

Chapter 10

Serving the Purpose? Communicating Self-Serving CSR Motives to Increase Credibility

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ABSTRACT

Firms tend to approach corporate social responsibility (CSR) from a business case perspective. This study examines whether communicating CSR through self-serving direct motives (increasing profit) or self-serving indirect motives (enhancing corporate image), can lead to more credibility and whether corporate reputation, firms' prior CSR beliefs, and perceived honesty of the message influence this relationship. The research focuses on the financial industry, using an existing mainstream bank (ING) as example. Data was collected using a survey. From the results, a rather nuanced picture emerges about the relationship between perceived CSR motive and the credibility of corporate CSR claims. Partly in contrast to extent literature, communicating self-serving motives may increase perceived credibility. Moreover, this effect is stronger for the indirect self-serving motive than for the direct self-serving motive and results vary based on whether or not respondents are customer of the bank. For customers, image and mixed motives appear to be relevant, whereas non-customers also consider economic benefits when attributing a CSR motive. Further, prior CSR beliefs only function as moderator when participants had to form an opinion of a bank that was not their own. Lastly, corporate reputation is not found as a moderator but appears to mediate the relationship between self-serving motives and perceived credibility. An implication of this study is that marketers should be aware of the motives for engaging in CSR as perceived by the public (both customers and non-customers) and realize that the business case for non-customers is a broader concept than for customers.

DOI: 10.4018/978-1-5225-1842-6.ch010

INTRODUCTION

Companies are nowadays expected to not only make a profit, but to contribute to addressing social and environmental challenges as well. The attention for corporate social responsibility (CSR) has consequently surged. CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in the interaction with their stakeholders on a voluntary basis. CSR entails actions above a company's legal obligations towards society and the environment (McWilliams & Siegel, 2001; Öberseder, Schlegelmilch, & Gruber, 2011; European Commission, 2011). The banking industry has been one of the most prominent investors in CSR, even though trust and belief in the financial sector is at an all-time low (Truscott et al., 2009; in Pérez, A., & Rodríguez del Bosque, 2013). Only 51% of people have trust in the financial sector (Edelman Trust Barometer, 2014).

Since many people would like to see companies engaging in CSR, it can be expected that CSR would be anything but a source of distrust. However, research by Globescan (2012) has shown that while 72 per cent of respondents in 10 large countries on different continents are very interested in learning about firms' CSR initiatives, only 38 per cent of them think that companies communicate honestly about CSR.

The perceived credibility of a firm's CSR claim depends on its motive for engaging in CSR. Research by Becker-Olsen and Hill (2005) has shown that 'other-serving' CSR motives that focus on creating value for society at the expense of business value are deemed more credible by consumers than 'self-serving' motives that are rooted in business case approaches towards CSR.

To ensure that a firm's CSR claims result in high credibility, the company must be perceived as honest. Honesty has been found to be an important determinant of credibility of a company. When a firm acknowledges its motive and is honest about the benefits (e.g. higher profit) of CSR, the skepticism of CSR claims was reduced (Forehand & Grier, 2003; Yoon, Gürhan-Canli & Schwarz, 2006). The opposite, hiding self-serving motives, creates suspicion, because firms are then thought to be engaged in greenwashing (Ellen et al., 2006; Kim & Lee, 2012).

It should be taken into account that companies have existing reputations towards consumers. Consumers attribute more skepticism towards a company's actions when a company has a bad reputation. It's harder for a company with a bad reputation to communicate good deeds because they are not trusted by the public. On the other hand, it's easier for a company with a favorable reputation to be trusted when they claim to do good for society, because this is expected and believable (Elving, 2010; Rim & Song, 2013). Thus, the company's reputation serves as a frame of reference that is used to interpret the CSR communication (Bae & Cameron, 2006).

Consumers also have opinions regarding CSR. When consumers are interested in CSR activities the use of CSR has a positive influence on consumers' purchase intentions. Moreover, the impact of attribution was higher for consumers who value CSR, because they are motivated to access the CSR information (Sen & Bhattacharya, 2001; Bhattacharya & Sen, 2004; Klein & Dawar, 2004).

This chapter acknowledges that business case approaches towards CSR represent the dominant strategy that firms follow to address social and environmental responsibilities (Carroll & Shabana, 2010; Kim & Lee, 2012). In other words, self-serving CSR motives constitute the basis of business-society interface, ranging from business considering societal challenges as a profit driver to engaging in CSR to create a desirable image. Since research so far has failed to distinguish between different types of self-serving motives, this chapter differentiates between direct self-serving motives and indirect self-serving motives in order to explore differences in the effects of communicating these motives on the credibility of corporate CSR claims. Direct self-serving motives are defined as the financial benefits of CSR use for a

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