Chapter 33

Using Corporate Social Responsibility as a Public Relations Tool in Reputation Management

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ABSTRACT

This chapter delves into the subject of corporate social responsibility, its relations, and how it affects corporate reputation. The literature review presents a brief history of CSR and sheds light into the role of business ethics, corporate governance, corporate citizenship, and corporate social performance with a specific focus on companies' approaches towards CSR; motivations for company to invest in CSR; and corporate reputation. While the literature review will wrap up with arguments for and against CSR, this chapter will provide a brief outlook on CSR practices in Turkey.

INTRODUCTION

These past years, we can see on the media how every company is competing to practise in what is called Corporate Social Responsibility. From the yellow bicycle to no-horn-day, companies in Turkey have come with all sort of ideas of what they believed to be doing goods to the world. Though based on all these practices, it is difficult to come up with what exactly CSR is, what it means, what it embraces and what it does not. Despite all the myths surrounding CSR, it is undeniable that CSR does have an effect on company's reputation. CSR creates perception that a company is reputable, trustworthy and reputable. A company with good reputation invites stakeholders to invest and at the same time builds what-so-called 'a reservoir of goodwill' that will come handy in time of crisis.

Historical Background

Though the term of CSR would be introduced in much later time, the practice of CSR is said to be exist back in the first decades of the 20th century. The CSR back then was mainly related to philanthropy. Yet there is another related term of CSR which dated older than the 20th century that actually rose during the industrial revolution called social entrepreneurship. What is interesting about CSR concept is that it did not come from Europe, but rather originated in America.

Prior to the 19th century, for a corporate to contribute to the society was considered a negative management since it was seen as, according to Carroll (2008), "giving away stockholders' assets without their approval". The main concern for capital owner during the prior to the 19th century was how to increase employees' productivity. However during the first couple decades of the 20th, according to Carroll in 2008, corporate managers started to take responsibilities in order to balance competing claims from other stakeholders.

In 1946, Harvard's Business School third dean during 1942 to 1955, Dean Donald K. David exhorted in one of his class at Harvard Business School that in the future many responsibilities would lay on the shoulder of business leaders, therefore business executives ought to take these responsibilities as their own. With the animosity towards the Soviet Communism during the Cold War, the CSR concept of responsible business, developed by Dean David and his proponents were seen as a defence of free-market capitalism. Therefore the foundation of the modern social responsibility concept can be said to rise during the early years of the Cold War between the years of 1945-1960, according to Bert Spector (Spector, 2008)

During the mid-20th century there has been many literatures written related to CSR that would be important to shape the CSR's current concept. One of many is Social Responsibilities of the Businessman written by Howard R. Bowen (1953). Bowen's book is considered at least a decade ahead of its time yet it affected the future concept of CSR. William C. Frederick (1960) summarised the mid-20th concept of CSR by three main notions: First, business managers should acknowledge themselves as public interests' agents. Secondly, the notion of business managers balancing competing allegation to the corporation's capital. Lastly the notion of accepting philanthropy as an expression of business support of good causes. However though there have been plenty of CSR concepts developed during this period there were no noticeable actions taken.

As it was during the 1950s, the 1960s is also characterised with many new concept developed in order to find out what CSR really meant. During this period, especially in the US, many progressive academics attempted to have a clear definition of CSR concept, hence it started to gain more popularity. Keith Davis (1960), Clarence Walton and William C. Frederick (1960) can be named as some important contributors during this period. Each of them has significantly contributed to modern day CSR concepts.

Patrick Murphy (1978) named the period between 1960s and early 1970s as the 'Awareness' and 'Issue' period of CSR. During this period, William C. Frederick (1960) argued that business' capital should serve for extensive social objectives. In term with Frederick's argument, Joseph McGuire (1963) also said that social responsibility drives business to accept other responsibilities to the society beyond their legal and economic responsibilities. Davis (1960) also mentioned an argument similar McGuire, saying 'businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest'.

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