

CORPORATE SOCIAL RESPONSIBILITY AND THE ETHICS IN ADVERTISING

Katarzyna Bachnik

Warsaw School of Economics, Al. Niepodległości 162, 02-554 Warsaw, Poland

Email: katarzynabachnik@gmail.com

Abstract. The notion of corporate social responsibility seems to gain more and more popularity as the customers' expectations toward the role of business are changing. That is why enterprises willing to sustain or strengthen their market positions need to find ways of pleasing their customers also in this socio-environmental sphere. This has great impact on the advertising. This article tries to consider possible ways how the advertising may change and how it should adapt to the new market conditions. It also reflects on the ethical side of advertising raising a question if there really are no limits when we strive for our marketing goals. It seems that although controversial advertising may sometimes prove fruitful, it is unknown for how long customers would really like it – or when they start to rebel against the company.

Keywords: CSR, advertising, business ethics, advertising ethics.

Jel classification: M14, M37

1. Introduction

Companies undergo constant changes. They are faced not only with competitive pressure and economic distress, but also with social expectations. Some of them try to address new needs of their shareholders by adopting the corporate social responsibility (CSR) concept while conducting business.

However this is not easy. The idea itself is perilous, as one can incorporate in it without any limits the social, environmental, legal, economic issues that need to be covered by enterprises. Additionally, one can observe diminishing social trust toward business, which influences mutual relations to a great extent and questions the efficiency of advertising. That is the reason why companies try different advertising strategies, from ethical and family-bound to controversial ones.

The situation is even more complex due to the emergence of modern technologies. They empower consumers and enable them to be more active. From organizational perspective, they make communication and information sharing with stakeholders even more important. As consumers have better means to demonstrate their preferences and needs and are crystal clear about their willingness to be fully informed about organizational initiatives and actions and engaged in them, companies are forced to rethink their business models and the idea to let external partners in, to let them participate in internal processes. Some companies have learned to draw advantages from this social change; others still cope with some difficulties.

The notion of transparency and corporate responsibility will not vanish; it may at the most even gain importance and become an inevitable element of business world. Therefore it needs to be well understood in order to be leveraged by companies and seen more as an opportunity than a threat.

Some researchers argue that limiting CSR only to public relations (PR) and marketing is a short-term policy, as there is no space for building trust and strengthening relations with shareholders on mutually beneficial terms. But adopting fully strategic approach in the CSR sphere requires much understanding and maturity from a company. Incorporating CSR in the PR and marketing activity, including advertising, may seem a good starting point, which may evolve in a broader social commitment in the future.

This article tries to consider possible ways how the advertising may change and how it should adapt to the market conditions described above. It also reflects on the ethical side of advertising raising a question if there really are no limits when we strive for our marketing goals.

2. Place of corporate social responsibility concept in the organizational setting

The idea of corporate social responsibility gains more and more attention from enterprises and their stakeholders. It has its source in the human need to do well, to look beyond one's own benefits and contribute to the well being of others. As individuals seek ways to fulfil those needs, they simultane-

ously expect companies to adopt similar approach and take responsibility for their actions and negligence. That is why a social component is added to the economic side of business.

Some companies are built on the idea. Take as an example Innocent Drinks, a company that produces drinks out of natural components only and complies with sustainability rules. From the beginning such companies have a strong culture oriented to environmental and social values. Corporate social responsibility may therefore be perceived a tool to stimulate desirable behaviour, spread declared ethical values and add attractiveness to certain norms. Innocent Drinks, for example, cooperates in the first place with farms that are employee-oriented and green. Its vendors necessitate certificates from such independent organizations like Rainforest Alliance to guarantee compliance with highest ethical and quality standards (Bachnik, Szumniak 2010).



Fig.1. Innocent Drinks commercial (Source: Available from Internet: <<http://www.youtube.com/watch?v=aSvt1HG8ZRw>>)

Those companies that were raised with purely economic premises in mind need to reflect and refocus to adapt to changing environment. It does not mean that their current business models are wrong. It only means that they need to take into account the changing nature of their markets, consumers and partners who may have altered their working rules, priorities and behavioural modes. Business world is so interconnected nowadays that a company can not function without considering what is going on around. If consumers started to pay more attention on environmental footprint or ethical aspects of executing marketing strategy, a company has to make a conscious decision whether to address those new expectations or neglect them. Its market survival depends on understanding true motives of its stakeholders.

Most companies stay open to the idea of corporate social responsibility and utilizing resources in a way that will allow future generations make use of them as well and prosper. We can question if it is voluntary or not, but the fact is that organ-

izations now follow more compliance and protocols than before and take up initiatives with an aim to reduce their negative effect on the environment and communities and create more sustainable work environment for their employees. As professor Jan Hartman declares we should not doubt in the good motives of enterprises (Hartman 2011). But it is also true that business needs to keep in mind also the economic rationale which gives ground for some compromise. It seems obvious that enterprises need to find their way to counterbalance these two spheres.

As corporate social responsibility is concerned, the key to mutual understanding and building trust is communication and information sharing. With help of modern technologies it is possible to engage a critical mass of advocates of a certain idea a company finds valuable and wants to pursue. Being active in social media makes a company transparent to its stakeholders and signs its willingness to cooperate with them, gain feedback and opinions as well as help in designing more powerful business solutions and products. By demonstrating vulnerability to critics companies may show that they do care about its clients. Some brands may gain authenticity by engaging in social media, sharing comments, joining forums, exchanging doubts and aspirations. Internet makes information circulate 24 hours a day. Much of the news is transmitted and discussed in real time. And this is true not only for political debates, catastrophes, wars and other extreme circumstances. This is real for almost all kinds of information: whether it concerns latest inspiring commercial, fashion show, new Starbucks coffeeshop's opening, release of Steve Jobs' biography, divorce or baby-birth of a celebrity or any event Internet users want to share with others from their everyday life (even such ridiculous as having XXX drinks on one night and curing huge hangover the other day). Everything seems important – as the information gets observers and fans on different social media, and irrelevant at the same time – as we are overloaded with information and have difficulties selecting them. That is why brand positioning in this cyber-world is a distinguishing competence. And may be a source of competitive advantage.

Companies that want to build a strong relationship with their stakeholders need to find a way to communicate effectively and manage the information noise on them (although it is not completely manageable). Spreading information about company's involvement in corporate social responsibility initiatives seems absolutely natural. This is positive publicity and may contribute (under the condition that these are true, reliable and unbiased news) to strengthening organizational

image, building customers' loyalty and sustaining interest in the brand and products. There are many communication channels. Marketing campaigns and advertising are among the traditional ones, which should be wisely used to the benefit of a company.

3. Advertising as a communication tool

Some argue that the appeal of traditional advertising like TV commercials is diminishing. As this marketing tool has not been abandoned yet, it seems it is still powerful. People may treat commercials as a necessary evil. Those who have digital video recorders, DVRs, are used to rewinding them (although research shows that even in these circumstances a commercial is still influential: the speed of watching commercials does not reduce their efficiency or hurt the recall rate) (O'Connell 2010). Many have higher expectations about their quality and taste, but we still seem to appreciate the ones that are original, have catchy or familiar soundtrack (like: Kinder Bueno - Give a bit of mmm to me) or a slogan that can be repeated in various situations (like: MediaMarkt - not for the idiots, Era - such things happen only in Era, Żywiec - almost makes a huge difference) or that have national, cultural associations.

The huge success of a Telekomunikacja Polska SA advertising campaign, designed to change the perceived image of the company, proves that we simply like commercials that entertain and surprise in a positive way and can attach to friendly characters. The Heart and the Mind play main roles no matter the invented plot of a commercial. Polish people seem to be amazed by the two characters: they have 220 000 fans on Facebook and YouTube films are viewed several thousand times (Available from internet: <<http://interaktywnie.com/kreacja/artykuly/wideo/case-study-serce-i-rozum-wirusowo-zarazaja-siec-20019>>).



Fig.2. The Heart and the Mind in a Telekomunikacja Polska SA spot (Source: Available from Internet: <<http://www.youtube.com/watch?v=g2s3ILFxQjM&feature=related>>)

We do watch less TV, but for enterprises' sake, we stick to Internet and multitasking, which is simultaneously completing several tasks, like watching TV, surfing through Internet and using smartphone at the same time. And multitasking does not hurt commercial's efficiency either. Some research shows that multitaskers often do pay attention to commercials and afterwards look for more information on intriguing brand or new product in the Web (Zigmond, Stipp 2011). In a sense, commercials make them act and wise companies make use of this trend and wait for them there.

To attract or sustain customers' attention companies adopt different advertising approaches. Some stick to family-bound stories, underlining pleasure, safety and warmth - all that we desire and cherish. Others have opposite intentions. They want to provoke and raise controversy to stand out of the competitors and increase probability that the commercial would be longer remembered (and may constitute a hot topic for debates in family' and friends' circles). The number of controversial commercials is growing. Some of them were prohibited, but still are available in the Internet sources. They usually have some sexual overtone (like: Axe spots), convey messages that are not coherent with national policy (for example racist ones), break local taboos (like: Zazoo condoms), are shocking (oral cancer in Singapore). (We do not talk about the ones that are untrue or unconstitutional).



Fig.3. An advertisement played in Singapore to stop smoking (Source: Available from Internet: <<http://www.youtube.com/watch?v=HHA0HRjDgc8>>)



Fig.4. United Colors of Benetton controversial ad campaign “UNHATE” which features world leaders kissing (Source: Available from Internet: http://www.youtube.com/watch?v=6ezq_25eq2o)

Here we can raise a question of the limits of advertising. Can we really base a commercial on every topic? Touch on every sphere of human life? Play with ethical values? It is unknown what proportion of audience like the controversy, but there are voices pronouncing for imposing more rigid law regulations and sector standards. There are advocates of ethical advertising understood as an advertising that stipulates some norms and preserves some values. For example in Poland functions Advertising Council, a special institution responsible for selfregulation in the advertising sector (and a member of EASA Alliance) (Available from Internet: <http://www.radareklamy.org/rada-reklamy.htm>). Its mission is to promote best practices and stigmatize unethical and untrue advertising messages in order to protect consumers and guarantee the highest standards of advertising. It gathers companies willing to obey the Advertising Ethical Code of Conduct and trade associations. Consumers have a right to file a complaint to the Council against a commercial they perceive as offended or aggressive. There are especially strong objections about commercials that discriminate against women. In 2010 the institution gathered 1430 complaints (an increase of 128% in comparison to 2009 and even greater to previous years), most of them (56%) were judged as justified (Available from Internet: http://wyborcza.biz/biznes/1,101562,9222904,W_zeszlym_roku_dwa_razy_wiecej_skarg_na_agresywne.html). This shows sensitivity of consumers and their willingness to oppose to advertising they do not like. Is it one of signs that consumers are no longer passive receivers of companies' messages, but want to influence organizational processes and the business reality.

To prove that advertising can follow ethical rules and stay economically efficient, we can draw an example of brewery sector in Poland. It stands

out from the Institute of Media Monitoring's report that not a single beer commercial in the analyzed sample violated the Advertising Ethical Code of Conduct (Available from Internet: <http://www.browary-polskie.pl/media/>). What is more, in many advertisements appeared “responsible” slogan like: “I never drive my car after a drink” or “Alcohol – only for adults” which need to be perceived as a voluntary practice that goes beyond the law requirements and Advertising Ethical Code of Conduct rules. This may prove that breweries feel responsible for their consumers.

This theme seems to interfere with the idea of corporate social responsibility which has strong ethical foundations and requires much of the compliance with set norms.

4. Responsible advertising

To promote ethics and corporate social responsibility we can use advertising as well. However this match may not seem obvious. Traditional targets of advertising differ from goals of social and environmental projects. But if we take broader perspective, they may reinforce themselves. Information about company's involvement in campaigns aimed at reducing carbon footprint or diminishing hunger among school children can become only a PR tool. But can also serve a higher goal of winning more consumers and business partners for a certain idea and creating them opportunity to actively engage in a valuable initiative. It is up to a company how it presents its actions and what priorities it highlights.

Amusing and original advertising may be an effective tool to make a stronger bond with customers. Wayne Visser advocates for an evolutionary approach toward adopting CSR philosophy by business (Visser 2011; Visser, Bachnik 2011). He argues that it depends on the organizational maturity what is the attitude of a company toward corporate social responsibility and to what extent it incorporates the idea into its functioning. At first companies may take up defensive stand trying to minimize the negative effects of their actions, but then they might see value in broader CSR engagement. It may have roots in a belief to gain positive PR, but may result from a whole CSR strategy that looks for connections between core business lines and social initiatives. How a company perceives CSR depends on the organizational and external context, but influences to a great extent how advertising is designed, planned and executed.

There are already enterprises that see value in promoting themselves through CSR initiatives. They try to bind their brands with certain values and convince customers that they really care and

want to contribute to solving social problems. By positioning themselves as members of a greater community, companies may better penetrate their customers' preferences, beliefs and expectations and in effect find business solutions and design products that correspond to them. This may result in an improvement of a company's image, an increase in customers' loyalty, a gain of new customer base and a possibility to influence buying decisions. Infusing some social content in advertising may therefore bring some additional benefits to fulfilling social goals that are valuable enough to strive for them per se. We should then reconsider the aims of traditional advertising and think of re-focusing it a little.

Take an example of Danone. This company seems to fully recognize the need to stay responsible not only for her products. It designed a social action to fight with children's malnutrition which is a great problem in Poland and seeks responsible solutions threefold. First, it designed a „Share a meal” programme in order to provide as many as possible free meals for children in need. Second, it created a special breakfast meal, Milky Start, rich in minerals and vitamins and sells it at really low price so that the poorest can afford it. And third, Danone engages in charity actions organized by food banks (Available from Internet: <<http://danone.pl/Spoleczna-odpowiedzialnosc-CSR/Spoleczenstwo/Spoleczna-odpowiedzialnosc-Srodowisko-Walka-z-niedozywieniem-dzieci>>). This CSR engagement is tightly connected to the core business of Danone. Apart from unselfish motives, the company can also reap more rational benefits. And it does not diminish its role in raising the social awareness of the problem of malnutrition among children and creating solutions to reduce the scale of this problem.



Fig.5. Danone's CSR engagement (Source: Available from Internet: <<http://danone.pl/Spoleczna-odpowiedzialnosc-CSR/Spoleczenstwo/Spoleczna-odpowiedzialnosc-Srodowisko-Walka-z-niedozywieniem-dzieci>>)

Faced with diminishing trust toward companies and information released by them, the CSR activities serve as a new opportunity to build or

strengthen relationships with stakeholders. Research shows that Internet users are more likely to trust their observers, fans and friends in the Web than corporate experts; they look for advice and recommendations from other sources than producer's sites or products' labels. This behavioural trend changes the way companies should communicate with their stakeholders a lot.

Every company wants to have only positive publicity. But in the Internet era, it is impossible to sustain. Every user possesses tools to share opinions, reflections, experiences with others and no company can stop it or forbid it. For example, a musician Dave Carroll „was so incensed that the United Air Lines rejected his damage claim after its baggage handlers broke his guitar that he made a catchy YouTube video, „United Breaks Guitars” - eight million people have already viewed this decidedly negative take on United Brand” (Bernoff, Schadler 2010). It can however try to engage in these debates and conversations, try to explain its rationale, apologize for mistakes, and reveal future plans.

5. Conclusions

Corporate social responsibility is a widely discussed and hot theme for enterprises, researches, public institutions, non-profit organizations and consumers. It focuses on the role business sector has to play in order to fulfill some social goals and its impact on surrounding communities. Companies are now forced to meet those more social needs of their clients and therefore need to stay more transparent and inform widely about the actions they undertake. Modern technology enables them to communicate two-way and stay more closely to their stakeholders.

Marketing and advertising is an organizational function that is especially susceptible to these changes. It may sustain its traditional shape, but this strategy will not prove successful in the long run. Companies need to transform its advertising campaigns and take into account the changing aspirations, expectations and needs of their stakeholders. Infusing some social content and revealing concerns about social challenges may change the company's image and give ground for mutual trust (under the condition that the messages convey true facts). Enterprises need to consider also the ethical aspect of advertising to decide whether they want to risk controversial but potentially intriguing commercial or to play safe and focus purely on value proposition presented in an amusing way.

An example of one social campaign shows that advertising can be effective and liked and serve some higher goals. The campaign „Drink milk –

you will be great” has had its eighth edition in 2011 in Poland. These are short-term, but widely publicized spots leveraging successful celebrities, to draw attention and promote drinking milk – the most basic nutrition element that is often neglected or overlooked, but stays an important health factor.



Fig.6. Advertisement of the social campaign „Drink milk – you will be great” with Marcin Gortat (Source: Available from Internet: <<http://www.youtube.com/watch?v=Aj42Sbc6hT0>>).

References

- Adamczyk, J. 2009. *Spoleczna odpowiedzialność przedsiębiorstw*, Polskie Wydawnictwo Ekonomiczne, Warsaw, Poland.
- Advertisement of the social campaign „Drink milk – you will be great” with Marcin Gortat. Available from Internet: <http://www.youtube.com/watch?v=Aj42Sbc6hT0>
- An advertisement played in Singapore to stop smoking. Available from Internet: <http://www.youtube.com/watch?v=HHA0HRjDgc8>
- Bachnik, K. 2011. Kultura organizacyjna a wdrażanie inicjatyw z obszaru społecznej odpowiedzialności biznesu, in *Spoleczna odpowiedzialność biznesu w nowej gospodarce*, await publishing.
- Bachnik, K. 2011. Kulturowo etyczny wymiar społecznej odpowiedzialności biznesu, in *Spoleczna odpowiedzialność organizacji. Polityczna poprawność czy obywatelska postawa?*, await publishing.
- Bachnik, K.; Szumniak, J. 2010. Społeczna odpowiedzialność przedsiębiorstw w praktyce. Model biznesowy Innocent Drinks, in Pisz, Z.; Rojek-Nowosielska, M. (Eds). *Spoleczna odpowiedzialność organizacji. Perspektywa badawcza i wyzwania praktyczne*, Wyd. UE we Wrocławiu, Wrocław, Poland.
- Bernoff, J.; Schadler, T. 2010. Empowered, *Harvard Business Review*, July-August.
- Bernoff, J.; Schadler, T. 2010. *Empowered: Unleash Your Employees, Energize Your Customers, Transform Your Business*, Harvard Business Review Press, USA.
- Blowfield, M.; Murray, A. 2008. *Corporate responsibility. A Critical Introduction*, Oxford University Press.
- Danone’s CSR engagement. Available from Internet: <http://danone.pl/Spoleczna-odpowiedzialnosc-CSR/Spoleczenstwo/Spoleczna-odpowiedzialnosc-Srodowisko-Walka-z-niedozywieniem-dzieci>
- Epstein, M.J. 2008. *Making Sustainability Work*, Greenleaf Publishing.
- Frederick, W.C.; Davis, K.; Post, J.E. 1988. *Business and Society. Corporate Strategy, Public Policy, Ethics*, McGraw-Hill Publishing Company, New York-Toronto.
- Gargała: Serce i Rozum pokazały TP jako markę rozrywkową. Available from Internet: <http://www.wirtualnemedial.pl/artykul/gargala-serce-i-rozum-pokazaly-tp-jako-marke-rozrywkowa#>
- Hartman, J. 2011. (edited by K. Bachnik) Między jasnymi wyborami a różnymi odcieniami szarości, *Harvard Business Review Polska*, September.
- Hemp, P. 2010. Death by information overload, *Harvard Business Review*, September.
- Innocent Drinks commercial. Available from Internet: <http://www.youtube.com/watch?v=aSvt1HG8ZRw>
- Li, Ch.; Bernoff, J. 2008. *Groundswell. Winning in a World Transformed by Social Technologies*, Harvard Business Review Press, USA.
- May, S.; Cheney, G.; Roper, J. 2007. *The Debate over Corporate Social Responsibility*, Oxford University Press.
- O’Connell, A. 2010. Nagrywarki cyfrowe zasługują na sympatię reklamodawców, *Harvard Business Review Polska*, December 2010 - January 2011.
- Paliwoda-Matiolańska, A. 2009. *Odpowiedzialność społeczna w procesie zarządzania przedsiębiorstwem*, Wydawnictwo C. H. Beck, Warsaw, Poland.
- Pisz, Z.; Rojek-Nowosielska, M. (Eds). 2010. *Spoleczna odpowiedzialność organizacji. Perspektywa badawcza i wyzwania praktyczne*, Prace Naukowe Uniwersytetu Ekonomicznego we Wrocławiu nr 100, Wrocław, Poland.
- Piwo reklamowane etycznie. Available from Internet: <http://www.browary-polskie.pl/media/>
- Porter, M. E.; Kramer, M.R. 2006. Strategy and society: the link between competitive advantage and corporate social responsibility, *Harvard Business Review*, December.
- Powell, J. 2008. *33 Million People in the Room. How to Create, Influence and Run a Successful Business with Social Networking*, Pearson, USA.
- Prahalad, C. K.; Nidumolu, R.; Rangaswami, M.R. 2009. Why sustainability is now the key driver of innovation, *Harvard Business Review*, September.
- Qualman, E. 2009. *Socialnomics. How Social Media Transforms the Way We Live and Do Business*. USA: John Wiley & Sons.
- Rada Reklamy. Available from Internet: <http://www.radareklamy.org/rada-reklamy.htm>
- Ratuszniak, B. 2011. Case study: Serce i Rozum wirusowo zarażają sieć. Available from Internet: <http://interaktywnie.com/kreacja/artykuly/wideo/cas-e-study-serce-i-rozum-wirusowo-zarazaja-siec-20019>
- Report *Sustainability 2.0: Current trends at the confluence of social media and CSR*.

- Rok, B. 2004. *Odpowiedzialny biznes w nieodpowiedzialnym świecie*, Akademia Rozwoju Filantropii w Polsce, Forum Odpowiedzialnego Biznesu, Warsaw, Poland.
- Smith, N. C.; Lenssen, G. (Eds). 2009. *Odpowiedzialność biznesu. Teoria i praktyka*, Studio EMKA, Warsaw, Poland.
- Szumniak-Samolej, J. 2010. *Spoleczna odpowiedzialność biznesu w erze Web 2.0*, unpublished PhD dissertation AT Warsaw School of Economics, Warsaw, Poland.
- Tapscott, D.; Williams, A. D. 2008. *Wikinomia. O globalnej współpracy, która zmienia wszystko*, Wydawnictwa Akademickie i Profesjonalne, Warsaw, Poland.
- The Heart and the Mind in a Telekomunikacja Polska SA spot. Available from Internet:
<http://www.youtube.com/watch?v=g2s3ILFxQjM&feature=related>.
- United Colors of Benetton controversial ad campaign "UNHATE" which features world leaders kissing.
- Available from Internet:
http://www.youtube.com/watch?v=6ezq_25eq2o
- Visser, W. 2011. *The Age of Responsibility. CSR 2.0 and the New DNA of Business*, Wiley & Sons.
- Visser, W.; Bachnik, K. 2011. Rewolucja w CSR (interview), in *Odpowiedzialny biznes 2011. CSR 2.0*, publication of Harvard Business Review Polska, Warsaw, Poland.
- W zeszłym roku dwa razy więcej skarg na agresywne reklamy. Available from Internet:
http://wyborcza.biz/biznes/1,101562,9222904,W_ze_szym_roku_dwa_razy_wiecej_skarg_na_agresywne.html
- Zigmond, D.; Stipp, D. 2011. Multitasking nie obniża skuteczności reklamy, *Harvard Business Review Polska*, April 2011.