

Discuss how an understanding of public relations theory can help gain management recognition for the practice of public relations

“Public relations contributes to organizational effectiveness when it helps reconcile the organisation’s goals with the expectations of its strategic constituencies. This contribution has monetary value to the organisation. Public relations contributes to effectiveness by building quality, long-term relationships with strategic constituencies.” (Grunig, Grunig and Dozier, 2002, P.97)

As a relatively youthful profession and discipline, public relations (PR) has sometimes struggled to get strategic, senior management recognition. The development of a rich and burgeoning body of academic research and evidence within the field offers significant opportunities to change perception and support strategic re-alignment.

Part of the question posed in this critical reasoning test relates to the attainment of ‘management recognition’. This paper discusses the phrase in the context of public relations being positioned within an organisation’s strategic management structure. Only then can PR truly contribute to corporate objectives.

From reviewing the literature it is clear that there is no single PR theory or framework but a number of different theories and perspectives (L’Etang, 2008). This paper attempts to examine the key ‘functionalist’ and ‘critical theory’ approaches and how they can contribute to greater management understanding and recognition of PR. Such concepts demonstrate the real importance of PR to what Grunig called an organisation’s ‘dominant coalition’ and how excellent, strategic PR can help deliver key corporate objectives and outcomes. Key theories to be discussed include Grunig’s excellence model of public relations and systems theory, reputation management, stakeholder theory and Dozier’s ideas about PR practitioner roles.

The paper will conclude that an understanding of public relations theory is critical to practitioner effectiveness. Practitioner effectiveness, in turn, and the delivery of excellence in public relations, is critical to wider organizational success in complex and often challenging environments.

Defining public relations and its theory

Public relations is often defined as reputation management. In the UK, the Chartered Institute of Public Relations (CIPR) simplifies this to what you do, say and what others say about you. The CIPR definition then goes on to set out the importance of relationship and stakeholder management:

“Public relations is the discipline which looks after reputation, with the aim of earning understanding and support and influencing opinion and behaviour. It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics.”

In a recent blog, Harold Burson of Burson Marsteller, a leading global PR company (May, 2012), argues that PR is fundamentally about persuasion and:

“helping reconcile employer goals with the public interest...and effectively communicating information that reflects employer actions and behavior.”

In summary then, it is clear that PR is about managing reputation, developing understanding and support and influencing opinion and behaviour. To quote L’Etang (2008, p18): *“Public relations involves the communication and exchange of ideas to facilitate change.”*

Theories of public relations have been around for over a century. Beginning with, as Kitchen (2002, p24) writes, a focus on ‘press agency or publicity’ in the early 1900s, the discipline has evolved to consider grand theoretical narratives and counter-balancing critical theory. Perhaps one of the most extensive and well-

recognised theories of public relations is the 'Excellence' model associated with the University of Maryland academic, James E Grunig.

The 'Excellence' Model of public relations: a systemic approach

Grunig's 'Excellence' theory (1992), a collaborative study involving other eminent academics, attempts to create a general, underpinning theory for PR. In a wide-ranging study he examined how PR was practiced and structured within an organisation to see its impact on organizational effectiveness (p3). As cited in Wolstenholme (2009), Grunig, Grunig and Dozier's research (P27/28) first defines core components of organisational effectiveness. Four underpinning perspectives are identified: goal attainment, systems, competing values and strategic constituencies. They postulate that many organisations fail to recognize the levels at which PR can add value to corporate objectives as PR is perceived to be intangible and difficult to measure. Grunig, Grunig and Dozier (2009) clearly set out their stall on this issue with their argument that PR should be:

"part of the strategic management function through which organisations interact with their publics both before and after decisions are made."

Organisations can only achieve their goals through a systemic approach which fully acknowledges and embraces the wider environment (or environments) it operates in. Within its environment, an organisation interacts with strategic constituencies – often with competing values – and can only deliver corporate objectives by incorporating or reconciling these values with its own. As Warnaby and Moss (cited in Kitchen 2002, p13) argue, applying this 'systems theory' helps to identify important inter-dependencies between organisational departments, the organisation as a whole and key external groups. PR, the argument continues, can therefore make a crucial contribution to the dominant coalition within an organisation by supporting strategic managers to engage with strategic audiences. This gives PR a potentially unique position within an organisation as a strategic, boundary spanning function. Post, Preston and Sachs (2002) quoted

in Wolstenholme (2009) neatly summarise this proposition and send out a powerful message to chief executive officers:

“...organizational wealth can be created (or destroyed) through relationships with stakeholders of all kind – resource providers, customers and suppliers, social and political actors. Therefore effective stakeholder management – that is managing relationships with stakeholders for mutual benefit – is a critical requirement for corporate success.”

L’Etang (2008, p24) reiterates this point about the importance of engagement with key stakeholders when she suggests this can help define “desirable outcomes at the outset”, stop ill conceived policies in their tracks and “act as a catalyst for organizational development and learning.”

How strategic ‘constituencies’ or stakeholder groups are engaged is a key issue for strategic public relations. Grunig and Hunt (1984) identify four models for PR practice: press agency/publicity, public information, two-way asymmetric and two-way symmetric communications. The authors argue that professional excellence is attained by ‘symmetrical’ communication where the PR function strives to balance the interests of the organisation with that of its publics. By achieving mutual, ‘balanced’, two-way understanding through evaluation and research, the PR function can aptly demonstrate its contribution to corporate objectives. Warnaby and Moss (2002, p9) argue in Kitchen’s work on public relations principles and practice that ‘symmetrical communication’ is a ‘normative’ theory which describes how PR *should* operate to deliver excellence. Many PR departments operate at lower levels in the Grunig and Hunt model and clearly this has implications as to whether PR can be a strategic function. By failing to understand, demonstrate and promulgate the theory of symmetrical communication such PR functions are condemning themselves to the periphery of an organisation. For Warnaby and Moss (2002), PR should be a strategic discipline which has:

“a direct role to play in the strategy making of the organisation by virtue of the fact that it is a boundary spanning function.” (p11)

Critical theory: power relationships and transparency

Critical theorists offer alternative perspectives to the functionalist school of Grunig and company. Their basic premise is that PR is not just about organizational functions and structures but about emotions, feelings and relationships (L'Etang, 2009, p5). Such thinking could be usefully applied by PR practitioners to support senior management decision-making. Critical theorists draw attention to stakeholder power imbalances or under-representation which could impact upon an organisation in unexpected ways. PR, L'Etang argues, needs to alert an organisation to voices that are not being heard or given insufficient respect (p16). This may mean challenging the organizational status quo and therefore necessitates that PR strategists are part of embryonic discussions about major strategic decisions.

Pieczka (2011) offers the possibility of a dialogic approach to public relations to further enhance the effectiveness of the discipline. She argues that whilst 'dialogue has been at the centre of public relations theory for about 30 years' and is where the 'conceptual centre of gravity' should be, it could be better employed by PR practitioners. Often associated with Jurgen Habermas, dialogue is defined in communication terms by qualities such as trust, openness, involvement, commitment, intelligibility and appropriateness. These are also applicable to other PR theories such as relationship management, symmetrical communication and corporate social responsibility. It focuses activity on 'mutuality' rather than 'advocacy' and, as Pieczka argues, can link public relations work even more closely with 'socially relevant work'.

Transparency is another philosophical tenet of critical thinking in PR. Citing Jahansoozi (2006), L'Etang (2009) stresses that strategic PR has a crucial role in ensuring organizational accountability and averting potentially disastrous and

avoidable crises. Trust, credibility and cooperation are all enhanced if an organisation demonstrates transparency in its interactions and behaviour to stakeholders.

Reputation management and avoiding crises

L'Etang (2008, p48) states that the emergence of corporate reputation as a concept highlights: *“the complex structures, instant communication and symbolic sophistication of contemporary developed world”*. Reputation, she states, is formed outside of an organisation on the basis of “subjective impressions” (p49). It can be viewed on a number of levels. Harrison, writing in Kitchen (2002), sees corporate social responsibility (CSR) as the link between behaviour and reputation. How the actions of an organisation is perceived by their public is possibly the ‘greatest factor in the management of their reputation (p.128). She neatly defines reputation in the following terms:

“A company’s reputation can be seen as the sum of the public’s beliefs about it, based on their own experience of its products or services, what they have read or heard about it from others, and the way in which it – through its frontline and top level staff – is seen to behave.” (p130-131)

A recent illustrative example is that of the coffee shop giant Starbucks who were lambasted for not paying their fair share of UK corporation tax. The issue, particularly acute at a time of deep financial austerity, became political and very public. PR Week Editor-in-Chief, Danny Rogers, acknowledged the company’s response to the issue and their pledge to pay more tax (7 December 2012, p14-15). He highlighted the importance of strategic PR in their decision-making in “this new age of transparency and fierce scrutiny”. No longer, he argued, are “clever news management and spin” options for blue chip companies. Instead, such issues call for greater investment in stakeholder management and a PR approach which tackles ethical issues head on.

According to L'Etang (2008, p70) managing reputation is managing risk:

“Unmanaged issues may become crises, which necessarily involve many more uncontrollable elements. Intervening in crises may solve problems, resolve relationships and allow organisations to shape debate so that their view is understood.”

Theories of practioner roles in public relations

The type of organisational roles practioners are assigned or adopt will obviously affect their ability to contribute to the strategic management of the organisation (Warnaby and Moss, 2002, p18). Theories of practioner roles within public relations emanated from work by Broom and Smith (1978, 1979) and were moved forward by Dozier (1984). Dozier attempted to determine, through a survey of PR professionals, the extent to which practioners performed tactical roles or were more strategic and dependent upon scientific techniques. Through factor analysis, he identified two models of PR practice: the 'communications manager' and 'the communications technician'. The latter demonstrated strategic knowledge in issue management and objective setting, knowledge of research techniques, audience segmentation, effectiveness evaluation and budgeting. Technicians were skilled in delivering the tactical elements of PR such as writing and dealing with journalists on a day-to-day basis. Linking this theory to Grunig and Hunt's (1984) aforementioned work on models of PR practice, it is clear to see that organisations can only deliver effective PR if they demonstrate two-way symmetrical communication approaches utilising PR practioners with strategic communication skills, namely Dozier' 'communication manager role'.

In his chapter on the 'Organizational Roles of Communications and Public Relations Practioners' in Grunig et al (1992), Dozier reviews the causes and effects of practioner roles and asserts that: *“the senior person in a public relations department must be a manager for it to be excellent”* (p327). He also stresses the importance of evaluating effectiveness to the success of practioner

roles, identifying three approaches: scientific impact, seat-of-the-pants and scientific dissemination. The former approach is seen as important for professional growth and can also help PR practitioners to be more closely involved in management decision-making by the dominant coalition. This is important if organisations are to be effective. For as Dozier (1992, p342) asserts from a systems theory perspective:

“If practitioners are to help organisations adapt to changes in the environment, they must participate in the management decision-making process, not simply implement decisions made by others.”

This is essential to the survival and growth of organisations facing increasingly unstable and threatening environments (1992, p352).

PR Week’s Danny Rogers used a recent article (PR Week, September, 2012, p14-15) to highlight the problems faced by banking giant Barclays last summer. He stressed that, by ignoring the need for strategic PR, organisations and companies were:

“...relegating joined up stakeholder comms to a dangerously low priority...Even if prioritizing corporate comms may not stop reputational crises occurring, it does create a climate where stakeholders are more likely to forgive you when they do.”

“When barclays’ litany of corporate errors emerged in the summer, critics had a field day for weeks, laying into the bank’s ‘arrogant and cavalier’ culture.”

Conclusion

For public relations practitioners to be professionally excellent, they must understand the major tenets of the discipline and absorb new, emerging thinking. Theory offers a route to develop professional excellence and a more strategic organizational role for PR as part of the dominant coalition. Grunig’s Excellence Model offers a core framework with its emphasis on the boundary spanning role

of PR, arbitrating between environments, systems and publics to create balance and mutually beneficial understanding. Dozier's work on practioner roles highlights the importance of PR as a strategic management function which should command a place at the 'top table' of an organisation. Only by achieving this position can the PR function deliver the two-way symmetrical communication model espoused by Grunig. More recent thinking within the discipline, such as Pieczka's work on dialogue and L'Estrang's focus on PR as relationship management offer additional perspectives which build on what has gone before and can expand professional horizons.

Perhaps the single-most, practical contribution that PR can make to the effectiveness of an organisation is through managing reputation and averting crises. As the Starbucks and Barclays cases above aptly demonstrate, this can only be effective where the PR function is part of the core decision-making process of an organisation.

However, there is an additional challenge for PR practioners to overcome and this is neatly articulated by Waranaby and Moss (2002, P19):

"The extent to which public relations practioners are able to exercise any influence on organizational strategy will, however, depend largely on their ability to command the confidence and respect of senior management."

Clearly, the PR profession has a significant challenge to demonstrate its worth to senior and chief executive officers. It can only meet this challenge by demonstrating professional excellence through rigorous, evidence-based approaches that are proven to deliver corporate goals. The rich, expanding body of PR theory offers the profession the opportunity to achieve this.

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‘Because CSR requires engagement with internal and external stakeholders, it enables enterprises to better anticipate and take advantage of fast changing societal expectations and operating conditions. It can therefore drive the development of new markets and create opportunities for growth’ (European Commission 2011:3). Argue FOR or AGAINST this conclusion.

“Business success will only be sustained if there is a supportive operating environment (RSA, 1994; quoted in Harrison, 2002)”

As the quotation above suggests, this paper will argue that corporate social responsibility (CSR) is - or should be - an important and integral aspect of contemporary organizational strategic thinking and planning. Moreover, such thinking is more important now than it has ever been as questions of business morality and ethics become increasingly important to consumers during this ‘age of austerity’. In many ways, the question set actually serves to demonstrate the importance of CSR to business and society. The European Commission report that the passage is taken from is part of an October 2011 consultation with the European Economic and Social Committee (EESC). It sets out a number of measures to integrate CSR into the mainstream of European policy-making. The EESC’s response (European Commission 2012: p1) proposed a number of amendments but acknowledged the role of CSR in “fostering responsible business practice”. The fact that CSR is on the agenda of Europe’s foremost policy-makers emphasises its significance. In arguing the case for the importance of CSR, this paper will define the concept, discuss key academic theories emanating from the discipline of public relations (and beyond) and then go on to set out the importance of stakeholder theory and reputation management to CSR. Before concluding, the paper will also examine the impact of CSR and highlight positive, practical applications of the concept.

Defining corporate social responsibility (CSR)

Socially responsible business activity is not a new phenomenon. Philanthropic businesses such as Cadburys and Rowntrees improved living conditions for thousands of their workers in the late 1800's and early 1900's by building better homes for them to live in. However, whilst the principles are certainly not new, Carroll (1999) suggests that CSR began to be properly defined in the 1950's and 1960's. Referring to Howard R Bowen's (1953) 'landmark' work, "Social Responsibilities of the Businessman", Carroll argues that this was one of the first academic studies to recognize that organisations are powerful and can have an impact upon citizens through their decisions and actions.

One of the basic premises of CSR is that economic and human resources should be used in a way which benefits wider society. Carroll (1979, p500) convincingly argues that, as the basic unit of a capitalist economic system, a business needs to make a profit by selling goods and services that meet customers needs. Here Carroll is consistent with the oft cited counter-view to CSR espoused by economist Milton Friedman that the business of business is increasing profits and shareholder value (Friedman, 1970). However, as we shall see later in the next section, Carroll departs from Friedman's thinking by setting out a comprehensive model for CSR:

"the CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen."

Corporate social responsibility is a multi-dimensional concept. Fundamentally though, it is only ever truly authentic when it occurs above and beyond the basic economic and legal requirements an organisation is subject to (Carroll, 1999). Tench (2009) argues that CSR compels an organisation to take a critical view of its roles and responsibilities and to recognize the major impact it can have on the social and physical environments in which it operates (p114). Stakeholder

engagement is a critical part of the definition of CSR. As the European Union (2011, p3) neatly summarises, CSR is:

“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their key stakeholders on a voluntary basis.”

Whilst it is clear that there is no single theory or framework of CSR, the academic literature of public relations is rich with ideas and concepts. These can be usefully employed by organisations to deliver excellence in public relations programmes (Grunig, 1992) and reconcile the interests of ‘strategic constituencies’. As Freeman (2009) notes, this is critical if an organisation is to create value and be successful.

Theories of corporate social responsibility (CSR)

Carroll’s (1991; cited in Carroll 1999) model or pyramid of social responsibility set outs that for CSR to be embedded within an organisation it needs to involve the full range of business activities. He identifies four core responsibilities for a business: economic, legal, ethical and philanthropic. These are set out in a pyramid model with ‘philanthropic’ at its apex. Carroll argues that each of the component parts of the model need to be achieved by the socially responsible organisation at all times rather than in a sequential order. Sethi (1975; cited in Carroll, 1999), sets out a simple and compelling three-dimensional concept of corporate social performance; social obligation, social responsibility and social responsiveness. The latter term, it is argued, moves towards a more proactive approach to managing issues and stakeholders.

Grunig’s (1992) excellence model also offers an important perspective on CSR. His systems thinking approach to public relations identifies two distinct types of organisation. Those that are ‘open’ work proactively with their environments to anticipate and facilitate change. Diametrically opposed to this is the ‘closed’

organisation which is traditional, insular and ignorant to its operating environment. Open organisations balance the competing interests of strategic constituencies through symmetrical, two-way communication programmes (Grunig and Hunt, 1984). Failure to embrace this philosophy – particularly in a global, increasingly integrated and complex marketplace – could lead to irreversible or catastrophic decline.

Stakeholder theory

There is significant consensus in the academic literature of public relations that effective stakeholder management is critical to CSR (Tench, 2009; Pieczka, 2011; L'Etang, 2008; Harrison, 2002). Perhaps the leading exponent of stakeholder theory is Freeman who neatly summarises the concept in the preface to his 1984 work on the subject:

“a stakeholder is any group or individual who can affect, or is affected by, the achievement of a corporation's purpose. Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalists, government and other groups who can help or hurt the corporation.”

He identifies different types of conceptual thinking about organizational structure including insular production-led and managerial-led approaches which exist to carry out basic ‘resource conversion’. However, he postulates that for organisations to be successful they need to manage the wide-ranging environmental factors acting upon them. Grunig (1992) would support this view with his view set out on above on ‘open’ and ‘closed’ organisations. Importantly, Freeman cites Dill’s work (1975) agreeing that the concept of stakeholder management needs to be applied to those individuals and groups perceived to be adversarial to an organisation. He emphasises responsiveness rather than responsibility. Carroll (1999) sees the ‘social’ component of CSR as the link to Freeman’s stakeholder theory. Grunig, Grunig and Dozier’s research further

reinforces the importance of stakeholder management by linking it to financial performance:

“Public relations contributes to organizational effectiveness when it helps reconcile the organisation’s goals with the expectations of its strategic constituencies. This contribution has monetary value to the organisation. Public relations contributes to effectiveness by building quality, long-term relationships with strategic constituencies.” (2002, P.97)

Harrison (2002, p130) describes the relationship and balance between ‘pluralism’ and power arguing that the more power a business has, the greater its responsibilities are. Pieczka (2011) sees relationship management as critical to CSR as a technique to manage “the soft, symbolic boundary of social responsibility”. From the perspective of the PR practitioner, Pieczka argues that CSR is about public opinion, reputation and image.

How strategic ‘constituencies’ or stakeholder groups are engaged with is a key issue for strategic public relations. Grunig and Hunt (1984) identified four models for PR practice: press agency/publicity, public information, two-way asymmetric and two-way symmetric communications. The authors argue that professional excellence is attained by ‘symmetrical’ communication where an organisation’s interests are balanced with that of its publics. Tench (2009) also recognizes the importance of two-way symmetrical communication to CSR as it enables an organisation to define its responsibilities to stakeholders and then put in place strategies to manage these relationships (p121). L’Etang (2009, p6) is a proponent of “true dialogue” between an organisation and its stakeholders, where the latter are involved at the outset of a project to define aims, objectives and desirable outcomes. Grunig and Hunt (1984) also segmented publics into three distinct groups: latent publics who do not yet recognize an issue with an organisation, aware publics who recognize an issue but have yet to form an opinion and active publics who are organized and active. This usefully provides a model for targeting public relations and communication activity to those areas that are most critical to an organisations objectives. Critics of the Grunig and

Hunt theory however, point to the fact that their publics are constructed by the organisation using an 'inside-out' approach. L'Etang (2008) believes that such thinking fails to recognize the importance of stakeholders in defining an organisation as reputable or disreputable (p.49)

Reputation management

Harrison, writing in Kitchen (2002), sees corporate social responsibility (CSR) as the link between behaviour and reputation. How the actions of an organisation are perceived by their public is possibly the 'greatest factor in the management of its' reputation (p.128). She neatly defines reputation in the following terms:

"A company's reputation can be seen as the sum of the public's beliefs about it, based on their own experience of its products or services, what they have read or heard about it from others, and the way in which it – through its frontline and top level staff – is seen to behave." (p130-131).

According to L'Etang (2008, p70) managing reputation is managing risk:

"Unmanaged issues may become crises, which necessarily involve many more uncontrollable elements. Intervening in crises may solve problems, resolve relationships and allow organisations to shape debate so that their view is understood."

In the current climate of significant financial challenge, resources become less affordable and hardship shapes the living conditions of many. In these circumstances, the decisions of organisations and businesses increasingly take on greater moral and ethical dimensions and are brought into sharper focus. As the EU report (2011, p4) states:

“The economic crisis and its consequences have to some extent damaged consumer confidence and levels of trust in business. They have focused public attention on the social and ethical performance of enterprises.”

A relevant, recent example of this is the Starbucks coffee shop chain which received extensive negative media coverage for not paying their fair share of UK corporation tax. Such issues, argue PR Week Editor-in-Chief Danny Rogers, call for greater investment in stakeholder management and a PR approach which tackles ethical issues head on (7 December 2012, p14-15). Clearly, an open and transparent CSR approach – embedded into corporate strategy – would benefit such organisations. Transparency needs to be a key ingredient of effective CSR. L’Etang (2009) argues convincingly that if stakeholders can see how a business works, its interactions, behaviour and how decisions are made, trust, credibility and cooperation can be enhanced. Ultimately achieving such a relationship with consumers can be commercially advantageous.

The impact of CSR

As we have seen, Carroll (1999) stated that socially responsible organisations go beyond mere legislative compliance in what they do. An excellent example of this approach is set out by the Business in the Community (BITC) charity on the case studies section of their website. Marks and Spencer, the winner of the BITC Responsible Business of the Year Award 2012, clearly believe that going beyond compliance and raising standards is good for their business. Plan A, is the company’s award-winning vision to be the most sustainable major retailer by 2015. The plan contains 180 actions aimed at improving sustainability for which the chief executive officer is held personally responsible. Importantly, it is based on extensive engagement with key stakeholders such as manufacturers, suppliers, customers and staff. Since its inception the company has generated £70 million net financial benefit through the initiative, improved energy efficiency by 23%, reduced carbon emissions by 100,000 tonnes and customers have

donated 10 million garments through its 'shwopping' partnership with Oxfam. The company is so forward thinking that it has shaped government policy in Wales, where the company's approach to carrier bag charging was adopted as law by the Welsh Assembly. As we shall see later, legislators are key stakeholders in socially responsible business. A significant aspect of the Marks and Spencer approach to CSR is that it is embedded within the organisation's overall corporate strategy. As Freeman (1984, p40) espouses, CSR should not be seen as merely an "add-on to business as usual". It needs to be embedded within the concept of profit-making, not just profit-spending. John Elkington (2012), speaking at an INSEAD conference, reinforced this thinking and expanded upon his 1984 concept of the triple bottom line. He envisages that CSR should be a core part of any business model aimed at creating value rather than merely being a discretionary spend. In his view social and environmental reporting would be as strategic in their importance as financial performance, ensuring that CSR – like business concepts such as Total Quality Management (TQM) – would be part of everyday business thinking.

Another example of a successful, socially responsible business initiative is Morrison's 'Let's Grow' campaign (BITC, 2012). The scheme, aimed at encouraging young people to understand where food comes from promotes healthier eating and has been running since 2008. Vouchers are given to customers who spend £10 or more in a store and can be redeemed for gardening items. Since its launch, Morrison's has given away £12 million worth of gardening equipment to over 5 million students across 26,500 UK schools. This has had a positive impact on customers' perceptions of the Morrison's brand with 77% of shoppers agreeing that the supermarket is community focused. Significantly, 93.5% of schools surveyed said they would participate in the scheme in the future – a potentially significant influence on the future buying behaviour of many parents.

CSR governance frameworks

The European Commission (2011) report highlights the increasing importance of CSR to business, many of whom are voluntarily signing up to non-statutory principle frameworks. For example, between 2006 and 2011 there was a three-fold increase in the number of EU 'enterprises' signing up to the UN's Global Compact ten CSR principles (p4). The UN principles (2011) were launched over a decade ago in July 2000. They cover four key areas: human rights, labour, the environment and anti-corruption. They demonstrate another big factor in our considerations of CSR: the role of legislators as significant stakeholders who can regulate and pressure failing companies. Both Tench (2009, p119) and Harrison (2002, p130) highlight this as another factor in our considerations of CSR which are ignored at peril as this could lead to restrictive legislation and decline. Statutory and non-statutory frameworks for socially responsible business are increasingly setting the standard for what is acceptable. As well as the UN principles cited above other frameworks exist such as the BITC Corporate Responsibility Index and 'zone of Acceptability' model. Businesses that fail to recognize that consumers demand more than cheap prices and quality could see their growth potential stunted.

Conclusion

Corporate social responsibility should be seen as an essential element of corporate strategy and organizational success. As Marks and Spencer's Plan A highlights, CSR can deliver 'bottom-line' results and improve the world we live in, benefitting all. CSR is particularly important to those organisations with greater power balances (Harrison, 2002) for this brings with it counter-balancing responsibilities. Responsiveness (Sethi, 1975), based on open and transparent stakeholder engagement (Freeman, 1984), can help organisations manage issues effectively and maintain their brand reputation. Again, these approaches can contribute to financial performance by increasing consumer trust, confidence

and cooperation. Importantly, CSR should not be a discretionary business 'bolt-on' (Freeman, 1984; Elkington, 1984) but embedded into organizational culture, values and strategy.

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