

CORPORATE SOCIAL RESPONSIBILITY – CORPORATE BRANDING RELATIONSHIP: AN EMPIRICAL COMPARATIVE STUDY

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Abstract:

Current academic research on the relationship of firms' CSR activities with corporate branding typically focuses on consumers' and shareholders' viewpoints. This research aims to shed light on how organisational members in firms perceive to be the impact of CSR activities upon their corporate brand strategy. Using a survey administered to companies in the U.K. and Bulgaria, the author investigate, firstly, organisational members' perceptions of the impact of different CSR-related activities upon corporate branding and, secondly, their beliefs about what customers and shareholders think are the impacts of CSR-related activities upon brand image and brand identity. The findings indicated that while organisational members rated quality products, customer service and corporate governance highly as key components of CSR activity, they were much more ambivalent about their companies' commitment to broader actions which involve the 'community' and 'society'. This paper concludes by discussing the implications of the findings for future 'CSR education' among companies.

Keywords: Corporate social responsibility, corporate branding, brand image

Introduction

Research on corporate branding has, in recent years, demonstrated a growing reflexivity about how brands are perceived by various actors inside and outside organisations and their responses to those perceptions (Brown and Dacin, 1997). According to this line of thinking, the discipline of corporate branding needs to be understood not only as a means of positioning, marketing and 'selling' a certain set of associations and images to consumers, it should also consider how consumers, employees, shareholders, suppliers and other interested parties respond to a company based on what they think they know about it. The *expression* of an organisation's identity (or identities) through multiple channels, media platforms and business functions has, therefore, received increasing attention from scholars in corporate branding (Schultz, Hatch and Larsen, 2000).

Because the organisation is now conceived of as an 'expressive' entity capable of influencing the opinions of a range of stakeholders, both internally and externally, several scholars have called for a more integrative and multidisciplinary approach to the study of organisational identity, an approach which can more comprehensively articulate the ways in which organisations perceive themselves and how they want to be perceived by others (Dacin and Brown, 2002, 2006; Schultz, Hatch and Larsen, 2000).

Conceptual framework

The role of corporate social responsibility or CSR to this process of brand expressiveness is particularly interesting since it inherently involves the management of corporate image and reputation *in* and *through* the eyes of others. Marketers are conscious that CSR actions are scrutinized and

watched closely not only by consumers but by a range of stakeholders, including the mass media. With the rise of environmental consciousness in the 21st century, marketers are more aware than ever that corporate brand strategies must reflect cultural trends in the wider environment to which businesses belong. CSR, especially, lends special force to the belief among researchers that brands today should embody “community meanings” (Brown et al., 2003, p. 31) which transcend national, cultural, ethnic and linguistic boundaries.

As a result of these developments, ethical responsibility is one of the most compelling drivers of intangible corporate assets today. The role of CSR in building brand identity and brand reputation has become increasingly important amidst signs that consumers are becoming more cynical about corporate promises in the areas of environmental awareness, ethical practices in areas ranging from legal and regulatory compliance, human resource management and social accountability. The perceptions of consumers to CSR activities are, therefore, a major concern for marketers and marketing scholars.

Marketers, understandably, typically favour research on how customers respond to firms’ CSR activities. Thus, much academic research has been generated on the reactions of consumers to CSR actions by companies (e.g. Barone, Miyakazi and Taylor, 2000; Bhattacharya and Sen, 2003; Brown and Dacin, 2007; Gourville and Rangan, 2004). On the individual level of analysis, however, there is a dearth of research into how “organisational insiders” (Brown et al., 2006: 102) perceive CSR and its impact upon corporate identity and the corporate brand. In this paper, the author aims to shed light on organisational members’ perceptions of CSR in terms of their beliefs about what others think of the organisation (Dacin

and Brown, 2006; Brown et al., 2006). This is what Brown et al. (2006) call “construed associations,” framed as the question “What does the organisation believe others think of the organisation?” By addressing this question through the lens of CSR, our research questions are thus (1) What impact does CSR have on firms’ corporate branding according to the managers and (2) What do managers believe others (customers and shareholders) think is the impact of the firm’s CSR activities upon its brand image?

Corporate Social Responsibility: “Push” vs. “Pull” Approach

CSR is rooted in the recognition that businesses are an integral part of society and that as such they have the potential to make a positive contribution to social goals and aspirations. Different organisations have framed a variety of definitions. The Commission for the European Communities defines CSR as “a concept whereby companies integrate social and environmental concerns in the business operations and in their interactions with their stakeholders on a voluntary basis”. According to Wood (1991) “the basic idea of CSR is that business and society are interwoven rather than distinct entities”. More generally, a distinction has been drawn between CSR seen as philanthropy as opposed to CSR as core business.

A variety of factors are cited as being important in building the current momentum behind CSR. Ernst & Young suggest that five key drivers have influenced the increasing business focus on CSR, namely greater stakeholder awareness of corporate ethical, social and environmental behaviour; direct stakeholder pressures; investor pressure; peer pressure and an increased sense of social responsibility. The European Commission argues that CSR has gained increasing recognition

among companies as an important element in new and emerging forms of governance because it helps them to respond to fundamental changes in the overall business environment. These changes include globalisation and the responsibilities companies feel the need to address as they increasingly source products and services in developing countries; the issues of image and reputation, which have become increasingly important elements in corporate success; and the need for companies to recruit and retain highly skilled personnel. Girod and Bryane (2003) adopt a strategic marketing perspective arguing that CSR is “a key tool to create, develop and sustain differentiated brand names”. It is widely argued that the business ethos generally speaking has started to subscribe to the principle “show me” rather than just “trust me”. Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity (Zairi, 2000).

CSR could be implemented successfully as a long-term strategy if a new relationship between corporations and their stakeholders has been developed. As a result a societal value-added could be achieved. Nelson (1998) proposes an approach based on the following three elements for building societal value-added: 1/ efficient and ethical pursuit of core business activities, 2/ social investment and philanthropy, 3/ contribution to the public policy debate. The implementation of those elements into business practice of CSR could be done following two different approaches. Some people see business as sitting in the middle with both societal and political pressures coming at it from the outside. This consists the “push” side of the CSR framework. The second point of view is to perceive the CSR as coming from the business idea (the “pull” side). The main difference

between them depends on the drivers which are used to stimulate responsible behaviour of the companies. The main drivers for the implementation of the “push” approach into practice are the standards. In order to translate the CSR agenda into organisational settings, there are currently several standards available. These standards deal with different aspects of the CSR agenda and offer (or are going to offer) a certification against specific requirements. The “pull” approach relies mainly on self-regulation or on initiatives launched by the companies itself. There are various principles (e.g. the CERES principles¹ that the global business community has started to adhere to on a voluntary basis in order to keep a balance between those two sides. Other principles and standards include: 1/ principles for global responsibility (benchmarks for measuring business performance); 2/ the CAUX round table (principles for business); 3/ the business charter for sustainable development (principles for environmental management); 4/ UNDP Global Contract Initiative; and 5/ social responsibility initiative by the Foundation for Ethics and Meaning.

Corporate Social Responsibility and the Impact on Brands

It is clear, based on the evidence in the literature, that CSR is now an integral part of corporate governance for many firms. Given the increasingly important role which *marketing* plays in corporate governance (Nath and Mahajan, 2008), the question, therefore, of the strategic role which CSR can play in corporate marketing is an intriguing one. The question is pertinent for a wide range of industries. In the retailing and luxury goods segment, for instance, Girod and Bryane (2003) have examined both ‘anti-modernist’ and ‘post-modernist’ perspectives on how CSR can “create, develop and sustain differentiated brand names”. In a recent

CSR report on the world's 'top ten luxury brands', the WWF cautioned celebrities against endorsing any of them because of their poor governance records (Guardian Unlimited, 2007). The aviation and ICT industries are also under heavy scrutiny by government, industry groups and environmental activists for their carbon footprint. These stakeholders are not generally the target of branding campaigns by these industries; yet, companies like Easyjet and IBM are keenly aware that their CSR records directly affect their brand associations in the minds of consumers (Lim, 2008). It is widely argued by now that the business ethos generally speaking has started to subscribe to the principle "show me" rather than just "trust me". Corporate social accountability and reporting is therefore seen as a key driver for engaging the wider community as an important stakeholder in business activity (Zairi, 2000).

The increasing importance of CSR at the corporate board level coincides with a growing interest among scholars in corporate marketing as a distinctive model of marketing in its own right. Balmer and Greyser (2006) call this the "corporate model" of marketing. The components of this model are strongly aligned with current conceptualizations of CSR: they include the 'stakeholder orientation (including future as well as present stakeholders), 'organisational support' (coordinated organisational activities which support the stakeholder orientation); an 'end-focus' which goes beyond the profit motive and a 'societal application' which takes into account the future societal needs of stakeholders and sensitivity to "the organisation's inheritance where applicable" (Balmer, 2001). Taken as a whole, these

components of corporate marketing are clearly an extension of CSR orientations. Although Balmer and Greyser (2006) do not explicitly describe the relationship between CSR and its impact on the corporate brand, their most recent adaptation of earlier work in this area strongly resonates with CSR debates. Other studies which attempt to analyse the impact of CSR upon a firm's brand have focused on the public and media communications aspects. The importance of having a credible programme in place is emphasised, as are credible public relations and reputation management approaches.

Conceptual Model of the of the Impact of CSR on Corporate Branding

The role which CSR plays in developing corporate brands and corporate branding, however, is poorly understood. There is little empirical research focusing, firstly, on what impact CSR has on corporate branding and, secondly, on what CSR managers do to manage this impact. Specifically, the research questions driving this article are: (1) what impact does CSR have on firms' corporate branding and (2) what do managers believe others (customers and shareholders) think is the impact of the firm's CSR activities upon its brand image?

The conceptual model which we present in Figure 1 is based on the literature review on the components of CSR and corporate brands and the analysis of secondary data of various sources. It captures the emerging debates around CSR and brand-building as a 'push-pull' cycle.

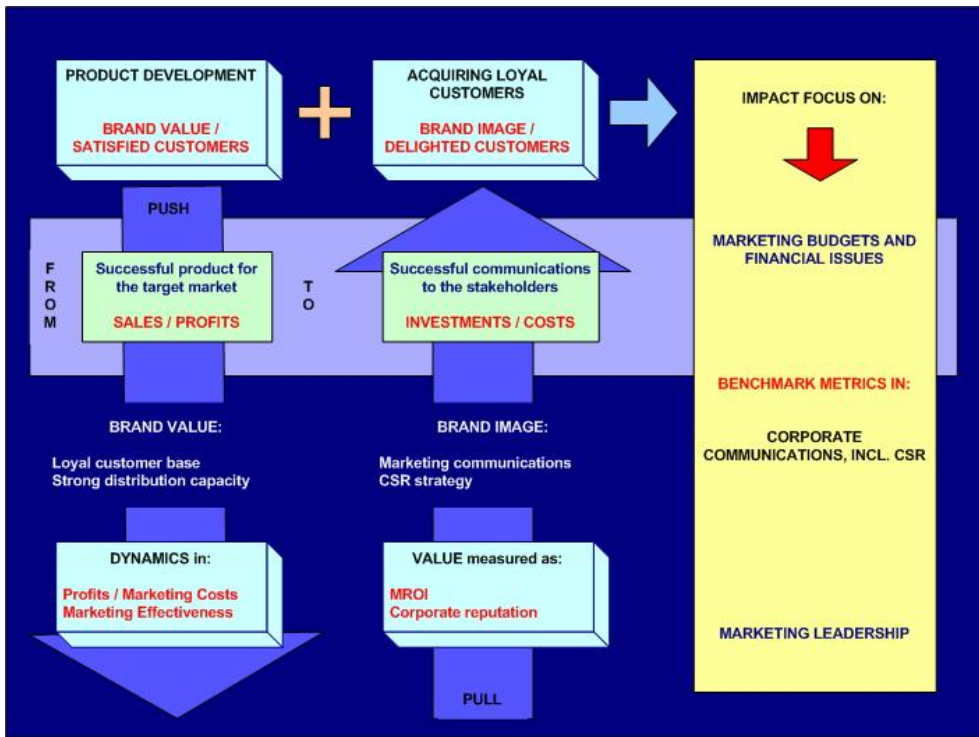


Figure 1. A Conceptual Model of the Impact of CSR on Corporate Branding

The conceptual model represents the author's theses for the first research question, namely, that CSR influences corporate branding strategy from a 'holistic' point of view which includes all stakeholders. Therefore, we expect that CSR managers' management of such impacts are contingent on their understanding of these factors. An insight into these research questions is important because CSR is having an increasingly major impact upon corporate branding strategies and how they are managed. Such a strategy has managerial implications for the role of CSR managers in firms. By exploring their decisions and actions taken with respect to the impact of CSR on brand strategy, both a theoretical framework for conceptualizing the interrelationship between CSR and branding as well as an empirical basis for testing unproven theses have been provided. The underlying idea of the model is that companies should be proactive by responding early to the concerns of their

stakeholders ("pull" approach) instead of reacting in a passive way to the regulations or to the stakeholders' pressure ("push" approach). By applying the "pull" approach companies can integrate all the elements of their corporate marketing strategies in a consistent way with a long-term positive results for their reputation. These efforts present a challenge – and of course an opportunity. For business as a whole, it represents a new chance to re-engage with the public – to talk about business's role, and beyond that about the joint responsibilities of business and consumers to address environmental and social issues. For an individual business, it offers an opportunity for competitive edge; to become a company with whom consumers are happier and more comfortable doing business. The proposed model is dynamic since we suggest that pull-push combination is vibrant or pulsing by its nature (pull<push, pull=push, pull>push) depending on the level of

marketing development of the company².

Research method

In order to characterise the current situation of CSR practices of Bulgarian companies author has reviewed the CSR reports and information about CSR activities of Bulgarian companies provided by Bulgarian Business Leaders Forum (BBLF), the UNDP Report on CSR in Bulgaria for 2007 as well as the publications containing key word “CSR” published by the monthly newspaper “Capital” during the period January – May 2008. The underlying hypotheses for the second two research questions were tested with an web-based empirical study. The questionnaire itself was divided into three sections. The first section aims to measure the overall attitudes of the managers toward CSR and the main benefits of applying CSR activities. The second section contains questions about the components of the firm’s CSR activities and their effect on marketing strategy. These components are grouped into three sets, namely (i) community and environmental responsibility, (ii) ability to attract, develop, and keep talented people, and

(iii) use of corporate assets. The last section provides data about respondents and studied firms. Two types of Likert scale are used. The first one is 5-point scale (1 = not very important; 3 = relatively important; 5 = very important) while the second one is 10-point scale (1 = not effective at all; 5 = relatively effective; 10 = extremely effective). The importance of factors is measured on 5-point scale with 5 = the most important; 1 = the least important.

The profile of UK and Bulgarian companies involved in the survey is assessed by the type of the ownership, number of employees, market share, turnover spent on R&D, respondents’ experience and position in the company, and type of industry. Surveyed UK companies are private (75%), state-owned (12.5%) or collectively owned (12.5%). The predominant number (87.5%) are small and medium-sized companies. The following industries are included in the survey: retail, financial, public sector, hospitality, telecommunications, recruitment, NGOs. The distribution of the studied companies by market share and turnover spent on R&D is presented on Figures 2 and 3.

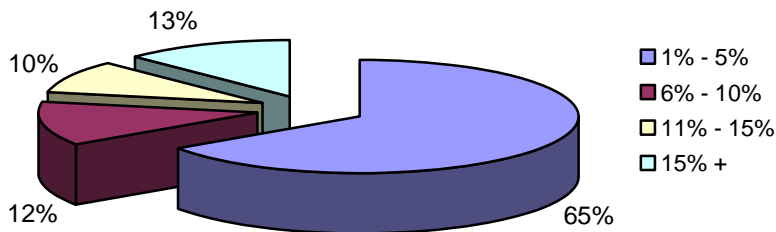


Figure 2. Distribution of the companies by market share

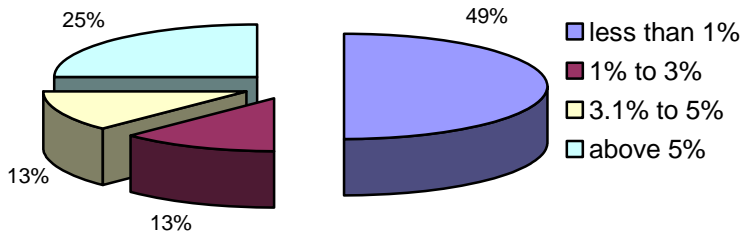


Figure 3. Distribution of the companies by turnover spent on R&D

Surveyed Bulgarian companies are private (37.5%) or owned by a foreign company (63.5%). Forty-two percent are small and medium-sized companies and the rest 58% are large companies. The following industries are included in the survey: banking, real estates, commerce, insurance, services of general interest, food industry. The distribution of the studied companies by

market share and turnover spent on R&D is presented on Figures 4 and 5. All respondents have an experience in the surveyed companies up to four years with the majority of them between two and four years. They are managers or head of departments in their companies, predominantly HR and marketing.

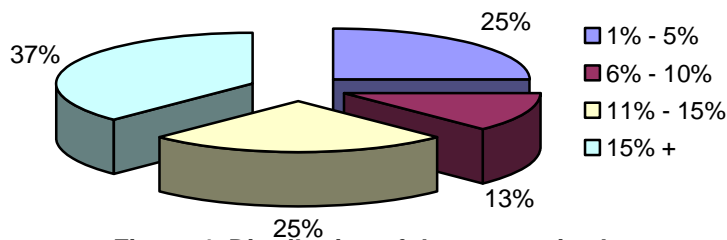


Figure 4. Distribution of the companies by market share

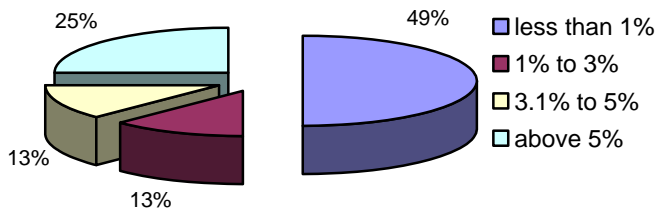


Figure 5. Distribution of the companies by turnover spent on R&D

Results

As a post-communist country Bulgaria is one of the economies which experienced rapid changes without coherent strategies in the economic and social spheres. After the recovery from the dramatic crisis of 1996-1997, the 1998-2001 period is marked by a speedy privatization and liberalization of the market (the energy sector, the banks and telecommunications). A currency board was introduced in 1997 to stabilize the national currency after the hyper-inflation of 1996. Unfortunately the country's competitiveness environment does not measure up to that of most other members of the EU. Business continues to complain of strong regulation which results in higher costs.

According to the UNDP Report on CSR in Bulgaria for 2007 there is a direct link between the economic reforms, the rates of privatization and the emergence of successful CSR practices in Bulgaria. The period 2000 – 2002 could be considered as a starting point at which business and market activities began to reach normal levels of their development and to adopt responsible business practices such as cause-related marketing. In 2004 a National Round Table for Social Standards was set up as part of a three-year regional project covering 11 countries and implemented in Bulgaria by the Balkan Institute of Labour and Social Policy. Two years later BBLF³ launched the Annual Awards for Responsible Business (Table 1).

Table 1

Companies and Initiatives Awarded by BBLF, 2007

Category	Prize	Company	Initiative
Investor in human capital and work conditions	1 st prize	Overgas Inc.	Professional development and social responsibility toward the personnel
	2 nd prize	Orgahim JSC	From school to the modern European development
	3 rd prize	AstraZeneca Bulgaria	Talent development and satisfying recognition
Cause-related marketing	1 st prize	Avon Cosmetics	Campaign for breast cancer prevention "To the life with love"
	2 nd prize	Globul	"Let's hear children's dreams" programme

	3 rd prize	Schenker Ltd.	National chain of street basketball competition for children "Streetball – Schenker"
Investor in society	1 st prize	Danone Serdika	Annual football competition for children "Danoniada"
	2 nd prize	AstraZeneca Bulgaria	For the entire and complete programme for CSR for 2007
	3 rd prize	Eco Elada	"Call when you arrive" campaign
Investor in knowledge	1 st prize	Intracom Bulgaria	"Ready for success" campaign which was aimed at supporting orphan students by providing scholarships
	2 nd prize	Kraft Foods Bulgaria	Project "Health in school"
	3 rd prize	Microsoft Bulgaria	Curriculum and training classes for children safety in Internet
Investor in environment	1 st prize	Devnja Cement	Building new installations which meet all standards for environment protection and safety
	2 nd prize	Chelopech Mining	Programme for recultivation of the area of Chelopech mines
	3 rd prize	Assarel Medet	Project "Ecological responsibility 2007"

Assessment criteria of the Annual Awards for Responsible Business include: 1/ particular benefit to the society; 2/ partnership; 3/ involvement of the company's employees; 4/ duration and continuity of the initiative; 5/ social recognition; and 6/ innovativeness. An interesting fact is that E.ON Bulgaria was a general sponsor of the Annual Awards for Responsible Business despite the blackout crisis in Varna region in 2006. This raises a question if the sponsorship of E.ON represents a PR activity aimed at "polishing" its image among the stakeholders or is it a real concern about responsibility to the society? According to the proposed conceptual model a single activity aimed at the society (sponsorship) cannot reverse the negative attitude of the consumers created as a result of the low quality

level of provided services. Sometimes it even can accelerate it in a short-term as well as to create a distrust in a long-term. Perceiving CSR as a tool for solving business problems in a short-term could be considered as a CSR myopia⁴. Companies should not use CSR as a substitute or a compensation tool which can neutralise the bad effects of company's market failures.

The overall attitude of the respondents toward the importance of CSR for their companies is more or less important. The majority of the respondents (62.5%) consider it as quite important while 25% – as very important. All respondents have a common understanding about CSR with the main focus on social engagements of the companies. Customers and employees are considered to be the main target groups of CSR.

Table 2

Summary of the respondents' understanding of CSR

Stakeholders	<ul style="list-style-type: none"> ▪ Customers ▪ Employees 	<ul style="list-style-type: none"> ▪ Society
Target issues	<ul style="list-style-type: none"> ▪ Social life ▪ Business practice and partners ▪ Environment 	<ul style="list-style-type: none"> ▪ Economy ▪ Standard of life
Activities	<ul style="list-style-type: none"> ▪ To improve working conditions ▪ To provide better social services ▪ To promote social commitment ▪ To integrate the social engagements of the company ▪ Sponsorship programmes ▪ To produce high quality products and services 	<ul style="list-style-type: none"> ▪ To support and to develop a positive image ▪ To take care about the personnel ▪ To take care about environment ▪ To develop social norms and standards ▪ To provide working places

The exemplary Bulgarian companies in their performance of CSR activities mentioned by the respondents at the first place are Kamenitza⁵, Fama, Mauer Locking Systems, Telerik and Bella⁶. Other examples include mobile operators such as Mobiltel and Vivatel⁷, mass media (bTV⁸ and radio Varna), high tech companies (Systech Holding). The answers on the same question but for international companies include McDonald's, Danone Group, Piraeus Bank, E.ON⁹, Microsoft, Apple, TNT, Avon, Toyota, Nestle, insurance companies such as Bulstrad (part of TBI Group), Allianz, UNIQA.

The perception of an exemplary company in its performance of CSR activities differs between UK and

Bulgarian managers except the second most important characteristic. UK managers think that such a company should possess: 1/ ecological and social awareness, 2/ clear organisational strategy, vision, mission, goals, culture, and 3/ strong and distinctive corporate brand image while Bulgarian managers arrange the three most important characteristics in a different way: 1/ adaptability and flexibility, 2/ clear organisational strategy, vision, mission, goals, culture, and 3/ successful, motivated and contented employees. Both UK and Bulgarian managers agree that the main benefit of applying CSR activities is image and reputation enhancement (Table 3).

Table 3

The main benefits of applying CSR activities

Benefits	UK		Bulgaria	
	Mean	Median	Mean	Median
Recognition by the public and stakeholders	3.57	4.00	4.13	4.00
Image and reputation enhancement	4.25	4.00	4.63	5.00
Staff motivation and loyalty	2.88	3.00	3.63	4.00
Financial efficiency	2.63	2.50	2.75	2.50
Influence on organisational values, culture, mission, goals	3.63	3.00	4.13	4.50
Product brand support	4.13	4.00	3.63	3.00
Market position support	4.00	4.00	3.38	3.50
Customer satisfaction	3.75	3.50	3.63	3.50

Advertising / communications support	3.38	3.50	3.75	4.00
Staff recruitment and retention	2.88	2.50	3.13	2.50
Trust-building among stakeholders	3.25	3.00	4.25	4.50

1 = not benefit at all; 3 = relative benefit; 5 = strong benefit

UK managers perceive CSR activities as supporting their product brand and market position while for Bulgarian managers it is still unclear how their companies benefit from CSR activities financially (shareholders as a target group) and how to integrate the communication effects (brand personality and relationship elements

from the conceptual model, Figure 1) together with market benefits (e.g. increasing sales). What the managers are really interested in is actually the financial aspect of the CSR or being more precise how to use corporate assets in applying CSR activities as a part of company's branding strategy (Tables 4 and 5).

Table 4

Level of importance and level of impact of the CSR activities to the company's branding strategy, UK

CSR Activity	Level of importance	Level of impact
COMMUNITY AND ENVIRONMENTAL RESPONSIBILITY	3.63	6.50
Ethical practices	4.63	8.25
Non-polluting, safe and non-toxic products	3.75	7.50
High quality of work life	3.38	5.88
Able to account for the overall welfare of the society	3.25	5.63
Supporting the community	3.63	6.13
The sense that the company is aware of its place in the environment and conscious of its need to contribute	3.13	5.88
Environmental, socio-economic, health and safety, and community awareness	3.63	6.25
ABILITY TO ATTRACT, DEVELOP, AND KEEP TALENTED PEOPLE	3.54	6.13
An attractive employer profile	3.50	6.00
A learning company	3.50	5.63
Open management style	3.25	5.63
High ethical standards	4.38	7.13
Strategic orientation combined with a performance-based reward system	3.38	6.25
Flexible, "humane", enjoyable work environment	3.25	6.13
USE OF CORPORATE ASSETS	3.50	5.25
Able to generate new capital	3.50	5.00
Able to withstand market fluctuations	2.88	4.50
Wisely leveraged	2.75	4.50
Socially responsible, environmentally sound and sustainable	4.25	5.75
Ethical	4.50	6.50
Ability and willingness to use the company's capital for growth in income	3.13	5.25

Note: 1 = not very important; 3 = relatively important; 5 = very important; Mean is used as a measure for the level of importance and level of effectiveness.

UK managers focus on the ethical aspect of CSR activities while Bulgarian managers perceive CSR as a tool to withstand market fluctuations.

Table 5

Level of importance and level of impact of the CSR activities to the company's branding strategy, Bulgaria

CSR Activity	Level of importance	Level of impact
COMMUNITY AND ENVIRONMENTAL RESPONSIBILITY	3.29	6.97
Ethical practices	3.75	6.00
Non-polluting, safe and non-toxic products	3.63	7.13
High quality of work life	4.13	8.25
Able to account for the overall welfare of the society	3.38	6.00
Supporting the community	4.00	6.88
The sense that the company is aware of its place in the environment and conscious of its need to contribute	4.13	7.00
Environmental, socio-economic, health and safety, and community awareness	4.00	7.50
ABILITY TO ATTRACT, DEVELOP, AND KEEP TALENTED PEOPLE	4.02	7.86
An attractive employer profile	3.75	7.63
A learning company	4.00	7.88
Open management style	4.00	7.75
High ethical standards	3.75	7.13
Strategic orientation combined with a performance-based reward system	4.13	7.88
Flexible, "humane", enjoyable work environment	4.50	8.88
USE OF CORPORATE ASSETS	4.15	7.38
Able to generate new capital	4.13	7.38
Able to withstand market fluctuations	4.75	8.25
Wisely leveraged	4.25	7.25
Socially responsible, environmentally sound and sustainable	4.13	6.75
Ethical	3.50	7.00
Ability and willingness to use the company's capital for growth in income	4.13	7.63

Note: 1 = not very important; 3 = relatively important; 5 = very important; Mean is used as a measure for the level of importance and level of effectiveness.

The importance of eight different factors affecting the reputation of the company among customers and shareholders as target groups has been evaluated (Table 6 and Table 7).

Table 6

Factors affecting company's customers and shareholders attitudes toward its reputation: level of importance, mean

Factors	Customers attitudes		Shareholders attitudes	
	UK	Bulgaria	UK	Bulgaria
Quality of service given by the staff	4.75	4.38	2.83	3.17
Financial performance/track record	3.17	3.20	5.00	5.00
Image/reputation	4.29	3.25	4.50	4.14
Quality/strength of management	3.29	3.20	4.67	4.00
Quality of products/services	4.71	3.75	3.83	2.86
Honesty/integrity	3.88	3.71	4.67	4.33
Longevity/sustained performance	3.29	3.38	4.67	4.43
Social and corporate responsibilities	3.63	2.80	3.83	2.29

Note: Respondents are asked to rank the five most important factors, with 5 = the most important; 1 = the least important

Table 7

Factors affecting company's customers and shareholders attitudes toward its reputation: level of importance, rank

Factors	Customers attitudes		Shareholders attitudes	
	UK	Bulgaria	UK	Bulgaria
Quality of service given by the staff	1	1	8	6
Financial performance/track record	8	6	1	1
Image/reputation	3	5	5	4
Quality/strength of management	6	6	2	5
Quality of products/services	2	2	6	7
Honesty/integrity	4	3	2	3
Longevity/sustained performance	6	4	2	2
Social and corporate responsibilities	5	7	6	8

Note: Respondents are asked to rank the five most important factors, with 5 = the most important; 1 = the least important

If we compare the data it is obvious that there is a significant difference in perceived importance of the assessed factors depending on the target group of stakeholders. There is only one common factor for both groups among the first three ranked by their importance but only for Bulgaria. The honesty/integrity factor is pointed out for both target groups of stakeholders on the third place. The critical factors influencing company's reputation among customers according to the respondents are the quality of service given by the staff and quality of products/services both for UK and Bulgaria. It is evident that there is a

remarkable consensus among the respondents that the most important factor contributing to the reputation from the shareholders' side represents to be the financial performance/track record, followed by longevity/sustained performance.

Implications for Future Research

Based on the results of the study we suggest to explore further the interrelations of CSR with company branding as a part of the second level of MDI system (Communications/Networks) (Figure 6).

Marketing diagnostics and expertise at level MDI₁ aim at providing knowledge and skills in analysis of product-market strategies, risk assessment as well as selecting metrics and indicators for evaluating marketing

development of certain unit of analysis (company, cluster, region). It assesses whether the companies are in a good position to implement marketing activities to achieve competitiveness by products-markets.

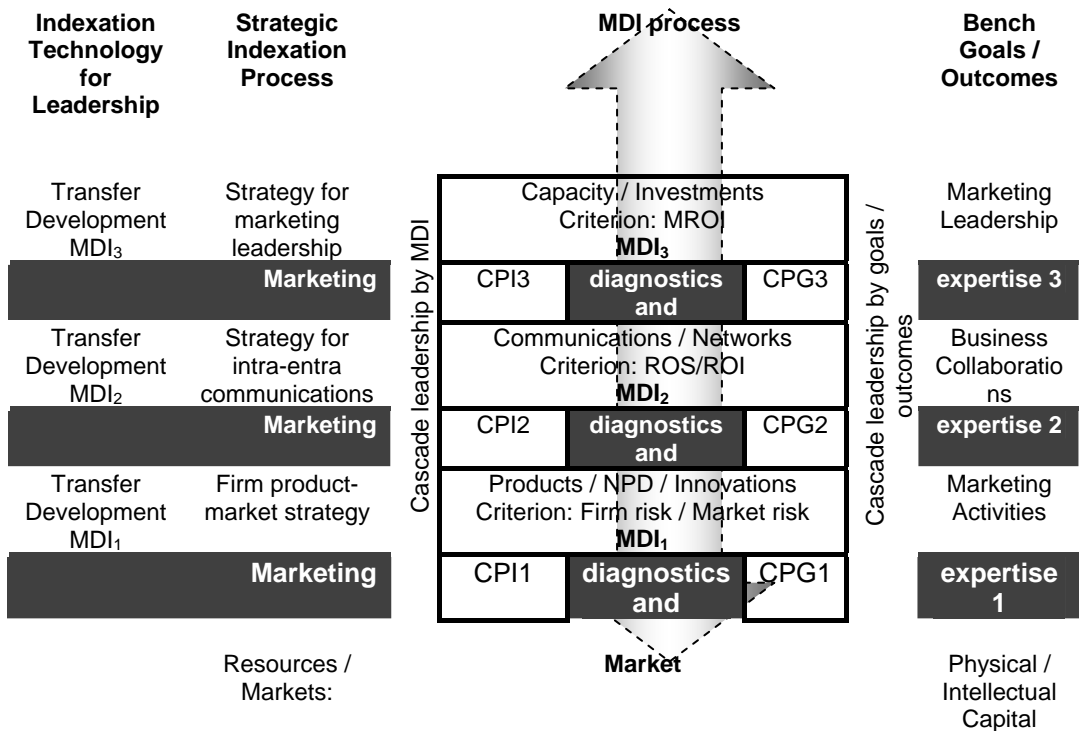


Figure 6. Levels of MDI system

Note: CP = Cascade Point; CPO = Cascade Point by Outcomes; CPG = Cascade Point by Goals

MDI = Marketing Development Index; NPD = New Product Development

MDI₂ develops the idea that business collaborations combined with CSR activities should work as an accelerating machine for knowledge transfer which in turn creates a background for successful intr-entra communications and high levels of ROS/POI. This information is indispensable to examinations of concrete strategies for marketing leadership in MDI₃. MDI system intends to propose a suggestive and assertive model for systematic empirical work on a marketing leadership that defines a

balance between innovations and capacities as well as between investments and competitiveness.

Conclusions

In dealing with the challenges of corporate responsibility, companies should view the issue as integral to the realities of globalization and a major source of learning, relevant to its core business strategy and practices. As practice shows, often business benefits of corporate responsibility are hard-won and frequently, in short term, transient

or nonexistent. Making business logic out of a deeper sense of corporate responsibility requires civil leadership, insightful learning and a grounded process for organisational innovation.

The position of Bulgaria and Bulgarian companies according to the stage of their development as a society and responsible companies is between the risky zone and the opportunity zone. Now it is up to the companies to try to “pull” the society toward the institutionalized stage of its development. Based on the results of the study we can say that by now the

patterns of socially responsible behaviour of Bulgarian companies are still unclear, although the larger and international companies generally tend to have a greater predisposition to respond proactively to societal issues than smaller companies. As a whole companies still apply a policy-based compliance approach as a cost of doing business. A possible explanation is that companies try to mitigate the erosion of economic value in the medium term because of ongoing reputation and litigation risks.

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¹ A ten point code of conduct on companies' environmental performance and accountability. For reference see Green Money Journal (1996) and Zairi (2000).

² Measured by Marketing Development Index (MDI). MDI is a vibrant metric system aimed at identification and supporting the dynamic and sustainable growth and development of companies in time of changes. As a system MDI is structured on three levels of marketing diagnostics and expertise which measures the following balances: "innovations – communications – capacity" and "investments – business networks – competitiveness". The system is supposed to be implemented periodically in order to determine the gaps between goals and outcomes by firm markets depending on the status of so called cascade points – CPI (cascade points by indexation) and CPG (cascade points by goals / outcomes).

³ Two of the main objectives and goals of BBLF include promotion of the principles of ethical business among the managers and entrepreneurs, students and society as a whole, and providing consultancy to and supporting the business in the process of implementation of socially responsible projects.

⁴ With a reference to the popular article of Theodore Levitt "Marketing Myopia", *HBR*, September/October 1975.

⁵ "Kamenitza" is a very popular Bulgarian beer brand which is owned by InBev and holds the second place by sales volume on Bulgarian beer market.

⁶ Fama and Bella are food companies.

⁷ Some of the respondents pointed out Mobiltel and Vivatel as an international companies while others – as a Bulgarian companies. Actually Mobiltel is owned by Telekom Austria. Vivatel is registered as a brand owned by BTC which has been acquired by AIG Capital Partners, Inc., a company of AIG Investments.

⁸ The same confusion is observed for bTV. Actually it is owned by Rupert Murdoch.

⁹ Indicated as the third best by its former Marketing manager.