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A World in Crisis: **The Role of** Public Relations

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Public Reactions to CSR 2.0: A Cross-National Study on Creating Shared Values in the World of Crisis

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Research Gap & Study Purpose

- Creating shared value (CSV) is a popular concept among business managers but it is not yet scrutinized in public relations
- Public reaction to CSV is unknown
- Thus, this study empirically examined the effect of CSV on public trust in and public supportive behavior toward the corporation in comparison to CSR

CSR vs. CSV (1)

- CSR: corporate action to be responsible to the society where it operates
- CSV (Porter & Kramer, 2011): corporate action to make profits by advancing the economic, environmental, and/or social conditions in the society where it operates
- 3 levels of CSV: (1) in products and market, (2) in the value chain, and (3) in the local and regional business environment

CSR

Adidas donates shoes to the poor in Bangladesh



CSV

Adidas manufactures low-cost shoes for the poor in the country that can prevent diseases by partnering with Muhammad Yunus' Grameen Bank

CSR vs. CSV (2)

CSR	CSV
Discretionary or in response to external pressure	Integral to advantage competitiveness (tied to business expertise)
Separate from profits (profits are sacrificed)	Integrated to profits
Profit increase is “assumed”	Profit increase is pursued
Agenda is external driven (e.g., CSR reporting) and personally biased	Agenda is internal driven and strategic (through analysis)
Short term (in practice or in outcome evaluation)	Long term

- CSV (social value resulting from CSR-fit & CSR ability) → positive impact
- CSV (profit making) → negative impact

CSR/CSV, Trust, and Supportive Behaviors

- Expectation-confirmation theory
- If the public expects CSV more than CSR as a corporate action, CSV will serve as a stronger trust driver and supportive behavior facilitator than CSR

RQs

- **RQ1:** Do people prefer CSV over CSR of intrinsic motives as the role of business in the society in Germany, China and US?
- **RQ2:** What are the effects of CSV performance on (a) public engagement in corporate communication about CSV/CSR initiatives, (b) public trust in the corporation, (c) perceived corporate image, (d) online WOM intention, and (e) purchase intention in comparison with those of CSR in Germany, China and US?

Methods

- A 2 (responsible practice: CSV vs. CSR) X 3 (issue domain: economic development vs. environmental sustainability vs. employee management) between-subject experiment in the US (n = 593), Germany (n = 592) and China (n = 599)
- Random sampling using the online panels of SSI

Manipulation Check

- CSV manipulation check: 2 questions
 - The company's initiative demonstrates their intention to increase its profits and simultaneously create economic and social benefits to the communities where it operates (1 = strongly disagree and 7 = strongly agree).
 - The company works with partners to create the initiative for meeting a social need (1 = strongly disagree and 7 = strongly agree).
- CSV groups > CSR groups
 - US: $t(591) = -6.19, p = .000$ [$M_{\text{CSV}} = 5.77, M_{\text{CSR}} = 5.16$]
 - GE: $t(590) = -3.42, p = .001$ [$M_{\text{CSV}} = 5.44, M_{\text{CSR}} = 5.11$]
 - CH: $t(564.543) = -2.31, p = .021$ [$M_{\text{CSV}} = 6.18, M_{\text{CSR}} = 6.01$]

Results: RQ1 (1)

- **Intrinsic CSR:** Businesses should take initiatives to solve social and economic problems of the communities where it operates. However, such corporate initiatives should be separate from their own profit-making.
- **CSV:** 2 items ($\alpha = .70-.76$)
 - “A company should take specific actions that both increase profits and improve the economic and social conditions in the communities where it operates.”
 - “A company should be more profitable by finding ways to solve social and community problems.”

Results: RQ1 (2)

CSV was preferred over intrinsic CSR

	Germany		China		US	
	M (SD)	Pair comparison	M (SD)	Pair comparison	M (SD)	Pair comparison
CSV	5.90 (1.19)		6.23 (1.04)		5.74 (1.34)	
Intrinsic-CSR	4.78 (1.26)	p = .000	4.86 (1.46)	p = .000	4.59 (1.42)	p = .000

Results: RQ2 (1)

- **CSV/CSR communication engagement ($\alpha= 0.85 - 0.90$):**
 - How much do you like to read stories about the company's initiatives to its community?
 - How likely are you to seek more information about the company's initiatives to its community?
 - How likely are you to share the story about the company's initiatives to its community to others if you have the opportunity in the future?
 - How likely are you to like or comment on the post of the company's initiatives to its community on its social media platforms (e.g., Facebook) or on an online news platform if you have the opportunity in the future?
- **Corporate image:** How much do you believe that the company has a good public image?
- **Trust in the company:** Hon & Grunig (1999) ($\alpha= 0.88 - 0.93$)
- **Positive eWOM intention:** How likely are you to share positive opinions of or experiences with the company online if you have the opportunity in the future? (Goyette, Richard, Bergeron, & Marticotte, 2010)
- **Purchase intention:** How likely are you to purchase the company's products if you have the opportunity in the future?

Results: RQ2 (2)

- Two-Way ANOVA:

Germany [M, p]	China [M, p]	US [M, p]
Communication engagement [CSV = 4.20, CSR = 3.94, p= .022]	Communication engagement [CSV = 5.81, CSR = 5.65, p= .049]	Communication engagement [CSV = 4.69, CSR = 4.43, p= .046]
		Corporate image [CSV = 5.81, CSR = 5.45, p= .000] (employee issue as a moderator)
	Trust in the company [CSV = 5.92, CSR = 5.76, p= .016]	Trust in the company [CSV = 5.37, CSR = 5.65, , p= .000]
	Positive eWOM intention [CSV = 5.79, CSR = 5.61, p= .048]	Positive eWOM intention [CSV = 4.92, CSR = 4.57, p= .012]
	Purchase intention [CSV = 6.21, CSR = 6.02, p= .012]	Purchase intention [CSV = 5.44, CSR = 5.15, p= .009]

Discussion: Takeaways

1. CSV was preferred over intrinsic CSR across nations
2. CSV was a stronger predictor of public trust, purchase intent and positive WOM intent in China and US.
3. Germany: CSV only outperformed CSR in engaging the public in relevant communication (CSV is not a new practice)
4. US: CSV was more acceptable recently than before (it might be due to its political climate)
5. China: CSV was well welcomed (CSV signifies innovation, commitment, and competence)

Discussion (2)

6. CSV and skepticism: the outcome is more important than the extrinsic motive in forming skepticism (Rim & Kim, 2016)
- Future research directions:
 - To identify organizational factors (e.g., CSR track record, corporate ability, corporate reputation, consumer-company identification) that affect public reactions to CSV
 - To discover the micro- and macro-factors that lead to the best practices of CSV