possibly address all stakeholder issues. The nature of the most important stakeholder issues is determined by considering simultaneously:

- the priorities dictated by organizational values and norms (urgency);
- the relative power of different stakeholder groups; and
- the legitimacy of the issues presented (Mitchell *et al.*, 1997).

The magnitude and presences of these three elements increases organizational attentiveness to stakeholder concerns (Mitchell *et al.*, 1997). As earlier mentioned, organizational values and norms can be more stringent than those of stakeholders; therefore, addressing relevant stakeholder issues is seen as a strict minimum to show commitment to CSR. The evaluation of the organization's impacts on various stakeholder issues can be based on objective indicators such as those outlined in Table I. This assessment can also be performed by surveying the satisfaction of different stakeholders with the organization along with their image of the organization.

CSR processes. Two main types of CSR processes can be recommended to bring organizational norms into practice and to properly address relevant stakeholder issues. First, stakeholder intelligence generation processes help the firm keep abreast of the nature of powerful stakeholder communities along with their main norms and concerns. A second type of CSR processes consists of implementing concrete initiatives aimed at tackling relevant stakeholder issues. These initiatives can take many different forms. For example, processes aimed at addressing some employee issues could include a health and safety program, the development of a career management program, or work schedules that facilitate the coordination of personal and professional lives. With respect to customers, concrete CSR implementation processes could consist of product quality and safety programs, or of procedures aimed at responding to individual customer complaints. Initiatives aimed at the community include philanthropic and volunteerism programs along with environmental protection efforts.

Overall, the view of CSR depicted thus far helps render this concept manageable by limiting its scope and tying it to concrete business activities. Clarkson (1999, p. 4) defined nine principles of stakeholder management in building stakeholder relationships:

(1) Acknowledge.

(2) Monitor.

(3) Listen.

(4) Communicate.

(5) Adopt.

(6) Recognize.

(7) Work.

(8) Avoid.

(9) Acknowledge conflicts.

In addition, Carroll and Buchholtz (2003, p. 78) provide key questions in stakeholder management:

- Who are our stakeholders?
- What are our stakeholders' stakes?
- What opportunities and challenges do our stakeholders present to the firm?
- What responsibilities (economic, legal, ethical, and philanthropic) does the firm have to its stakeholders?
- What strategies or actions should the firm take to best handle stakeholder challenges and opportunities?

It has been suggested that a stakeholder management approach systematically integrates managers' concerns about organizational strategy with the interests of marketing and other functional areas of business (Savage *et al.*, 1991). By assessing each stakeholder's potential to threaten or to cooperate with the organization it is possible to identify supportive, non-supportive, and marginal stakeholders (Savage *et al.*, 1991). The next section uses this conceptual framework as a basis to develop a solid plan to manage CSR.

How to implement CSR in marketing

This methodology outlines the steps to be adopted to properly implement CSR from a marketing perspective. In particular, the methodology advanced is aimed at introducing a coherent CSR program where marketing decisions are driven by a fit with organizational values and norms. An overview of the proposed methodology is provided in Figure 2.

Step 1: discovering organizational values and norms

In order to enhance organizational fit, a CSR program must align with the values, norms, and mission of the organization. The purpose of this first step is to identify the organizational values and norms that are likely to have implications for CSR. In particular, relevant existing values and norms are those that specify the stakeholder

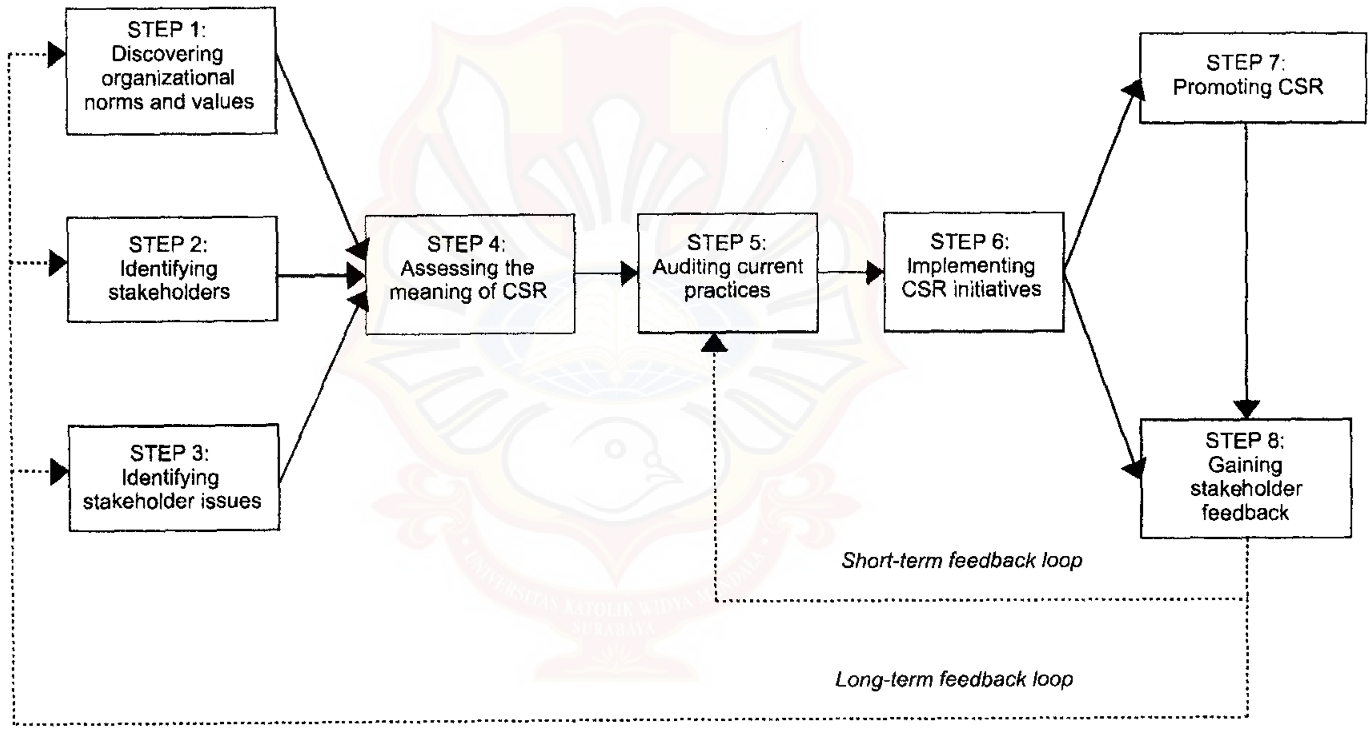


Figure 2.
A step-by-step approach for implementing CSR

groups and stakeholder issues that are deemed as most important by the organization. Very often, relevant organizational values and norms can be found in corporate documents such as the mission statement, annual reports, sales brochures, or web sites. Table II illustrates how concrete corporate values and norms can be translated in terms of CSR objectives.

Formal documents may not be sufficient to elicit how the organization envisions its relationships and contributions to stakeholders. Interviews of leading and senior organizational members may yield fruitful insights to begin the management process. While they clarify the stakeholders and issues they stand for, businesses must also understand which corporate practices and impacts are of greatest concern to their stakeholders. While limited attention has been given to processes for identifying alternatives based on stakeholder values, Gregory and Keeney (1994) do suggest approaches for creating policy alternatives. They suggest an approach to guide stakeholder tradeoff decisions that uses a logical methodological framework. First,

Company	Statement of organizational values and norms[a]	Implications for CSR
3M	3M has four fundamental corporate values: "(1) satisfying customers with superior quality and value, (2) providing investors an attractive return [...], (3) respecting the social and physical environment, (4) being a company that employees are proud to be a part of"	*Identification of most valued stakeholders*: customers, investors, social and physical environment, employees *Identification of valued stakeholder issues*: satisfaction, quality, and value for customers; return for investors; no damage for the natural environment; and a sense of belonging for employees
McGraw-Hill	"The McGraw-Hill Companies services its customers, employees and shareholders alike, reaching across the globe. But our mission remains simple: [...] to help people around the world learn, grow, acquire new skills, better their lives and, in doing so, better their community"	*Identification of valued stakeholders*: customers, employees, shareholders *Identification of important stakeholder issues*: education and personal development
Beyond Petroleum	BP's business policy includes: "Each individual in the teams that form the new company comes from a background in which values matter. These values may have been manifested in different ways, but they have much in common: a respect for the individual and the diversity of mankind, a responsibility to protect the natural environment, a belief in honest exchange and an awareness that a strong reputation is essential for business success"	*Identification of relevant stakeholder issues*: diversity, respect of human rights, protection of the natural environment, ethical business transactions

Note: [a] As found in the web sites of the corresponding companies

Table II.
Implications of values and norms for CSR

with mutual understanding of the decision context, each stakeholder articulates objectives. Stakeholders then, based on a list of objectives, identify alternatives with the understanding that objectives should be linked to values. Then a balanced compromise is developed from the objectives of competing stakeholders through negotiations (Gregory and Keeney, 1994). For example, marketing traditionally targets customer stakeholders, but a new logic is evolving with the appropriate unit of exchange being the application of competencies, knowledge, and skills for and to the benefit of all stakeholders (Vargo and Lusch, 2004). Organizations that embrace a stakeholder orientation need to generate intelligence identifying stakeholders and understanding their needs.

Identifying CSR issues and problems is the first step in determining the stakeholder groups that have an interest in organizational participation and solutions. When addressing marketing issues, consumer surveys have been used as a key input for decision making, especially in shaping public policy through agencies such as the Federal Trade Commission and Food and Drug Administration (Hastak *et al.*, 2001).

Step 2: identifying stakeholders

In managing this stage, it is important to recognize stakeholder needs, wants, and desires. There are many important issues that gain visibility because key constituencies such as consumer groups, regulators, or the media express an interest (Hastak *et al.*, 2001). When agreement, collaboration, or even confrontations exist on an issue, there is a need for a decision making process. Lober (1997) suggests a model of collaboration to overcome the adversarial approaches to problem solving. Managers can identify relevant stakeholders that may be affected by or may influence the development of organizational policy. Altman and Petkus (1994) suggest that there will be conflicting needs that require:

- consulting, accommodation, and involvement;
- formulation of alternatives;
- communication and leadership; and
- policy implementation that is monitored and adjusted.

As discussed earlier, stakeholder identification and salience is based on stakeholders possessing one of the following attributes: power, legitimacy, and urgency (Mitchell *et al.*, 1997). Stakeholders have some level of power over a business because they are in the position to withhold, or at least threaten to withhold, organizational resources (Carroll and Buchholtz, 2003). To assess the power of a given stakeholder community, it is useful to rate the extent to which:

- the firm depends on the resources of this stakeholder community for its continued survival; and
- the welfare of the stakeholder community depends on organizational success (Frooman, 1999).

Stakeholders have most power when their own survival is not really affected by the success of the organization, and when they have access to vital organizational resources. For example, most consumers of shoes do not need *per se* to buy Nike shoes. Therefore, if they decide to boycott Nike, they have to endure only minor inconveniences. Nevertheless, their loyalty to Nike is vital to the continued success of the sport apparel giant.

The proper assessment of the power held by a given stakeholder community also requires an evaluation of the extent to which that community can collaborate with others to pressure the firm. The more ties exist or can easily be developed between stakeholder communities with similar norms, the more vulnerable the organization. This idea can be illustrated with Shell's Brent Spar crisis in the early 1990s (Zyglidopoulos, 2002). Greenpeace had secured the support of several television and newspapers outlets before it launched its offshore demonstrations against Shell's planned destruction of an oil platform. The NGO had also gathered support beforehand among other environmental groups, church representatives, and political leaders in several European countries. This created legitimacy of the cause. As a result, Greenpeace's actions were highly visible and led to broad-based and unified condemnations of Shell. This resulted in the urgency for Shell. The oil giant then had little choice but to give in to activists' demands. Such contagion effects and collaboration help stakeholders build power relative to the firm. At the end of step 2, businesses should have a list of stakeholder communities in hand, with a rough assessment of their perspective and common power.

Step 3: identifying stakeholder issues

Together, steps 1 and 2 lead to the identification of the stakeholders who are both the most powerful and legitimate. The level of power and legitimacy determines the degree of urgency in addressing their needs. Step 3 consists then in understanding the nature of the main issues of concern to these stakeholders. Conditions for collaboration exist when problems are so complex that multiple stakeholders are required to resolve the issue and the weaknesses of adversarial approaches are understood (Lober, 1997). Some of this knowledge is often partially in-house, but has not been systematically integrated and analyzed. Boundary spanners (e.g. sales representatives, customer-service representatives, purchasing managers, public relations and advertising specialists) may be especially knowledgeable about the main norms and concerns shared by customers, suppliers, and the public opinion. Relevant information can also be found in secondary documents published by stakeholder organizations such as professional associations, governmental agencies, NGOs, or competitors. In spite of this existing knowledge, it may still be useful to conduct panel discussions or interviews with stakeholders to better understand their specific expectations. Topics to be tackled in these forums could include:

- Stakeholders' views of CSR in general: what is CSR? What are examples of socially responsible firms? What are examples of socially irresponsible firms? To whom are businesses most responsible?
- Stakeholders' views of the social responsibilities faced by the focal organization: to whom is this firm responsible? What are negative impacts of the firm on society and on its business associates? How can the organization actively contribute to the well-being of different stakeholders?

Such a process of stakeholder intelligence generation is in place at General Motors with "community impact strategic teams," in charge of identifying internal and external issues that may impact the company and its stakeholders. An accurate assessment of relative power levels can enable stakeholders to accept their roles and responsibilities and assist top management in implementing stakeholder orientation (Daake and Anthony, 2000). Overall, step 3 should result in a clear list of stakeholders and their concerns as well as providing the framework for strategic planning.

Step 4: assessing the meaning of CSR

Steps 1 through 3 consist of generating information about CSR among a variety of influencers in and around the organization. Step 4 brings these three first stages together to arrive at a concrete definition of CSR that specifically fits the organization of interest. This general definition will then be used to evaluate current practices and to select concrete CSR initiatives. Functional areas such as marketing, should be able to use this definition for CSR activities that address stakeholder concerns. Ideally, this chosen definition is then formalized in official documents such as annual reports, web pages, or company brochures. The definition should at least clarify two main points:

(1) The motivation underpinning the commitment to CSR.

(2) The stakeholders and issues that are perceived as priority by the organization.

The first element of the definition clarifies why CSR is of interest to the company, and therefore places CSR in the context of the broader organizational objectives and mission. When a CSR issue and mandate for a solution exists, there is a shift to exploring alternatives with constituencies such as consumer groups, trade associations, regulatory agencies, as well as others to develop a CSR definition and policy (Hastak *et al.*, 2001). From the analyses conducted in steps 1 and 2, it may become obvious that CSR is an integral part of the organization's values and norms. For example, the financial services provider PNC states:

> Giving back is a bedrock value at PNC. For us, that is business-as-usual (PNC, 2004).

In contrast, the pharmaceutical company AstraZeneca presents CSR mainly as the result of stakeholder pressures: "we aim to be in tune with the changing expectations of society and to conduct business in a way that meets widespread approval" (AstraZeneca International, 2004); and Carrefour introduces CSR as an excellent instrument to achieve performance objectives: "we firmly believe that our responsible approach is the source of our financial success" (Carrefour, 2004).

The second element of a CSR definition pinpoints the stakeholders and issues that are the main targets of CSR initiatives. The formation of voluntary collaborations is related to organizational commitments in their values and objectives to participate in solutions that result in improved CSR (Lober, 1997). For instance, the global bank ABN AMRO defines its social responsibilities as follows:

> Being an active and responsible member of the societies and communities in which we operate is very important to us, morally as well as financially. Whether creating new products designed to promote sustainable development, spelling out the principles on which we conduct our business or supporting sports and the arts, we believe that being a good corporate citizen creates value for all stakeholders – employees, clients, investors, communities and others (ABN AMRO, 2004).

In this definition, ABN AMRO identifies key stakeholders along with stakeholder issues that are considered as most important including sustainable development, integrity, and sponsorships of sports and arts. Ginsberg and Bloom (2004) noted that consumers will not compromise on key product attributes for environmental issues such as green marketing. Environmental approaches must be customized to the company, strategy, and competitive environment. While most organizations will identify customers as key stakeholders, specific issues the marketing function addresses should be derived from organizational issues.

Step 5: auditing current practices

The use of social auditing to identify stakeholder issues is important to demonstrating a firm's commitment to social responsibility. Social auditing is a process of assessing and reporting business performance and fulfilling social responsibilities expected by its stakeholders (McAlister *et al.*, 2005). Without reliable measurements of the achievement of social objectives, a company has no concrete way to verify their importance, link to organizational performance, or justify expenditures to stakeholders (Zadek *et al.*, 1997). The social audit should provide regular, comprehensive, and comparative verification of stakeholder feedback, especially key issues and concerns.

Two main questions can guide an audit of current CSR practices:

(1) What does the organization already have in place to address important stakeholder issues?

(2) Which practices need improvement?

The first part of this inventory is necessary because most organizations do not have a good overview of the various processes already in place to tackle each specific stakeholder issue. For example, when considering the issue of customer relationships, managers may consider a broad range of initiatives such as customer expectations, contract employee performance, as well as the customers' feelings about environmental and social issues related to the purchase of the product. This creates the need for marketing to consider long-term relationships rather than using technology to control immediate customer behavior (Vargo and Lusch, 2004).

The second part of the audit consists essentially in identifying which organizational practices need to be modified in order to better address stakeholder issues. A systematic review of all organizational processes along with surveys of different stakeholders could be conducted to perform the second part of this audit. Objective indicators of the organizational impacts on specific stakeholder issues (see those presented in Table I) can also be used. Businesses can rely on standardized audits such as those offered by the Global Reporting Initiative and the Social Accountability Institute. These standards provide a listing of issues to be surveyed, along with recommended indicators of impacts. These standardized audits implicitly assume that all companies share similar values and face about the same stakeholder communities and issues. As a result, they are most adequate for large companies that confront a wide range of issues and can afford to tackle this variety. Regardless of size, businesses should make sure that their audit centers on the stakeholders and issues favored in their own definition of CSR. Such a focus best enables businesses to concentrate their efforts and to establish a clear profile in the eyes of stakeholders. At the end of step 5, businesses should have a detailed inventory of organizational activities that need to be added or improved.

Step 6: implementing CSR initiatives
The CSR implementation process starts with the prioritization of the challenging areas outlined in step 5. Two main criteria can be considered. First, the levels of financial and organizational investments required by different actions should be considered. In particular, one could distinguish between the challenges that require:

- Only small adaptations of current processes. For instance, philanthropic donations could be re-organized to systematically target one specific strategic issue. Similarly, communications to employees could be consolidated in order to yield greater accessibility and clarity. Service quality could be improved by reducing cycle time.
- The creation of new external marketing processes. Examples would include the development of a supplier selection program based on environmental criteria, and the adoption of a process to give a personal answer to every customer complaint.
- The development of new products to enhance green marketing. For instance, businesses could attempt to lower the non-recyclable content of products, design ways to re-use old packaging or improve pollution emission well in advance of government regulations.

A second criterion to consider when prioritizing CSR challenges is urgency. When the challenge under consideration corresponds to a point listed in the definition of CSR, and when stakeholder pressures on the issue could be expected, then the challenge can be considered as urgent. It should therefore be tackled without delay. Once a depiction and schedule of CSR challenges has been established, it is essential to allocate responsibility both to individual initiatives, and to the CSR implementation process as a whole. Even though it is often neglected, the designation of an individual or committee in charge of overseeing all CSR efforts is the only way to ensure the coherence of diverse initiatives, along with their fit with the stated definition of CSR.

Step 7: promoting CSR
Creating awareness. Given that one aspect of CSR consists in addressing stakeholder issues, it is essential that businesses keep internal and external stakeholders aware of the initiatives undertaken to address these issues. Public relations including environmental and social reports constitute an increasingly popular means of keeping some stakeholders informed (mainly shareholders, investment funds, business partners, and employees). An increasing number of companies also seem to also use web sites to communicate their achievements (Maignan and Ralston, 2002).

Traditional advertising can also be used to enhance awareness of CSR initiatives. For instance, Shell has been conducting for several years a campaign on the theme: "profits and principles: is there a choice?" This campaign emphasizes Shell's commitment to social responsibility and environmental sustainability. Given that the successful management of CSR requires the continuous generation of intelligence about stakeholders, communications on CSR should not flow solely from businesses to stakeholders. Instead, businesses should strive not only to create awareness of CSR, but also to establish bonds to stakeholders and invite them to participate in their CSR initiatives.

Getting stakeholders involved. One approach to stimulating a sense of bonding to the firm consists in emphasizing the fact that the business and its stakeholders share similar concerns. For example, Wal-Mart advertises on store displays and on its web site the thank-you letters and special acknowledgements received by its employees during the working hours they spent as volunteers in the community. These messages make public the common concern for the community displayed by both the company and its employees. The publicized affiliation and commitment might be appealing to potential recruits, consumers, and community members. Stakeholder expectations should be known to provide for the best match with corporate action and a mismatch between words and actions jeopardizes firm credibility (Dawkins and Lewis, 2003).

Awards, prizes, and events similar to sales promotion activities in marketing are also popular methods to encourage stakeholders to partner with the firm in order to address a specific issue. For example, AstraZeneca has adopted an awards program that recognizes the country managers that have introduced successful initiatives with respect to safety, health, and the environment. In a similar vein, AstraZeneca organized community initiatives in more than 20 countries to celebrate its first birthday. Not only were employees invited, but business partners, NGOs, and community leaders were also invited to take part in these special events.

Overall, step 7 is intended first and foremost to encourage the exchange and interaction of ideas to gain stakeholder engagement. Meanwhile, promotion adopted during this phase may provide important information to stakeholders to secure increased support for their activities. When stakeholders get a chance to understand that a business acts upon issues that they value, they may be appreciative of the firm's efforts, and may be willing to support organizational CSR initiatives. There is some preliminary research evidence that supports the likelihood of increased stakeholder resources as a result of CSR initiatives. In particular, scholars have established positive relationships between perceptions of CSR and a variety of desirable outcomes such as positive product and brand evaluations, customer loyalty, employee commitment, and attractiveness as an employer (Brown and Dacin, 1997; Handelman and Arnold, 1999). Even though these findings need confirmation, they suggest that businesses may be able to enjoy concrete rewards from their investments in CSR. Even though such benefits may be real, businesses should not be tempted to use step 7 only for promotional spin rather than focusing on stakeholder expectations. It is indeed also essential that businesses use communications to obtain stakeholders' feedback on their CSR efforts.

Step 8: gaining stakeholder feedback

The different activities mentioned in step 7 help stimulate a dialogue with stakeholders. Other instruments can be employed to keep abreast of stakeholders' views of the firm and of their evolving issues (Sen and Bhattacharya, 2001). Additional stakeholder feedback can be generated through a variety of means. First, stakeholders' general assessment of the firm and its practices can be obtained through satisfaction or reputation surveys. For instance, AstraZeneca has conducted a global survey of its employees to evaluate not only their own satisfaction, but also their perceptions of the firm's socially responsibility efforts. Beyond Petroleum (BP) has conducted several surveys of stakeholders in order to evaluate their perceptions of the firm, and get insights into welcome improvements. One quantitative survey focused on the reputation of BP among several audiences in the US and UK.

Second, in order to gauge stakeholders' perceptions of the firm's contributions to specific issues, more qualitative methods may be desirable. For example, BP conducted a qualitative evaluation of its social responsibility efforts and reporting through in-depth interviews of institutional investors, private shareholders, community leaders, and NGOs. Different approaches enable assessment of the firm's progress in addressing specific stakeholder issues. They also highlight areas that require further improvements. Therefore, as depicted in Figure 2, we suggest that stakeholders' feedback be used as input for the next audit. Consequently, the sequence linking steps 5 to 8 (from the CSR audit to stakeholder feedback) should be performed on a regular basis. In fact, we recommend conducting an audit of current practices bi-annually.

Figure 2 further illustrates that stakeholders' feedback can be used as an input to reassess the first three steps of the CSR management process in the long-run (approximately every four years). Stakeholder surveys and interviews could indeed highlight a new and important stakeholder group, or could reveal emerging stakeholder issues. As a result, organizational norms and values along with the definition of CSR might need to be revised. Since social responsibility practices are aimed in large part at addressing stakeholder issues, it is essential that businesses continuously gauge the evolution of these concerns, and integrate the changes into organizational values, norms, and practices. Finally, functional areas such as marketing, can assist in implementing shared values and norms relating to CSR.

Conclusions

A stakeholder model can be used for implementing CSR in marketing. Marketing is moving from a narrow customer orientation to managing relationships and benefits for all stakeholders. The new American Marketing Association definition of marketing reflects this change and Vargo and Lusch (2004) provide a theoretical foundation for this new perspective. The stakeholder methodology for marketing presented in this paper outlined only the main logic underpinning the sound implementation of CSR. CSR in marketing, like all marketing activities, is driven by overall values and norms at the organizational level. This analysis did not did not specify the process for specific marketing initiatives, especially in the presence of conflicting stakeholder demands. The focus was to prove a methodology, specifically the steps, for using a stakeholder model for the organizational level that encompasses functional level marketing CSR decisions.

The dynamic nature of CSR along with the complexity of the challenges raised call for a significant amount of organizational planning, resources, and commitment. Support for investing in CSR is likely to yield tangible benefits in terms of customer loyalty, employee commitment, supplier support/partnership, and corporate reputation. Furthermore, avoiding the costs of managing CSR may lead to misconduct that, as demonstrated by recent business events, can not only tarnish the image of the firm, but also endanger its mere existence. Many organizations desire to go beyond the basic regulatory requirements and make a difference by contributing to stakeholder needs. Far from being a luxury, CSR has become an imperative to secure stakeholders' continued support, and ensure a desired identification and reputation among customers, employees, shareholders, NGOs, and governments.

This stakeholder model of CSR provides a foundation for building an organizational identity and reputation based on stakeholders' norms and values. Research is suggested to examine to what extent this methodology has been implemented in corporations as well as alternative approaches for implementation. In addition, linking the degree of implementation with desired corporate identity and reputation would provide evidence of benefits of the methodology. This methodology has important implications for the way the marketing function is conceptualized and implemented in an organization. Preliminary findings indicate a stakeholder orientation assists with not only CSR, but also marketing performance.

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Corporate Social Responsibility as a Means of Marketing to and Communicating with Customers Within Stores: A Case Study of UK Food Retailers

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Introduction

In making the case for Corporate Social Responsibility the UK Government has argued that more transparency in the ways that companies address and manage environmental, economic and social issues can help improve relationships with employees, customers, and other stakeholders (Department of Trade and Industry, 2004). The UK's large food retailers are increasingly keen to report their commitment to CSR (Jones, *et al.*, 2005) and while such reports can be accessed by various stakeholders (Snider, *et al.*, 2003) they are generally directed at shareholders, investors, consumer pressure groups and policy makers rather than individual customers. This article offers a preliminary examination of the extent to which the UK's major food retailers currently use CSR as a means of marketing to, and communicating with, customers whilst they are within their stores.

CSR and Marketing

In its broadest sense CSR is concerned with the relationships between business and society and with integrating a range of issues relating to the environment, the marketplace, the workplace and human rights into business strategies and practices. That said there is no universally agreed definition of CSR and it is variously defined, for example, as '*treating stakeholders of the firm ethically or in a responsible manner*' with the wider aim of creating '*higher and higher standards of living, while preserving the profitability of the corporation, for people both within and outside the corporation*' (Hopkins, 2004); as '*the commitment of businesses to contribute to sustainable economic development-working with employees, their families, the local community, and society at large to improve the quality of life, in ways that are good for business and good for development*' (World Bank, 2004); and as '*a method of self presentation and impression management conducted by companies to ensure various stakeholders are satisfied with their public behaviours*' (Snider, *et al.*, 2003)

Corporate Social Responsibility as a Means of Marketing to and Communicating With Customers Within Stores

The business case for CSR is seen to focus on a wide range of potential benefits. These include improved financial performance, reduced operating costs, long-term sustainability for companies and their employees, increased staff commitment and involvement, long term return on investments, enhanced capacity to innovate, good relations with government and communities, better risk and crisis management, enhanced brand value and reputation and the development of closer links with customers and greater awareness of their needs. Commercially and academically these last two claimed benefits are clearly rooted in marketing and there is a growing, but still relatively undeveloped literature on the links between marketing and CSR.

In reviewing the literature on CSR in marketing, Klein and Dawar (2004) argue that it plays '*a role in consumers' brand and product evaluations*'. Bronn and Vrioni (2001) have explored how companies use CSR in their marketing communication activities and they have argued that the changing attitudes of customers have driven companies to find new ways of making marketing increasingly relevant to society. They cite survey work from the US, which shows that when price and quality are perceived as equal many customers tend to favour socially responsible companies and products. That said, Mohr, Webb and Harris (2001) concluded that consumers' beliefs about the virtues of CSR are often inconsistent with their buying behaviour. In looking to provide a framework to integrate CSR and marketing Maignan and Ferrell (2004) summarized the work of marketing scholars in examining consumer responses to CSR initiatives, the perceived importance of ethics and social responsibility among marketing practitioners and the marketing benefits resulting from corporate actions with a social dimension. The authors also explored more specific dimensions of CSR such as the support of charitable causes or the protection of the environment. In an earlier work the same authors (Maignan and Ferrell, 2001) explored the role of what they then described as '*corporate citizenship*' as a marketing instrument. Here they suggest that companies will be likely to invest in CSR if its activities trigger the active support of consumers and they go in to review the evidence on consumers' support of corporate citizenship. While this review suggests that '*negative CSR associations can have a detrimental effect on overall product evaluations whereas positive associations can enhance product evaluations*' ... and '*customer loyalty*'. In their conclusion, the authors propose that corporate citizenship may help companies to market their products and they call for further research to ascertain the existence and the strength of the relationship between CSR and consumer behaviour.

There is also growing interest in the ways in which CSR can build and enhance brands and in what Blumenthal and Bergstrom (2003) have described as the '*convergence of branding and Corporate Social Responsibility*'. Bronn and Vrioni (2001) argue that '*having a pro-social agenda means having a powerful marketing tool that can build brand image and brand equity sector,* while Yan (2003) emphasises that CSR '*marks the difference be-*

tween brands that have captured the imagination of tomorrow's consumers and those that are proving to be causalities'. Ogrizef (2002) has argued that '*CSR branding is of paramount importance to the financial sector*' whilst Girod and Michael (2003) have stressed that CSR can be '*a key tool to create, develop and sustain differentiated brand names*'. In their discussion of '*corporate socially responsible brands*' within European retailing the authors argue that '*retailers and suppliers do not just need to sell their product but also to sell their own brand of CSR*'. It is further argued that in '*labour markets they sell their version of CSR on their websites*' while '*In capital markets, they obtain listing on CSR indices such as the Dow Jones sustainability Group Index*'.

The UK's Major Food Retailers and CSR

Retailing is a large, diverse and dynamic sector of the UK economy and Mintel (2004) estimate that food retailers account for half of all retail sales though they note that the term 'food retailer' is becoming increasingly inappropriate as the operators of major stores increase their non-food offer. Mintel (2004) estimates that UK consumer spending on food and drink was running at £90.4 billion in 2003 with 61.1% being spent on foodstuffs, 8.7% on non-alcoholic beverages, 13.3% on alcoholic drinks and 16.9% on tobacco. At the same time, many, but not all, the large food retailers have been extending their product range to include a seemingly ever wider variety of goods and services which include clothes, household goods, books and magazines, pharmaceutical products, music and videos, telecommunication products and services and a growing range of financial services. During recent decades food retailing within the UK has become increasingly concentrated. The sale of food by, and the number of, small independent retailers have declined and a very small number of major players have taken an increasing market share. So much so that by 2003 the top ten food retailers accounted for some 82% of food sales and just four retailers, namely Tesco, J. Sainsbury, ASDA and Wm. Morrison Group, had a massive 65.3% market share. (See Table 1: Mintel, 2004)

The CSR reports and information posted on the Internet by the UK's top ten food retailers have been reviewed elsewhere by Jones, *et al.* (2005). While the majority of these retailers produce substantial, detailed and dedicated CSR reports, some incorporate CSR information in their annual reports while others provide some limited information on CSR issues on their general company website. In 2004, Tesco, for example, produced a 38 page '*Corporate Responsibility Review*' while similarly titled reports produced by Marks and Spencer, Waitrose and the Co-operative Group, for example, ran to 42, 33 and 48 pages respectively and J. Sainsbury provide an interactive web based report. Somerfield, on the other hand, devote four of its seventeen page Annual Report and Accounts to CSR, while Asda, Iceland, Spar and the Wm. Morrison Group, provide limited CSR information on their company website. The leading food retailers report on CSR issues under differing headings. J. Sainsbury, for example, use the following headings, '*colleagues*', '*community*', '*customers*', '*environment*' and '*suppliers*'. Waitrose use '*sourcing*', '*customers and company*', '*environment*', and '*partners*', while Marks and Spencer list '*sustainable raw materials*', '*responsible use of technology*', '*animal welfare*', '*ethical trading*' and '*community programmes*' as primary issues but also focus briefly on '*products*', '*people*' and '*places*'.

Table 1: Top Ten UK Food Retailers (2003)

Company	Market Share %
Tesco	24.7
J. Sainsbury	14.2
ASDA	13.3
Wm. Morrison Group	13.1
Somerfield	4.5
Marks & Spencer	3.3
Co-operative Group	3.2
Waitrose	2.5
Spar UK	1.9
Iceland	1.5
Source: Mintel, 2004	

The CSR reports posted on the Internet tend to be primarily geared to shareholders, investors, consumer pressure groups and policy makers. This article looks to offer a perspective on the ways in which the top ten retailers employ their CSR commitments as a means of marketing to, and communicating with customers, in stores. More particularly, the article reports the results from a simple 'walk through' visual inspection and information collection survey conducted on June 8th, 9th and 10th 2005, undertaken in the largest store operated by each of the UK's top ten food retailers located within Cheltenham and Gloucester. The survey focused upon the extent to which CSR themes were being used in marketing communications on banners and posters within the stores, on the shelves and shelf edges and on products themselves while the printed materials collected embraced information leaflets, promotional flyers and leaflets and company magazines.

CSR Information Within Stores

The survey revealed considerable variation in the extent to which the top ten food retailers used CSR themes to market themselves and their products. The one common general theme stressed, albeit in varying measure and in different ways, by all the chosen retailers was value for money. In some companies' stores this was one element within the use of CSR information while in others it was virtually the sole visible element. Price has always been one of the traditional elements within the retail marketing mix but the top ten food retailers all stress their commitment to customers and to offering them value for money in the CSR information they post on the Internet. Thus Tesco's 2004 CSR Review stressed the company's commitment to offering '*unbeatable value*' cutting prices and while this is widely reflected in the Tesco store with a variety of banners, posters and shelf edge stickers advertising price reductions and 'buy one get one free' offers other CSR issues were also employed in marketing communications within the store. By way of contrast advertising price and value offers were very much the dominant, if not quite the only, CSR themes used within a number of stores.

Price and value apart, three retailers, the Co-op, Waitrose and Tesco, made extensive use of CSR themes within their stores. Within the Co-op store, for example, CSR themes employed included FAIRTRADE, support for local food producers, fitness and healthy eating, organic products, waste recycling, tackling anti-social behaviour and initiatives supporting the local community. The store had a number of large banners suspended from the ceiling, which provide colourful examples of the company's local/regional supplies of fresh vegetables, breads and beers. A sixteen-page information booklet entitled 'Local Harvest Update' supported this promotional material with features and photographic images on twelve local food producers. The booklet emphasised that the Local Harvest initiative '*offers you the chance to buy great tasting products from Oxford, Swindon and Gloucester Co-op's trading area*' and stresses that '*whether you want to support local farmers, help protect local jobs, reduce your impact on the environment or simply explore great tasting local ingredients, Local Harvest is the scheme for you*'.

FAIRTRADE was also a prominent theme within the Co-op store. The store's range of FAIRTRADE products were prominently shelf edge marked and the packaging around the company's own brand FAIRTRADE products usually contained written and pictorial information about the producer. Once again this information was re-enforced with promotional leaflets and booklets. Here the messages look to set the context for FAIRTRADE products, provide profiles of individual growers, they stressed that when customers purchase FAIRTRADE products they '*are investing in the lives of farmers and their communities in the developing world*' and they emphasised that '*Fairtrade isn't just a matter of quality or equality; it's a matter of life or death*'. The store also used banners and information leaflets to promote the Oxford, Swindon and Gloucester Co-op's '*Co-operative Community Dividend*'. Under this scheme the Co-op emphasised its commitment to the local community by donating a percentage of its profits to support local causes. Grants of up to £1,000 have been made to local football teams, recycling projects, dance groups for the Cheltenham Indian Association, schools, sports clubs, allotment associations and sports groups.

The Waitrose store also emphasised a number of the company's CSR themes including locally produced foods, organic produce, Fairtrade and ethical trading, healthy living and eating, food quality and labeling and free-range poultry production. Shelf edge marking and information leaflets are the principal methods used in store to promote these CSR themes but there was limited use of banners and posters. Information on the company's Fairtrade and Organic ranges was particularly prominent and detailed. The information leaflet on the '*Organic and Free Range Columbian Blacktail Eggs*', for example, noted that '*The birds are kept in small, purpose-built houses powered by wind and solar energy*', that '*they are fed a natural cereal-based diet, free from genetically modified ingredients and artificial yolk colourants*', that '*The use of growth promoters is prohibited and the birds are raised in accordance with the highest welfare standards*', and that '*Each farm receives regular, independent veterinary inspections and each bird's health is carefully monitored*'. Many of the products in the company's Fairtrade range carried information about the producers on the packaging and an information leaflet offered customers details about the Waitrose Foundation, which has been created to improve the lives and working conditions of the farm workers who grow and pick citrus fruits for the company's suppliers in South Africa. The Foundation's partners, namely Waitrose, the importers, export agents and the growers are working together on social, educational and health projects for citrus farm workers.

Tesco was the third of the top ten food retailers to make extensive use of CSR themes within the store. In the fresh food section close to the store's entrance large banners proclaimed that the company were supporting 'British Produce' and much, though not all, of the organic produce was prominently shelf labeled. The packaging on some of the company's Fairtrade products contained information on the producers. A series of '*Healthy Living*' leaflets focused on organic produce, staying fit and active, fat and salt levels in foodstuffs, sugar, calories, healthy eating for children and vegetarian eating and promote Tesco's Healthy Living Club. The leaflet entitled '*Kids: Helping to make healthy eating child's play*', for example, stressed that '*At Tesco there's all the food you need to give your kids a healthy diet*'. And it includes small features entitled '*Feeding children under 5*', '*Give your child a healthy balanced diet*', '*The goodness of fruit and vegetables*', '*Healthy drinks*', '*The tasty healthy lunchbox*' and '*subtle ways of introducing healthier food*'. Notices behind the store's fresh meat counter emphasised that all the meat sold in the store met high standards of animal welfare, stringent UK safety standards and current environmental legislation.

Within the other seven stores surveyed the use of CSR themes was generally much more limited and much less prominent. Thus, while J. Sainsbury's promoted its '*Active Kids*' programme, which is designed to promote sports and leisure activities within local schools, marking organic and Fairtrade products and its healthy food range with shelf edge labels CSR themes were much less prominent than in the three stores described earlier. The Morrison's store announced 'Breast Cancer' as '*Charity of the Year*' at the store entrance and this was its only prominent CSR theme and Marks and

Spencer marked its organic produce with shelf edge labels but made no other obvious use of CSR themes within store. Iceland's only reference to CSR was on the banners which proclaimed '*Food You Can Trust – All Iceland Brands Are Free From All Artificial Colours and Flavours*'. ASDA provided some limited information on organic products and prominently shelf marked its Halal meat range while in the Spar and Somerfield stores the only acknowledgement of CSR centred on price reductions and '*Buy One Get One Free*' offers.

Discussion

The findings of the exploratory survey undertaken in the top ten food retailers largest store in Cheltenham and Gloucester in early June 2005 represent a snapshot of the use of CSR themes in just two particular locations at a specific moment in time, but it raises some issues which merit discussion. There is considerable variation in the extent to which the top ten retailers were using CSR themes within the surveyed stores. In part, this variation probably reflects the extent to which the retailers are committed to CSR and to reporting it within the public realm. However, while the Co-op, Tesco and Waitrose produced substantial and detailed CSR reports and used CSR themes extensively within store, J. Sainsbury and Marks and Spencer also produced substantial and dedicated CSR reports, but made only limited use of CSR themes within store. The other five of the top ten retailers have published only limited CSR reports or information within the public realm and thus it is perhaps not surprising that they adopted a similar approach to CSR within store.

CSR themes are used within store both to market specific products and product ranges, as well as to emphasise and enhance the company brand though these two functions are inevitably intertwined. The product focus is predominantly on organic and Fairtrade products, healthy living ranges and local produce. Information printed on product labels and packaging, shelf edge marking, information leaflets, banners and posters are used to communicate a variety of CSR marketing messages to customers. Where the food retailers looked to enhance their brand the focus was largely, but not exclusively, on what might best be termed 'community issues', typically support for local schools, local community groups and local food producers.

While some CSR themes were clearly used, often quite extensively, within stores others received little or no attention. Surprisingly, environmental issues, which were amongst the first sets of CSR themes to be reported by the major food retailers, received little explicit attention. The survey was conducted at a time when climate change, for example, had rapidly risen up the political agenda within the UK but there was little evidence that the top ten food retailers were keen to use either specific information about energy use and/or vehicle emissions or their more general performance on environmental sustainability to promote either products or their retail brand within stores.

Corporate Social Responsibility as a Means of Marketing to and Communicating With Customers Within Stores

As CSR increasingly pervades more sectors of the economy and of everyday life so retailers seem certain to continually review their public commitment to it and to making more extensive use of CSR themes within stores to market products and their retail brands. Such an approach would certainly seem to be consistent with the claims some of the top ten retailers make that CSR is integral to the business and to their brand. It is also important to recognise that the customers most frequent, and perhaps in the majority of cases, their only interface with the retailer is in the store, so it is here, rather than on the company's website, that CSR messages can be most widely transmitted.

In reviewing the changing role of CSR within their businesses retailers will be commissioning and/or undertaking their own market research in an attempt to explore to what extent the use of CSR themes within stores influences purchasing behaviour and builds retail brand loyalty. At the same time, independent research might provide some more general insights into the relationships between CSR and consumer buying behaviour and might allow more detailed comparisons between retailers. Here one focus could be on the ways in which CSR themes influence different customer segments while another could explore the effectiveness of different methods of promoting CSR themes within stores.

Conclusion

During recent decades large food retailers have been steadily increasing their market share and they have been very much at the cutting edge of retail development. More recently, growing public awareness of the often controversial economic, social and environmental impacts of their activities has seen a number of major food retailers emphasise and report their commitment to CSR as a means of addressing these impacts. This brief case study has revealed considerable variations in the extent to which the UK's top ten food retailers use CSR themes to market goods and to build retail brand awareness within stores. The major CSR themes currently used within stores are organic and Fairtrade products, healthy living ranges, local produce and community issues and CSR information printed on product labels and packaging, shelf edge marking, information leaflets, banners and posters are used to communicate CSR messages. Looking to the future, if more of the leading food retailers seek to make increasing commitments to CSR then they may also look to harness it's marketing potential within stores.

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Tanggung Jawab Sosial Perusahaan, Investasi bukan Biaya

Februari 7th, 2007

Oleh: Harry Wahyudhy Utama, S.Ked

Perusahaan selama ini dianggap sebagai biang rusaknya lingkungan, pengeksploitasi sumber daya alam, hanya mementingkan keuntungan semata. Kebanyakan perusahaan selama ini melibatkan dan memberdayakan masyarakat hanya untuk mendapat simpati. Program yang mereka lakukan hanya sebatas pemberian sumbangan, santunan dan pemberian sembako. Dengan konsep seperti ini, kondisi masyarakat tidak akan berubah dari kondisi semula, tetap miskin dan termarginalkan. Tanggung jawab perusahaan memberikan konsep yang berbeda dimana perusahaan tersebut secara sukarela menyumbangkan sesuatu demi masyarakat yang lebih baik dan lingkungan hidup yang lebih bersih. Tanggung jawab sosial dari perusahaan (Corporate Social Responsibility) didasarkan pada semua hubungan, tidak hanya dengan masyarakat tetapi juga dengan pelanggan, pegawai, komunitas, pemilik, pemerintah, supplier bahkan juga kompetitor.

Menurut Bank Dunia, Tanggung jawab sosial perusahaan terdiri dari beberapa komponen utama: perlindungan lingkungan, jaminan kerja, hak azasi manusia, interaksi dan keteribatan perusahaan dengan masyarakat, standar usaha, pasar, pengembangan ekonomi dan badan usaha, perlindungan kesehatan, kepemimpinan dan pendidikan, bantuan bencana kemanusiaan.

Citra perusahaan di mata masyarakat sangat berpengaruh terhadap produk yang dihasilkan oleh perusahaan tersebut. Teknologi informasi sekarang ini memudahkan masyarakat dalam mengakses berbagai informasi dari berbagai penjuru dunia. Jika satu perusahaan tidak menunjukkan komitmen sosial yang baik di suatu daerah, informasi ini akan cepat tersebar luas ke berbagai penjuru dunia. Akibatnya akan terbentuk citra yang negatif. Sebaliknya, jika perusahaan menunjukkan komitmen sosial yang tinggi terhadap kegiatan kemanusiaan, pelestarian lingkungan, kesehatan masyarakat, pendidikan, penanggulangan bencana alam, maka akan terbentuk citra positif yang positif.

Salah satu bentuk dari tanggung jawab sosial perusahaan adalah community development. Perusahaan yang mengedepankan konsep community development lebih menekankan pembangunan sosial dan pembangunan kapasitas masyarakat sehingga akan menggali potensi masyarakat lokal yang menjadi modal sosial perusahaan untuk maju dan berkembang. Selain dapat menciptakan peluang-peluang sosial-ekonomi masyarakat, menyerap tenaga kerja dengan kualifikasi yang diinginkan, cara ini juga dapat membangun citra sebagai perusahaan yang ramah dan peduli lingkungan. Selain itu, akan tumbuh trust (rasa percaya) dari masyarakat. Sense of belonging (rasa memiliki) perlahan-lahan muncul dari masyarakat sehingga masyarakat merasakan bahwa kehadiran perusahaan di daerah mereka akan berguna dan bermanfaat. Dengan adanya citra positif ini, maka perusahaan akan lebih mudah memperoleh kepercayaan dari tiap-tiap komponen masyarakat. Perlu dilakukan beberapa langkah strategis guna mendapatkan citra yang positif ini, diantaranya komitmen antara pimpinan dan bawahan untuk mewujudkan setiap tanggung jawab sosial perusahaan dalam setiap kegiatan bisnisnya. PT. Newmont sebagai contohnya, untuk mengembalikan citra positif mereka akibat dugaan pencemaran di teluk buyat, PT. Newmont berkomitmen melanjutkan kegiatan reklamasi, pemantauan dan pengelolaan lingkungan terutama pengujian toksisitas terhadap larutan talling agar tidak melewati ambang batas dan tidak mencemari biota laut. Selain itu, PT Newmont telah menciptakan lapangan kerja, mengembangkan usaha masyarakat, pembangunan sarana jalan dan memberikan program pendidikan dan kesehatan bagi masyarakat sekitar.

Strategi lainnya adalah pihak perusahaan secara terbuka membangun kemitraan dengan berbagai kalangan dan organisasi termasuk LSM yang profesional secara terbuka. Pimpinan perusahaan juga harus mampu menyampaikan informasi secara terbuka dan transparan sesuai dengan kapasitas mitranya.

Selain itu, perlu dibentuk departemen tersendiri yang menjalankan tanggung jawab sosial mereka seperti sebuah perusahaan yang berbasis di Pangkalan Kerinci, Kabupaten Pelalawan, Riau yang membentuk departemen tersendiri yang disebut Program Pemberdayaan Masyarakat Riau (PPMR) yang dipimpin oleh pejabat setingkat direktur.

Menurut hasil riset PIRAC (2003), bidang yang paling banyak diprioritaskan oleh kalangan dunia usaha adalah pelayanan kesehatan (82%), keagamaan (61%) dan pendidikan (57%). Derajat kesehatan sangat menentukan tingkat produktivitas karyawan perusahaan maupun kemampuan masyarakat untuk meningkatkan pendidikan maupun pendapatan keluarga. Perusahaan di Indonesia harus mulai mengusung aktivitas tanggung jawab sosial mereka terutama bidang kesehatan, seperti revitalisasi posyandu, pendidikan keluarga sehat, pencegahan penyakit, program sanitasi dan program lainnya secara berkala dan berkesinambungan.

Bukan itu saja, prioritas di bidang kesehatan juga mencakup kesehatan dan keselamatan kerja. Hendaknya perusahaan memiliki komitmen untuk mencapai standar Kesehatan dan Keselamatan Kerja terutama pada pekerjaan yang berpotensi menimbulkan bahaya, penyakit dan kecelakaan kerja. Kemudian menciptakan suatu kondisi yang mendekati "Zero Harm" bagi karyawan, mitra kerja, masyarakat di lingkungan kegiatannya, serta menjadi pemimpin dalam praktik pengelolaan lingkungan dan sumber daya alam. Pemeriksaan kesehatan dan pemantauan lingkungan harus dilakukan secara berkala terhadap paparan dalam jangka panjang.

Dr. Tan Malaka, seorang spesialis di bidang okupasi kerja menyatakan bahwa dengan adanya pemeriksaan kesehatan dan pemantauan lingkungan, maka biaya yang dikeluarkan sebenarnya jauh lebih kecil daripada membayar biaya pengobatan seluruh karyawan dan ganti rugi perbaikan lingkungan. Dengan begitu, berarti perusahaan tidak membuang-buang uang. Selain produktivitas karyawan tetap terjaga, citra positif dimata masyarakat akan mulai dirasakan oleh perusahaan. Inilah yang dilakukan oleh PT Newmont Nusa Tenggara yang pada tahun 2004 menerima Sertifikat Emas dari Departemen Energi dan Sumber Daya Mineral sebagai wujud pengakuan terhadap prakarsa pencegahan kecelakaan dan kinerja keselamatan yang dicapainya pada tahun 2003.

Kita berharap, semoga tanggung jawab sosial perusahaan ini bukan hanya ingin mendapatkan kesan baik semata, tetapi lebih kepada suatu niat baik perusahaan sebagai salah satu bagian dari masyarakat.