



AARHUS SCHOOL OF BUSINESS  
AARHUS UNIVERSITY

**CSR COMMUNICATION IN THE PHARMACEUTICAL INDUSTRY**  
**AN ANALYSIS OF THE WEBSITES OF THREE PHARMACEUTICAL WHOLESALERS**

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**MASTER THESIS**

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**Abstract**

**Purpose:** The purpose of this research is to explore how companies within the pharmaceutical industry manage their CSR strategy and communication.

**Design/Methodology/Approach:** Given the objectives and nature of the research, this investigation is guided by a hermeneutics scientific paradigm. Approached from a critic-interpretative perspective, the first part of this study proposes a theoretical framework, grounded on theories from experts in the fields of corporate communication and Corporate Social Responsibility (CSR). After a theoretical analysis of the pharmaceutical industry, the research includes the development of an analytical framework, which serves as a basis for the examination of the selected websites. This is followed by an analysis based on the CSR section of the websites of three world leader pharmaceutical wholesalers and service providers within the pharmaceutical industry. A qualitative methodology applied to the written content of the websites allows drawing conclusions on the reasons that lead these companies to get involved in CSR. It also provides an interpretation of how these firms organize their CSR communication, and which CSR communication strategies they use for addressing their stakeholders.

**Findings:** The engagement in CSR of companies developing its activities and business within the pharmaceutical industry respond to the different challenges this industry faces. External stakeholders (NGOs, media, consumer advocacy groups and the public opinion) carefully watch the steps taken by pharmaceuticals. As a consequence, the initiatives and communications must be designed to satisfy the stakeholders' needs and expectations. Pharmaceutical wholesalers implement different CSR communication strategies to reach their objectives. Moreover, organizations choose from a variety of channels to communicate with specific stakeholder groups (e.g. surveys, conferences, intranet, etc.). Websites are one more of the many channels pharmaceuticals use when establishing a CSR communication strategy. However, it is important to recognize the value of the websites as an informative tool for reaching the external stakeholders.

**Originality/value:** This research proposes an analysis based on the examination of the CSR engagement of pharmaceutical wholesalers and service providers within the pharmaceutical industry. Little research has been conducted on this sub-industry, therefore this investigation evaluates why and how these companies get involved in Corporate Social Responsibility.

**Keywords:** Corporate Social Responsibility; Pharmaceutical industry; Pharmaceutical wholesalers.

## Introduction

### 1.1. Motivation

Due to the activities they develop, pharmaceuticals continuously find themselves under scrutiny both from the public authorities and the general public. The industry is usually perceived negatively for many reasons, which includes overpricing drugs; immoral marketing; luring doctors; kicking the poor; a “no-money no-cure” attitude; clinical trials in the poorest parts of the World; and industry-government alliances (CorporateWatch.org.uk; Nussbaum, 2009; O’Riordan and Fairbrass, 2008).

Corporate communication -defined as “the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favorable starting points with stakeholders on which the company depends” (van Riel and Fombrun, 2007: 25)-, plays a key role for firms aiming to explain to its stakeholders the way it manages both its internal and external actions, so as to build and protect the company’s reputation.

Corporate Social Responsibility (CSR) activities and communication also provide an important input when it comes to achieve this objective. Tetrault Sirsly & Lamertz state that “strategic CSR initiatives can be conceptualized as resources that are rare, valuable, and costly to imitate and that can provide a firm with first-mover advantages that translate to sustainable competitive gains. Such CSR initiatives can provide both tangible economic gains in market share and cost savings as well as intangible, but nonetheless valuable, enhancements to reputation and social legitimacy” (Tetrault Sirsly & Lamertz, 2007: 23). Sones et al. define CSR communication as a process that “focuses on the good deeds performed by the company in relationship with various stakeholders. It emphasizes CSR goals and achievements as inspired by its top decision makers” (Sones et al. 2009). Moreover, some authors argue that CSR Communication serves as well as a defensive measure to monitor, anticipate and avoid potential crisis and risks, such as internal wrongdoing by employee carelessness, negligence or illegal behavior (Paine, 2003; Kurucz et al., 2008; Porter & Kramer, 2006).

Stakeholders play a vital role within corporate communication and for the development of CSR. Archie Carroll (1991) asserts that it exists a “natural fit between the idea of CSR and an organization’s stakeholders” (Carroll 1991: 43). The American author goes even further by stating that the word “social” in CSR has always been vague and lacking in the specific direction as to whom the corporation is responsible. The concept of stakeholder personalizes social or societal responsibilities by delineating the specific groups or persons which the business should consider in its CSR orientation (*sic*).

The pharmaceutical wholesaling sector seems to be increasingly considering the importance of engaging in Corporate Social Responsibility. The leader companies from the different parts of the world are openly communicating its involvement in CSR. A good number of literature and doctoral theses can be found on the pharmaceutical industry, focusing on medicine’s developers and

manufacturers. However, little research has been carried out on CSR and pharmaceutical wholesalers and service providers within the pharmaceutical industry.

Consequently, this investigation focuses on Corporate Social Responsibility. The aim is to evaluate why companies engage in CSR, and to understand the strategies these firms implement in order to address stakeholders' expectations. In order to reach an understanding on these issues, the pharmaceutical industry is analyzed, with special focus on pharmaceutical wholesalers and service providers within the pharmaceutical industry.

### **1.2. Problem statement**

Taking all this information under consideration, this research aims to explore how companies within the pharmaceutical industry manage their CSR strategy and communication.

The investigation seeks to respond to the following questions:

- 1) Why companies developing its activities within the pharmaceutical industry engage in CSR?
- 2) Which CSR communication strategies do they implement to address their stakeholders' needs and expectations, and how do they cope with the CSR communication dilemmas?

The first part of this paper consists in a theoretical framework that introduces key concepts of Corporate Social Responsibility. It focuses on the reasons that lead pharmaceuticals to engage in CSR. Moreover, the study proposes an analysis based on the examination of the CSR engagement of three world leader pharmaceutical wholesalers and service providers within the pharmaceutical industry from different regions of the world. Little research has been conducted on this sub-industry, therefore the purpose of this investigation consists in evaluating why and how these companies get involved in Corporate Social Responsibility. An analysis on their corporate website is conducted in order to examine which CSR areas they engage in, which stakeholder groups they address and how they address them in order to gain their license to operate and build and protect their reputation.

### **1.3. Delimitation**

Some limitations of the present research should be considered:

First, it is important to remark that the selection of literature and the analysis of the chosen websites have encountered specific resource limitations such as time and the number of pages allowed for this report.

Second, due to the little precise and valid literature found about the pharmaceutical wholesaling sector (and the engagement in CSR of companies developing their business in this sub industry), the research focuses on the theoretical analysis of the pharmaceutical industry from an overall perspective (including the whole industry's value chain; from medicine developers and manufacturers to wholesalers and marketers). The information gathered and analyzed aims to

provide general conclusions about how companies working in the pharmaceutical industry deal with the CSR issues. With aid of that information and the latter analysis undertaken, the last part of this report focuses on pharmaceutical wholesalers (and service providers within the pharmaceutical industry). It consists in an analysis of the CSR section of the websites of three selected pharmaceutical wholesalers.

Third, the analysis of the websites are based on the material available to all external stakeholders and the general public within Celesio AG, Alliance Boots Plc and Suzuken official websites and it is based on information that has been accessible online in the time span from March 1st until July 30th, 2010.

Fourth, relating to the previous point, it is important to take into account that the findings presented in this study are based on the examination of three websites. The problem of generalization is frequent in qualitative studies, which “are not supposed to be representative of a larger population, yet a common challenge is that they are too restricted in their conclusions” (Daymon & Holloway, 2002: 7).

#### **1.4. Methodology**

*“Methodology is not a value in itself. The purpose of methodology is to enable researchers to plan and examine critically the logic, composition, and protocols of research methods; to evaluate the performance of individual techniques; and to estimate the likelihood of particular research designs to contribute to knowledge.”* Professor Klaus Krippendorff. Annenberg School for Communications, University of Pennsylvania. (Krippendorff, 2004, p. xxi)

The type of knowledge acquired in a scientific research depends on the researcher’s choice of tradition, which has an essential impact on the choice of methods, procedures, instruments and techniques. Consequently, the following section outlines the research design and introduces the foundation for my choice of theory of science.

##### **1.4.1. Scientific paradigm: hermeneutics**

Plack (2005) refers to Guba and Lincoln (1994) who explain that “a paradigm is a set of basic beliefs that represents a worldview, defines the nature of the world and the individual’s place within it, and guides action” (Plack, 2005: 224) A paradigm contains the investigator’s assumptions not just about the way in which an investigation should be performed (i.e., methodology), but also in how the researcher defines truth and reality (i.e., ontology) and how the investigator comes to know that truth or reality (i.e., epistemology). (Plack, 2005) Given the objectives and nature of the research, this investigation is guided by a hermeneutics scientific paradigm.



From a classical perspective, the German researcher Friedrich Schleiermacher (1768-1834) was concerned on how to gain insights into the understanding of other people's expression. Aiming to turn these worries into practice, Schleiermacher "had to invent ways in which we could decipher the author's own meaning and intention from a text" (Sherratt, 2005: 59), resulting in a new form of hermeneutic practice, which had two key elements. Consequently, interpretation consisted in a grammatical and a psychological element. "The grammatical element was a technique that addressed the practice of how to interpret the language and the form of the text. The psychological dimension was concerned with gaining access to the author's intentions and meanings." (*sic*) Summing up, interpreting a text "consisted, on the one hand, of grammatical interpretation, knowing the language, genre and body of works of the author". On the other hand, it consisted of "psychological divination, reconstructing the author's original experiences and intentions and then psychologically indentifying or empathizing with them" (*sic*).

In words of Professor of Economics Yuichi Shionoya (Hitotsubashi University, Tokyo), "hermeneutics may be described as theories of the interpretation and understanding of texts" (Shionoya, 2010: 190). Stephen McConnell and Katherine Lewis at Wright State University refer to hermeneutics as "an inquiry paradigm focusing on the interpretation of meanings inherent in human action" (McConnell, S.; Lewis, K., 1998). In short, hermeneutics proposes that understanding is reached through interpretation.

The first part of this study proposes a theoretical framework, grounded on theories from experts in the fields of corporate communication and Corporate Social Responsibility (CSR). After a theoretical analysis of the pharmaceutical industry, the last part of the research includes the development of an analytical framework, which serves as a basis for the examination of the content of three selected websites.

#### **1.4.2. Qualitative research approach**

In order to fulfill the purposes of this investigation, a qualitative research approach is adopted. Cassell and Symon (1994) define the main characteristics of qualitative research by stating that it implies "a focus on interpretation rather than quantification; an emphasis on subjectivity rather than objectivity; flexibility in the process of conducting research; an orientation towards process rather than outcome; a concern with context—regarding behaviour and situation as inextricably linked in forming experience; and finally, an explicit recognition of the impact of the research process on the research situation" (Cassell and Symon, 1994: 7).

Daymon and Holloway refer to Lindlof (2005) who suggests that the questions that examples of animate qualitative inquiry are: "what's going on here?", "what is the communicative action that is being performed?", "how do they do it?", "how do we interpret and document how they act?" (Daymon & Holloway, 2002: 14). Since from an overall perspective this study attempts to explore

how organizations manage their CSR communication, the present research demands a qualitative approach. A more detailed description of the exemplary analysis and the methods applied are presented in the following sections.

#### **1.4.3. Theoretical framework**

When approached from a critic-interpretative perspective, the first part of this paper (chapter 2) proposes a theoretical framework that presents key concepts offering an understanding of the development of Corporate Social Responsibility. The bibliography is mostly based on literature from recognized authors in the fields of management, corporate communications and Corporate Social Responsibility. Therefore, in the first place the theme corporate communication is discussed, not just from a conceptual perspective but also offering tools to comprehend the managerial implications of this discipline (van Riel, 2003; van Riel and Fombrun, 2007; Cornelissen, 2008). After that, the research looks at Corporate Social Responsibility and CSR communication. In this section, different theories and positions are presented (Paine, 2003; van Marrewijk, 2003; Kurucz, Colbert and Wheeler, 2008; Porter & Kramer, 2006), concerning the main concepts and implications of CSR. Moreover, this section also proposes a discussion regarding the motives that lead organizations to engage in CSR. A notion of stakeholders is presented, and its relevance clarified. In order to acquire an understanding of this concept, Freeman's (1984) stakeholder theory is introduced.

Following a similar approach, the second part (chapter 3) gives a general overview of the pharmaceutical industry, and intends to identify the different actors within this sector. Based on the a priori information provided in the previous chapter and on the literature review of renowned professionals in the field (Nussbaum, 2009: 67; Lefebvre and Miller, 2006; Esteban, 2008), it aims to provide an understanding of the reasons and motivations that drive pharmaceutical companies to engage in Corporate Social Responsibility. Concerning this section, it is salient to remark that the analysis centers on the pharmaceutical industry from a broad perspective (including pharmaceutical researchers, developers, manufacturers, testers and wholesalers), since the objective is to reach a general comprehension of the functioning of the industry and its connection with Corporate Social Responsibility.

#### **1.4.4. Analysis of websites**

The chapter 4 is methodologically different from the previous chapters. In the first place, an analytical framework is presented, which integrates the theories and models of Paine (2003), Morsing and Schultz (2006) and Du et al. (2010).

Three pharmaceutical wholesalers and service providers within the pharmaceutical industry were chosen. Their websites are analyzed, based on the analytical framework developed, in order to discuss and illustrate how pharmaceutical companies deal with the CSR issues.

A qualitative research methodology applied to the content of the websites allows drawing conclusions on the reasons that lead these companies to get involved with CSR. It also provides an interpretation of how these firms organize their CSR communication, and which CSR communication strategies they use for addressing their stakeholders.

The following leading pharmaceutical wholesalers and service providers within the pharmaceutical industry are the focus of the analysis:

- Celesio AG (Germany) <http://www.celesio.com>
- Alliance Boots Plc. (United Kingdom) <http://www.allianceboots.com>
- Suzuken (Japan) <http://www.suzuken.co.jp>

#### **1.4.4.1. Selection criteria**

The organizations have been chosen according to the following criteria:

- All companies are pharmaceutical wholesalers (they all belong to the International Federation of Pharmaceutical Wholesalers, <http://www.ifpw.com/distributors.htm>); all of them are also service providers within the pharmaceutical industry;
- The three companies are involved in CSR and/or sustainability issues, and all three organizations present a CSR section (in English) on their corporate websites;
- Leading companies in the sector;
- All three companies have different countries of origin.

#### **1.4.4.2. Data collection**

In order to obtain valuable information on how these organizations manage their CSR communication, the data collection is based on the written content of the selected corporate websites. Given the purposes of this research, the focus is placed specifically on the CSR section of each webpage. Representative information is selected and interpreted, aiming to reach an understanding of how these organizations manage their CSR communication.

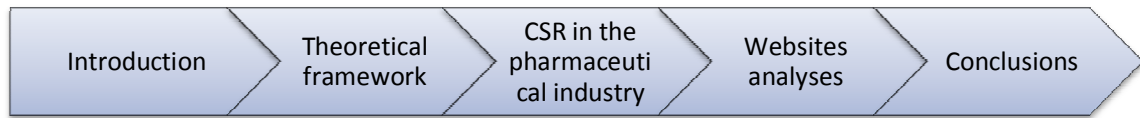
### **1.5. Structure**

The investigation focuses on Corporate Social Responsibility (CSR), and how it is used in the pharmaceutical industry as a corporate communication strategy. The bibliography is based on literature from recognized authors in the fields of Corporate Social Responsibility, corporate communication, and management.

As it has been explained in the methodological section, the first part presents a theoretical framework which focuses on the analysis of Corporate Social Responsibility and on the reasons why

organizations get involved in these practices. Next, the pharmaceutical industry is introduced and the analysis centers on the motives which drive organizations developing its activities within the pharmaceutical industry towards CSR. Finally, an analysis of the websites of three selected pharmaceutical wholesalers and service providers within the pharmaceutical industry is developed.

The general structure of this research is simplified in the next graphic:



## **2. Theoretical framework**

### **2.1. Corporate Communication**

This section aims to provide a basic understanding of corporate communication and its functioning. Therefore, in the first place the concept of corporate communication is defined. Secondly a brief explanation of the core concepts on the field is elaborated. The last part of this section focuses on the analysis of corporate communication as a managerial activity.

#### **2.1.1. Defining Corporate Communication**

A renowned authority on the topic, the Dutch researcher Cees B. M. van Riel at Rotterdam School of Management analyzes the development of corporate communication, both as a practice and as a scientific theory. From an academic perspective, the author states that “the theoretical basis on the topic has particularly grown through the significant increased in insight into the core issues provided by researchers from different disciplines” (van Riel, 2003: 53), such as marketing, organizational studies, strategic management and communication, between others.

Focusing on the practice of this discipline, Joep Cornelissen (2008) (Leeds University Business School) refers to the nowadays vital importance of how companies are viewed by their key stakeholders, investors, shareholders, customers and employees. Dr Paul Argenti (Tuck School of Business at Dartmouth) considers that in order to grasp the development and relevance of corporate communication it is important to understand beforehand a number of historical events “that have influenced the operating environment for business” (Argenti, 2006: 1). In fact, if one looks at advances in technology in the past decades, these have induced a basic change in the way how companies approach business and communication. The media is a good example of this phenomenon: no matter what happens or where it happens, information can reach all corners of the world just with a click.

The constant changes have remodeled business relationship in just a few years. Therefore, we would not most likely consider corporate communication today, in a new way as researchers conceptualized it more than ten years ago. In their book “Essentials of Corporate Communication”, van Riel and Charles Fombrun (New York University) provide many classical definitions of corporate communication that may facilitate a basic understanding about the evolution of the discipline. Therefore, corporate communication can be understood as:

- “The integrated approach to all communication produced by an organization, directed at all relevant target groups. Each item of communication must convey and emphasize the corporate identity” (Blauw, 1986).
- “The total communication activity generated by a company to achieve its planned objectives” (Jackson, 1987).

Moreover, van Riel and Fombrun refer to consultant Kate Thomas and Kleyn, who define corporate communication as:

- “All communication of an organization whereby coordination, based on a strategic plan, exist between the different communication disciplines and the resources they use;  
“All communication of an organization whereby the organization, or the elements of it are central instead of the products and/or services” (Thomas and Kleyn, 1989. Cited by van Riel and Fombrun, 2007: 25).

From a more recent perspective, Cees van Riel (2003) presents his own definition: “corporate communication can be described as the orchestration of all the instruments in the field of organizational identity (communication, symbols and behavior of organizational members) in such an attractive and realistic manner as to create or maintain a positive reputation for groups with which the organization has an interdependent relationship (often referred to as stakeholders). This results in a competitive advantage for the organization” (van Riel, 2003: 54).

However, Cees van Riel together with Fombrun have elaborated a new conceptualization of corporate communication, which they define as “the set of activities involved in managing and orchestrating all internal and external communications aimed at creating favorable starting points with stakeholders on which the company depends. Corporate communication consists of the dissemination of information by a variety of specialists and generalists in an organization, with the common goal of enhancing the organization's ability to retain its license to operate” (van Riel and Fombrun, 2007: 25). The differentiation that both concepts make on the relationship of the organization with the stakeholders should not be taken lightly; while the first definition refers to an “interdependent” relationship between them, the latter exposes a dependency of the organization upon its stakeholders. This suggests a growing importance of the role stakeholders play for the corporate communication discipline and more importantly for the organizational functioning.

On his book “Corporate Communications: Theory and Practice” (2008), Joep Cornelissen proposes a definition of corporate communication as “a management function that offers a framework for the effective coordination of all internal and external communication with the overall purpose of establishing and maintaining favourable reputations with stakeholders groups upon which the organization is dependent” (Cornelissen, 2008: 5).

Moving ahead onto more recent definitions (van Riel, 2003; van Riel and Fombrun, 2007; Cornelissen, 2008), many conclusions can be drawn on based on those, on what is understood under corporate communication:

- Corporate communication is a management function;
- Offers a framework for the effective coordination of all means of communications (internal and external);
- Purposes:

- To enhance the organization's ability to retain its license to operate;
- To provide a competitive advantage for the organization;
- To create and maintain favorable reputations with stakeholder groups.
- Important to remark is that the literature on the topic highlights the significance of stakeholders as a vital element for an organization's development: van Riel and Fombrun (2007) as also Cornelissen (2008) affirm that an organization's functioning depends on its stakeholders.

### 2.1.2. Core concepts of corporate communication

In order to understand the development undertaken in the field of corporate communication, the following segment intends to provide some basic and practical definitions of the core concepts that lead research and practice in corporate communication.

*"Corporate communication is more art than science. It is interdisciplinary, drawing on the methods and findings of anthropology, communication, language and linguistics, management and marketing, sociology, and psychology"* (Goodman, 2006: 197). (Dr Michael B. Goodman, The City University of New York / Corporate Communication Institute).

Researchers distinguish a variety of concepts that help to reveal the field of action of this discipline. Cees van Riel (2003), Joep Cornelissen (2004, 2008) and Paul Argenti (2006) agree on *identity* and *reputation* as core concepts in the area of corporate communication.

- Identity: "A company's identity is the visual manifestation of the company's reality as conveyed through the organization's name, logo, motto, products, services, buildings, stationary, uniforms, and all other tangible pieces of evidence created by the organization and communicated to a variety of constituencies" (Argenti, 2006: 66). Joep Cornelissen defines corporate identity as "the profile and values communicated by an organization" (Cornelissen, 2008: 9).
- Reputation: "An individual's collective representation of past images of an organization (induced through either communication or past experiences) established over time". (*sic*) Cees van Riel defines reputation as "the organizational values that are consciously guided by the dominant coalition of the organization and that give a positive meaning, mostly internally, to the image formation of organizations" (van Riel, 2003: 62)

Moreover, Argenti (2006) identifies *image*, van Riel (2003) adds the notions of *corporate branding* and *management of communication*, and Joep Cornelissen (2004) includes the idea of *stakeholders*.

- Image: Argenti refers to image as “a reflection of an organization’s identity”. Meaning to make the concept clear, he adds that “it is the organization as seen from the viewpoint of its constituencies” (Argenti, 2006: 66). Another explanation is given by Cornelissen, who defines corporate image as “the immediate set of associations of an individual in response to one or more signals or messages from or about a particular organization at a single point in time” (Cornelissen, 2008: 9).

According to the definitions above, it can be argued that the difference between image and identity relies on the fact that identity refers to how the company perceives itself and how it presents itself to its stakeholders and image refers to how the stakeholders perceive the organization.

There is also often some confusion between the concepts of image and reputation. Cornelissen explain that “images concern the immediate impressions of individuals when confronted by a signal or message that comes from an organization, while reputations are more enduring general estimations established over time”. (Cornelissen, 2004: 84).

- Corporate branding: Cees B. M. van Riel defines corporate branding as “the systematic influencing of the image formation of the organization in such a manner that the groups upon which the organization is dependent get a positive impression of the “company behind the brand” (van Riel 2003: 64). In other words, it implies linking an organization (a corporate name) with a specific product. Consequently the organization and the product name become the brand name (E.g.: Coca Cola, Gillette).
- Management of Communication: it entails the “coordination of tasks within an organization” (van Riel 2003: 65). It refers to the importance of the corporate communication discipline from a managerial perspective in order to coordinate the communication activities within a company.
- Stakeholder<sup>1</sup>: although introduced in the last place, stakeholder is one of the key concepts of corporate communication. The classical definition of stakeholder is “any group or individual that can affect or is affected by the achievement of the organization’s objectives” (Cornelissen, 2008: 10).

The importance of stakeholders to corporate communication relies on the simple fact that stakeholders are the addressee of all communication efforts made by an organization. In effect, as stated some paragraphs above, the definitions of van Riel and Fombrun (2007) and Cornelissen (2004, 2008) agree on the dependence of organizations upon its stakeholders.

### **2.1.3. Organization and functions of corporate communication**

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<sup>1</sup> Given the purposes of this research, a deeper notion and understanding on the concept of stakeholder will be provided in the next chapters.



Focusing on the corporate communication activities within organizations, Joep Cornelissen often distinguishes between the “academic orientation” and “practitioner orientation” of corporate communication. In the first case, academics are concerned with elaborating theories and practitioners are involved in the execution of communication programs. However, this author agrees on the importance of “combining theoretical and practitioner orientation” (Cornelissen, 2004: 11), in order to achieve a deeper understanding of the corporate communication discipline. Based on this position it might be reasonable to affirm that the management in charge of the corporate communication activities within organizations should require professionals qualified both from a theoretical and practical perspective.

Regarding the organizational functioning, Paul Argenti (2006) introduces a research conducted at Tuck School of Business (Dartmouth College) which states that “on average, Fortune 500 company CEOs spend between 50 and 80 percent of their time in communication activities” (Argenti, 2006: 46). Chief Executive Officers (CEOs) devote a high percentage of their time communicating about the organization’s strategic plan, mission, operating initiatives, and community involvement both internally and externally (*sic*). Argenti argues that the CEO should be the person most involved in both elaborating the organization’s overall communication strategy and personally delivering the most relevant messages to its stakeholders. Therefore, the author considers that ideally the corporate communication function should report directly to the CEO.

The *PRWeek* “Corporate Survey 2005” reveals that in 45.6% of the cases, the head (or director) of corporate communication reports directly to the company’s CEO, president or chairman. In the 31.6% of the cases analyzed by this survey, the corporate communication function reports to the head of marketing (Weber Shandwick, 2005). Argenti (2006) emphasizes the importance of a direct connection between the corporate communication and the highest levels of management within an organization, explaining that otherwise the corporate communication function would be clearly less effective. However, it can be discussed that the role and relevance of the corporate communication function within a company (and therefore, of the corporate communication officers) might vary depending on a number of factors including corporate culture, market, size of the organization, private vs. public, etc.

Going one level down, the focus is now placed on the main functions of a corporate communication department within a company. According to the *PRWeek* “Corporate Survey 2005” media relations, online communication, marketing, special events, and product / brand communication are within the most included functions within the corporate communication departments that participated in that research. As manifested in the paragraph above, many factors might lead an organization to focus on one or another function. However, as a matter of exemplification it is worth listing the most relevant functions within an organization’s corporate communication: Reputation Management; Corporate Advertising and Advocacy; Media Relations;

Marketing Communication; Internal Communication; Investors Relations; Corporate Social Responsibility; Corporate Citizenship; Government Relations; Public Relations; and Crisis Management. (Goodman, 2006: 197)

#### **2.1.4. Corporate Communication as a management function**

The management of corporate communication implies the development of a number of activities, aiming to present the organization to all its internal and external stakeholders, and at the same time to maintain the company business strategy (Valackiene, 2010: 100). In order to achieve that, clear objectives might be set and strategies carefully developed. Cornelissen (2004: 21) affirms that there is a “need for organizational structures, rules, routines and effective procedures” that facilitates the process of decision making and execution regarding corporate communication.

From a strategic perspective, the expectations laid upon the management of corporate communication within an organization are centered on how its structure can be used to achieve the corporate objectives. Cornelissen explains that “the nature of strategic management in this sense also suggests that corporate communication is valued for its strategic input into decision making and the overall corporate strategy, and not just for its operational excellence in managing communication resources and programmes already deployed within the context and guidance of an existing strategy” (Cornelissen, 2004: 22). Therefore, a strategic management of corporate communication involves looking at the organization from a broader perspective, where the communication strategy is clearly linked to the main corporate objectives and focused on long-term implications. This long-term planning is exactly one of the main points regarding a strategic approach. What distinguishes a strategic managerial perspective from an operational management approach is that the latter takes an orientation towards more practical and specific tasks with a focus on short-term and tactical implications.

Given the objectives of this research, a deep analysis on the concept of strategy might not be particularly relevant. However, it might be appropriate to highlight the basics of communications. First of all, from an etymological perspective, the Encyclopedia Britannica Online (2010) illustrates that the word *strategy* derives from the Greek *strategos* (an elected general in ancient Athens) and it was originally used within the military vocabulary. Considering that background, the Oxford English Dictionary (2008) defines strategy as “the art of a commander-in-chief; the art of projecting and directing the larger military movements and operations of a campaign.” The Merriam-Webster Dictionary & Thesaurus (by Britannica, 2010) describes it as “a careful plan or method: a clever stratagem<sup>2</sup>; the art of devising or employing plans or stratagems toward a goal”.

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<sup>2</sup> Stratagem: **a**: an artifice or trick in war for deceiving and outwitting the enemy; **b**: a cleverly contrived trick or scheme for gaining an end. (Encyclopedia Britannica Online)

Focusing on the communication sciences, Paul Argenti (2006) considers the roots of modern communication theory to be found in Aristotle's major work *"The Art of Rhetoric"*, in which Aristotle proposes that every speech is composed of three parts: a speaker (sender), a subject (message), and an addressee (receiver). Applying the same model from an organization corporate communication's strategic viewpoint, it can be assumed that the speaker would be the organization; the subject of the communication would be the message, and the stakeholders would represent the addressee. The framework is rather circular than linear, since communication is an ongoing process, one without start or end.

Cecilia Cabañero-Verzosa and Helen Garcia (2009: 6), researchers at the World Bank, state that a communication strategy consists of "management decisions that guide the communication plan itself". The development of a communication strategy requires an effective coordination of diverse activities, in order to reach one common objective: an "orchestration mechanism" (van Riel, 2003: 66) where procedures and sequences are followed and respected. Summing up, a communication strategy "identifies people whose support is critical to the success of reform, the type of behaviors that need to be adopted by various groups to help achieve project objectives, messages that will resonate with relevant audiences, channels of communication that will reach people and be credible, and measures of communication effectiveness". (Cabañero-Verzosa and Garcia, 2009: 6)

On his book *"Corporate Communication"*, Paul Argenti (2006) presents a model on how to develop corporate communication strategies: the first step when developing an effective communication strategy relates to the general organization and planning. To that end it is relevant to determine the objectives of the communication; to decide which resources are available in the organization in order to achieve those objectives (time, money, human resources); and to determine which kind of reputation the organization has with its stakeholders. Precisely the analysis of stakeholders (Argenti refers to "constituencies") is the following step, when it comes to developing a communication strategy. In this case, the concern relies on identifying and classifying who the organization's primary and secondary stakeholders are. It is equally valuable to gather information regarding what stakeholders think about the organization and what do they know about the themes to be communicated. Thirdly, the effort is focused on how to deliver the messages appropriately to the organization's stakeholders. Aiming to solve this problem, the proper communication channels must be chosen and the messages must be carefully structured. In the fourth place, the results of the communication must be assessed. In this point it is of major significance to engage in a fluid dialogue and feedback between the organization and its stakeholders. The positive (or negative) responses will serve to evaluate the success of the communication strategy. As a conclusion, Argenti summarizes the four steps above as follows: "creating a coherent corporate communication strategy, then, involves (...) defining the organization's overall strategy for the communication, analyzing the

relevant constituencies, and delivering messages appropriately. In addition, the organization needs to analyze constituency responses to determine whether the communication was successful.” (Argenti, 2006: 35)

The management of corporate communication implies an extensive knowledge about the organization’s main objectives, and therefore researchers (Argenti 2006; Cornelissen, 2004, 2008; Goodman, 2006) agree on the need of a fluent communication and close connection between the corporate communication management and the organization general management (CEO, chairman or director). Moreover, a corporate communication manager needs the appropriate preparation and training for developing the corresponding strategies given the organization’s objectives and resources. Dr Michael Goodman from the Corporate Communication Institute (Madison, New Jersey, USA) refers to prior research and affirms that corporate communication as a strategic management function centers on the following challenges:

- the need to build trust with all internal and external audiences;
- the expectation by the corporation to accomplish more with less;
- the demand to build a responsible and accountable global corporate culture in response to a hostile environment for multinational corporations;
- the perception of the corporate communication executive as “counsel to the CEO” and “manager of the company's” reputation;
- the understanding of the global impact of the local act, and the local impact of the global act;
- the demand for greater transparency and disclosure had made media relations more complex and strategic;
- the expectation that the company be a good citizen and make money;
- the understanding of transparency as the best practice strategy for reputation management; and
- the knowledge that writing remains the core skill for corporate communication.

(Goodman, 2006: 196)

## **2.2. Corporate Social Responsibility**

This section provides general guidelines on the notion of Corporate Social Responsibility. Many concepts on CSR are presented, in order to comprehend the dimensions included by these practices. Moreover, some models introduce the incentives for the involvement of organizations into Corporate Social Responsibility. Firstly the focus lays on the reasons why companies engage in Corporate Social Responsibility. Secondly the different levels of involvement that companies -private or public- have in the CSR initiatives are shown. Finally, CSR communication is introduced and CSR strategies and theories are developed.

### **2.2.1. Towards a definition of CSR**

Numerous definitions on the concept of Corporate Social Responsibility are provided by recent literature. Interesting enough, the reflections around the topic do not only derive from academics but also from a diverse number of organizations, from NGOs to Governments. In the opinion of Alexander Dahlsrud (Norwegian University of Science and Technology), one of the experts in the field “there is still some confusion as to how CSR should be defined” (2008), or as the same author concludes, the uncertainty is not so much about how to define CSR, as it is on “how CSR is socially constructed in a specific context” (*sic*).

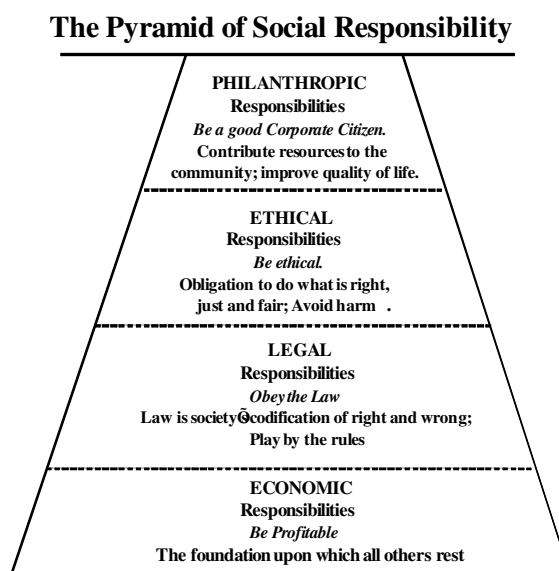
From a business point of view, the Commission of the European Communities (2001) defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. With a similar approach, the International Business Leaders Forum (IBLF) describe CSR as “open and transparent business practices based on ethical values and respect for employees, communities and the environment, which will contribute to sustainable business success” (IBLF, 2003).

Professor at the Erasmus University Rotterdam, Marcel Van Marrewijk (2003), adds up to the definition, by announcing that “in general, corporate sustainability and CSR refer to company activities -voluntary by definition- demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders”. A very complete interpretation is provided by the UK Government, which focus is on private entities; it argues that “Corporate social responsibility recognizes that the private sector’s wider commercial interests require it to manage its impact on society and the environment in the widest sense. This requires it to establish an appropriate dialogue or partnership with relevant stakeholders, be they employees, customers, investors, suppliers or communities. CSR goes beyond legal obligations, involving voluntary, private sector-led engagement, which reflects the priorities and characteristics of each business, as well as sectoral and local factors” (UK Government, 2001).

Both academics and organizations denote the spirit of voluntariness when focusing on a CSR strategy within an organization. Elaine Sternberg (University of Leeds; University of Florida; University of Miami), declares that CSR should not be forced, “because being responsible and acting conscientiously both require a freedom to choose that is negated by the coercive force of law” (Sternberg, 1999: 35).

A classical description of the different dimensions of Corporate Social Responsibility is presented by Archie Carroll (1991, 1999), who developed “The Pyramid on Social Responsibility”. Professor Carroll at the University of Georgia, states that “the pyramid of CSR depicted the economy as the base (the foundation upon which all other rest), and then built upward through legal, ethical, and philanthropic categories” (Carroll, 1991: 42; 1999: 289). The American academic adds that “business should not fulfill these in sequential fashion but that each is to be fulfilled at all times”

(Carroll, 1999: 289). The pyramid should rather be understood as “a graphical depiction of CSR than an attempt to add new meaning to the four-part definition”. Nevertheless, Carroll’s Pyramid of Social Responsibility offers a practical description that provides basic notions on the CSR definition. As Carroll recaps, “the CSR firm should strive to make a profit, obey the law, be ethical, and a good corporate citizen” (Carroll, 1991: 43; 1999: 289).



*Source: Carroll (1991)*

It must be underlined that most definitions link CSR exclusively with private companies: e.g. “companies”, “business”, “corporations”, “commercial success”, “enterprises” and “firms”. If we take a glimpse at Dahlsrud analysis of the 37 most common definitions on CSR (2008), the only one that includes other organizations rather than companies is the one developed by the British economist Ruth Lea (2002), who defines that “CSR is about businesses and other organizations going beyond the legal obligations to manage the impact they have on the environment and society. In particular, this could include how organizations interact with their employees, suppliers, customers and the communities in which they operate, as well as the extent they attempt to protect the environment” (Lea, 2002).

Furthermore, it is important to appreciate CSR as a managerial activity: an organization’s CSR strategy “comprises the systematic integration of CSR issues in the whole management process”. (Reisch, 2002: 194). Moreover, most definitions of Corporate Social Responsibility express a concern of organizations for the stakeholders, the society, and the environment. The concept also includes voluntariness and economic dimensions (Dahlsrud, 2008: 4). From a theoretical perspective, institutions (public or private) which are involved in CSR are those that take a step further from its

economic and legal duties, into voluntarily taking action to make a better society by improving its employees life quality and caring for the social development and the environment.

## **2.2.2. Organizations and CSR involvement**

### **2.2.2.1. Why companies engage in Corporate Social Responsibility?**

Why are companies interested in Corporate Social Responsibility? Many scholars offer different perspectives regarding the involvement of organizations in CSR. However, literature shows that it is possible to agree on some basic motives.

On her book “Value Shift: Why companies must merge social and financial imperatives to achieve superior performance” (2003) Professor Lynn Sharp Paine at Harvard Business School distinguishes diverse “path to values” that managers may take into account when adjusting their strategies to Corporate Social Responsibility: “while some companies may be problem-driven by a crisis or scandal, others may be motivated by an executive’s personal conviction or by a process of logical reasoning as to the benefits of such behaviors (i.e., opportunity-driven). In fact, most firms arrive at a value-oriented management model through a mixture of both positive and negative factors” (Morsing & Beckmann, 2006: 18).

Paine categorizes four major clusters (risk management; organizational functioning; market functioning; civic positioning) that belong to the *business case*. Kurucz, Colbert and Wheeler, explain that in the business practitioner terms, a business case “is a pitch for investment in a project or initiative that promises to yield a suitably significant return to justify the expenditure. In what has become known as the “business case for Corporate Social Responsibility (CSR)” the pitch is that a company can “do well by doing good”: that is, it can perform better financially by “not only to its core business operations but also to its responsibilities towards creating a better society”. (Kurucz, Colbert and Wheeler, 2008: 84). In the praxis, the business case for CSR “refers to the underlying arguments or rationales supporting or documenting why the business community should accept and advance the CSR ‘cause’” (Carroll and Shabana, 2010: 85).

## Why do companies engage in CSR?



Source: Paine, 2003 in Beckmann, 2006: 19

*Risk management:* At present, out of the top 100 world economies, 51 are multinational corporations and the remaining 49 are countries (Argenti and Forman, 2002: 83). In such a world where -as seen- many companies are even more powerful than most national states, the mass media specially focus on the actions companies take. As a result, with more and easier access to information, the stakeholders have increased their expectations about how organizations must behave. In this context, "some managers have turned to values as a way to manage, and, ideally eliminate certain risks, particularly those associated with misconduct but also those associated with carelessness, neglect, and insensitivity. By focusing on the values that guide people's behavior, they hope to minimize the incidence of malfeasance and its damaging consequences" (Paine, 2003: 8). On this topic, Morsing and Beckmann (Copenhagen Business School) add that "risk management through strong organizational values and behaviors can build and maintain a company's image, brand, and employee moral" (Morsing & Beckmann, 2006: 20).

*Organizational functioning:* Morsing, Midttun and Palmås explain this cluster as "companies developing attractive and sensitive cultures to attract and maintain the most qualified people as well as to maintain a high alertness towards changes in stakeholder expectations (Morsing, Midttun & Palmås, 2007: 88) In contrast to the risk management approach, "rather than a defensive measure this is a positive effort to build a well-functioning organization where values are essential for cooperation, encouraging commitment and inspiring innovation" (Morsing & Beckmann, 2006: 20). From this perspective, Corporate Social Responsibility promotes ideals as mutual respect, honesty, integrity and trust between both internal and external stakeholders. It encourages employee engagement and involvement, as it also may strengthen customer loyalty.

*Market positioning:* from this perspective CSR functions for organizations as a position and differentiation strategy. Managers that pursue this orientation focus on the importance of values for shaping their company's identities and reputation, building its brands, or earning the trust of



customers, suppliers, or other business partners (Paine, 2003: 16). From a market positioning standpoint organizations aim to make a difference in order to win customers and gain stakeholder's confidence.

*Civic positioning:* regarding the forth theme behind the turn to values, Lynn Sharp Paine explains that "for many managers, the principal issue is their company's standing and reputation in the community, not just in the marketplace". (Paine, 2003: 20) In order to establish a corporate image, some managers promote the reinforcement of relationships and links with NGO's, governments and local communities. Moreover, organizations pursue achieving a public perception of a firm that obeys the law, pays it taxes and behave ethically.

While all the above mentioned belong to "the business case", the fifth argument is "the normative case", in which CSR is driven by a sense of obligation to society" (Morsing, Midttun & Palmås, 2007: 88). Organizations use CSR because it is "*a better way*" to proceed, "where any manager or employee has a moral obligation to contribute to the improvement of the society" (Morsing & Beckmann, 2006: 19). Paine explains that "for some managers, the turn to values needs no corporate justification. For this group, the very idea of values evokes something worthwhile in and of itself" (...) "their language is one of responsibility, humanity, and citizenship." (Paine, 2003: 23)

In an interview published by the management-magazine "Strategy + Business", Lynn Sharp Paine also adds that "*If I were writing the book today, I'd probably add a sixth rationale, because I see more companies starting to take ethics seriously to satisfy their investors and to boost investor confidence. It's really a post-Enron phenomenon*" (Strategy + Business, 2003).

Another outlook is introduced by Harvard University Professor Michael E. Porter and Mark Kramer (Managing Director of FSG Social Impact Advisors) who state that "broadly speaking, proponents of CSR have used four arguments to make their case: moral obligation, sustainability, license to operate, and reputation" (Porter and Kramer, 2006: 2). Even though most studies investigate CSR from a business case perspective (Morsing & Beckmann, 2006: 19), these authors highlight the relevance of the normative approach for CSR: "arguing that companies have a duty to be good citizens and to "do the right thing"—is prominent in the goal of Business for Social Responsibility, the leading nonprofit CSR business association in the United States. Most particularly, it requests its members to "achieve commercial success in ways that honor *ethical values* and respect people, communities, and the natural environment.'" (Porter and Kramer, 2006: 3) *Sustainability* accentuate environmental and community stewardship.

Canadian researchers Drs. Elizabeth Kurucz (University of Guelph), Barry Colbert (Wilfrid Laurier University) and David Wheeler (Dalhousie University) in their paper *The Business Case for Corporate Social Responsibility* (2008) focus on *the business case* of CSR and describe four models of value creation. They propose four general types of business case for CSR: *cost and risk reduction*,

*competitive advantage, reputation and legitimacy, and synergistic value creation.* Each approach rests on a broad value proposition for CSR and performance.

Based on the Kurucz et al. *cost and risk reduction* perspective, companies engage in Corporate Social Responsibility in order to reduce potential risks. Agreeing with Paine (2003), a risk management approach to CSR is highly related to the exposure companies nowadays have to mass media and its stakeholders in general, since “the demands of stakeholders present potential threats to the viability of the organization” (Kurucz, Colbert and Wheeler, 2008: 88).

Similar to Paine’s “organizational functioning”, Kurucz et al. refer to *synergistic value creation*, which focuses on meeting win-win-win results by connecting stakeholder’s interests “and creating pluralistic definitions of value for multiple stakeholders simultaneously” (Kurucz, Colbert and Wheeler, 2008: 91). The key point of this perspective consists in seeking opportunities “to unearth, relate, and synthesize the interests of a diverse set of stakeholders, broadly conceived” (*sic*)

Another reason for organizational involvement in CSR is defined by the authors as *reputation and legitimacy*. It recognizes the reputational benefits that a CSR strategy brings to organizations, which also provide a *competitive advantage* (CSR initiatives are strategically developed to provide a competitive advantage for a firm over its competitors). According to this initiative, a CSR strategy is related to: license to operate, social impact hypothesis, cause-related marketing (CRM), and socially responsible investing. These viewpoints are distinguished because they focus on value creation “by leveraging gains in reputation and legitimacy made through aligning stakeholder interests” (Kurucz, Colbert and Wheeler, 2008: 90). Porter and Kramer agree on the reputational consequences of CSR, “reputation is used by many companies to justify CSR initiatives on the grounds that they will improve a company’s image, strengthen its brand, enliven morale, and even raise the value of its stock.” Moreover, they also consider that “the notion of *license to operate* derives from the fact that every company needs tacit or explicit permission from governments, communities, and numerous other stakeholders to do business” (Porter & Kramer, 2006: 3). These perspectives encompass Paine’s “market positioning” and “civic positioning” approaches.

As a matter of clarification, the following table (Table 1.) provides a comparison of the three models mentioned above, considering Paine’s standpoint:

*Table 1. Interrelationship of Paine (2003); Kurucz et al. (2008) and Porter & Kramer (2006) models of company’s involvement in CSR*

Paine (2003)	Kurucz, Colbert and Wheeler (2008)	Porter & Kramer (2006)
<i>Normative case</i>		
<b>The better way</b>		- Moral obligation

		- Sustainability
<i>Business case</i>		
<b>Risk management</b>	- Cost and risk reduction	
<b>Organizational functioning</b>	- Synergistic value creation	
<b>Market positioning</b>	- Reputation and legitimacy	- Reputation
	- Competitive advantage	- License to operate
<b>Civic positioning</b>	- Reputation and legitimacy	- Reputation
	- Competitive advantage	- License to operate

#### 2.2.2.2. Involvement levels on CSR

From an evolutionary perception, the Dutch researcher, Professor Marcel van Marrewijk (Erasmus University Rotterdam) differentiates five “ambition levels” of company’s engagement in CSR. This perspective differentiates from the above mentioned since it does not present the reasons or motives *why* organizations are strategically interested on CSR, but it focuses on the degree of involvement of a given organization in the CSR initiatives, and the way *how* organizations approach those initiatives.

In the first place van Marrewijk presents the *compliance-driven* level; in which CSR consist on providing welfare to society according to legal regulations. Companies engage in CSR since it’s perceived as a duty or obligation. Going one step further, from the *profit-driven level* perspective CSR involves “the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line” (van Marrewijk, 2003: 102). It is the „business case“: once acting accordingly to the law, companies engage in CSR in order to gain competitive advantage. Organizations adopt a CSR strategy because it is profitable (e.g.: it provides them a good reputation).

The involvement in CSR from a *caring* approach comprises a “balancing economic, social and ecological concerns” (*sic*). It implies that organizations involve in CSR triggered by a concern to make a better world, more than just from a strategic perspective. Marcel van Marrewijk (2003) also introduces the *synergistic* level. This understanding of CSR entails a search of well-balanced, functional solutions for creating value in the economic, social, and environmental areas of corporate performance, taking under consideration all the relevant stakeholders. The incentive behind this action is that sustainability is important.

Finally, from a *holistic* perspective, CSR is fully integrated and inserted in every aspect of a given organization. Companies implement a concentrated CSR strategy and it’s adopted by each of its members. The motivation for CSR is that “sustainability is the only alternative since all beings and phenomena are mutually interdependent” (van Marrewijk, 2003: 103).

Van Marrewijk concludes that this model allows organizations to respond to external challenges in accordance to its own awareness and abilities. Each company has the right to choose a position from one to five. Moreover, the author states that the right firms have to create added value “equals the duty to be responsible for its impact and to adjust itself to changes in its environment” (*sic*).

Munilla and Miles (2005), based on the above mentioned five “ambition levels” of van Marrewijk and Carroll’s “Pyramid of Corporate Social Responsibility” (1991) explained in chapter 2.2.1, present the interrelationship of both models in order to demonstrate how different levels of involvement are linked to motives and outcomes.

*Table 2. The Interrelationship of Van Marrewijk's (2003) CSR Framework and Carroll's (1991) Pyramid of Corporate Social Responsibility.*

<b>CSR Ambition level</b>	<b>Motives (van Marrewijk, 2003)</b>	<b>CSR Category (Carroll, 1991)</b>
Compliance driven	Duty to society. CSR as social obligation- perception of CSR expenditures as simply a cost. Economic responsibility is paramount.	Legal
Profit driven	CSR as a strategic initiative - using CSR to create competitive advantage and superior financial performance. CSR expenditure perceived as an investment in the creation and renewal of competitive advantage – resulting in an enhanced stream of future profits. Economic responsibility is paramount.	Economic
Caring	Using CSR to balance the triple bottom line of profits, people, planet. Explicitly stating that the corporation will manage for social welfare, not simply to create wealth for shareholders. Social and/or environmental responsibility trumps economic responsibility.	Ethical and philanthropic
Synergistic	Use of CSR to attempt to create a “sustainable corporation”- that will be able to be an ongoing concern over the long run. Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities.	Economic, legal, ethical, and philanthropic
Holistic	CSR as a corporate culture - similar to when firm adopts a marketing, entrepreneurial, or quality orientation. Social and/or environmental responsibility is strategically used to create competitive advantage and meet the corporation’s economic responsibilities.	Economic, legal, ethical, and philanthropic

(Munilla & Miles, 2005: 377)

### **2.2.2.3. CSR and Corporate Communication: a strategy of visibility**

Porter et al. (2006) reminds that the interest of companies in CSR was -and is- not *entirely* voluntary. Some renowned cases made the business world alert of special responsibilities that previously were not considered on the agenda, and companies had to be able to provide appropriate responses to its stakeholders and public in general.

The public opinion punished organizations accused by the media of extreme wrongdoing: Nike and the child labor in Asia; Shell and the disposal of the *Brent Spar* in the North Sea; Exxon and the Exxon Valdez oil spill, and the Johnson & Johnson Tylenol poisoning, were the wakeup calls both for stakeholders and also organizations that perceived and suffered the public condemn. And the demand did not stop there, but got extended throughout the industries: "Pharmaceutical companies discovered that they were expected to respond to the AIDS pandemic in Africa even though it was far removed from their primary product lines and markets. Fast-food and packaged food companies are now being held responsible for obesity and poor nutrition" (Porter & Kramer, 2006: 2).

Since then, strategic management is not just limited to the market. Tetrault Sirsly et al. refer to researchers on management and CSR (e.g., Baron, 1995; Freeman, 1984; Hoffman & Ocasio, 2001; McWilliams, Siegel & Wright, 2006; Wood, 1991) to affirm that "recent research and theory in the organizational literature have also identified nonmarket forces, social issues, and corporate social responsibility (CSR) as key areas of business activity and strategic concern." (Tetrault Sirsly & Lamertz, 2007: 2). Why do they do it? Companies engage in CSR "to obtain economic and social benefits for strategic reasons" (*sic*: 7) Benno Signitzer and Anja Prexl from the University of Salzburg refer to a survey made by PriceWaterhouseCoopers in the US (in year 2002) in which the 90% of the organizations involved in CSR consider reputation as the main cause for their involvement; followed by competitive advantage (75%), cost savings (73%), and industry trends "62%". (Signitzer and Prexl, 2008: 4)

An involvement in CSR requires an important effort and a deep compromise by organizations, but it can also be "a source of opportunity, innovation, and competitive advantage." (Porter & Kramer, 2006: 1) Burke and Logsdon (1996) developed "measures for assessing *when* and *in what ways* CSR activities jointly serve economic and societal interests" (*sic*: 496). The authors identified five dimensions of corporate strategy which are "both critical to the success of the firm and useful in relating CSR policies, programmes and processes to value creation by the firm" (*sic*): *centrality* (proximity of the CSR initiatives to the company's mission and objectives), *specificity* (talent of a given firm to capture benefits from its CSR involvement), *proactivity* (degree to which the CSR initiatives are planned and organized, exempting a crisis situation), *voluntarism* (organization own initiative of involvement in CSR, exempting external pressure or imposition) and *visibility* (CSR initiative recognized by the firm's stakeholders, both internal and external).

Burke and Logsdon (1996) categorize centrality, specificity, and visibility as "the key dimensions that render a CSR initiative strategic." (Tetrault Sirsly & Lamertz, 2007: 8) In the first case

because it indicates the role CSR plays for the organization's strategy. In the second, because it strategically focuses on the benefits organizations receive from its CSR initiatives: the capturing of benefits from a CSR initiative, far away from being necessarily considered unethical, reinforces the company's commitment "to sustainable practices and capacity to make a compelling business case" (sic: 9). In the third case, because a strategic CSR initiative is designed to be perceived -visible- by both internal and external stakeholders.

Visibility plays a fundamental role for organizations when developing a CSR strategy. Companies intentionally communicate its CSR involvement, some in a more implicit way and other more explicitly. Different reasons drive the management to openly show its firm's CSR, but literature (Cornelissen, 2004, 2008; Kurucz, Colbert and Wheeler, 2008; Tetrault Sirsly & Lamertz, 2007; Burke and Logsdon, 1996; Porter & Kramer, 2006) identifies three main motives: reputation, legitimacy and license to operate, which are focused on satisfying external audiences. From this perspective can be inferred that for Porter & Kramer it exists no benefit when not making CSR visible.

However, visibility itself may not be enough if the company does not integrate CSR seriously into its general strategy. For example, "The Body Shop" was built based on the CSR pillars. Its initiatives are central to the company's objectives, as they are totally visible. The company takes CSR as a corporate philosophy and promotes and supports different sustainability causes around the planet (from "Stop Child Trafficking" and "Stop Violence in home" to "Stop HIV" and diverse charity campaigns, just for naming some).

***"We believe there is only one way to be beautiful, nature's way.***

*We've believed this for years and still do. We constantly seek out wonderful natural ingredients from all four corners of the globe, and we bring you products bursting with effectiveness to enhance your natural beauty. Whilst we're doing this we always strive to protect this beautiful planet and the people who depend on it. We don't do it this way because it's fashionable. We do it because, to us, it's the only way" (Thebodyshop.com).*

Tetrault Sirsly & Lamertz (2007) cite *The Body Shop* founder Anita Roddick that defines their corporate strategy success affirming that "people understand that their purchases are moral choices as well. In the 1990s people want to like not only the product but they want to like the company." (Roddick, 1994: 198) Important to remark, is that the firm provides full information about how CSR is involved in its value chain and business, and -so far- it's been rewarded by a very positive reputation.

In a different situation is located the world largest biochemical/agrochemical company Monsanto. Also with an active CSR involvement, the company's name is primarily associated with, among others, "the provider of the seed technology for 90 percent of the world's genetically engineered (GE) crops" (Greenpeace.org), and the list is longer:

*“Monsanto was founded in 1901 as a chemical company. Its history is intimately linked to the production and promotion of highly toxic chemicals such as Agent Orange (used as a chemical weapon in the Vietnam war) and PCBs (widespread toxic pollutants) (...) “More recently Monsanto received a bad reputation for the promotion of growth hormones from GE organisms known as rBGH, which the company sells in the US under the brand name Posilac” (sic).*

For pharmaceuticals the situation seems closer to the second case than to The Body Shop example. Undoubtedly, the industry and the public expectations on it are very important when it comes to evaluate how a company approaches CSR.

### **2.2.3. Communicating CSR**

According to what it has been analyzed in the previous sections, the importance of stakeholders for organizations is out of discussion. The same logic is applied when considering Corporate Social Responsibility within an organization: stakeholders play a key role, since they are the ones to whom organizations should show responsibility to.

It can be therefore argued, that the stakeholder awareness (or level of awareness) about an organization's CSR involvement is a basic starting point. However, from an historical/cultural perspective, some authors make a distinction regarding how CSR is approached, understood and applied: Beckmann, Morsing & Reisch (2006); Matten & Moon (2005, 2008); and Morsing, Schultz and Nielsen (2008), among others, analyze the traditions for social responsibility both in North America and in Europe, which lead “to a distinction between explicit and implicit CSR” (Beckmann, Morsing & Reisch, 2006: 25; Matten & Moon, 2005).

- Explicit CSR refers to “the corporate policies that assume and articulate responsibility for some societal interests. They normally consist of voluntary programs and strategies by corporations that combine social and business value and address issues perceived as being part of the social responsibility of the company” (Matten & Moon, 2008: 409).
- Implicit CSR refers “to corporations' role within the wider *formal and informal institutions* for society's interests and concerns. Implicit CSR normally consists of values, norms, and rules that result in (mandatory and customary) requirements for corporations to address stakeholder issues and that define proper obligations of corporate actors in collective rather than individual terms” (sic).

However, even historically European companies had been generally much more discrete when expressing their CSR activities compared with Americans, “there has been a recent move from implicit CSR towards a more explicit form of CSR in Europe” (Beckmann, Morsing & Reisch, 2006: 27), that brings “a new focus on CSR as a potential competitive advantage” (sic).

In the last years, organizations worldwide had turned more explicit about their involvement in CSR issues. Nevertheless, Du et al. (2010) refer to the stakeholder's awareness of a company's CSR activities as "typically low, hence constituting a key stumbling block in the company's quest to reap benefits from its CSR activities." (Du et al., 2010: 9) The same authors add that "beyond awareness, the next key challenge of CSR communication is how to minimize stakeholder scepticism". (*sic*)

What is CSR communication? Klement Podnar (University of Ljubljana) defines CSR communication "as a process of anticipating stakeholders' expectations, articulation of CSR policy and managing of different organization communication tools designed to provide true and transparent information about a company's or a brand's integration of its business operations, social and environmental concerns, and interactions with stakeholders" (Podnar, 2008: 75) Morgan Sones, Susan Grantham (University of Hartford) and Edward Vieira (Simmons College) refer to Clark (2000) and define that "CSR communication is a process and inherently focuses on the good deeds performed by the company in relationship with various stakeholders. It emphasizes CSR goals and achievements as inspired by its top decision makers." (Sones et al. 2009) In a more simplistic manner, Signitzer and Prexl use the term "Corporate Sustainability Communications"<sup>3</sup> (CSC) and define it as "an evolving concept that refers to corporate communications about sustainability issues" (Signitzer and Prexl, 2008: 2).

Lucia Reisch (2002) considers that the concept of CSR communication encompasses two meanings that might be distinguished: in first place it is the meaning of responsibility through communication, which indicates an organization's intention "for a dialogue based two-way concept of responsibility and transparency" (Reisch 2002: 189). Secondly, it is the meaning of *communication on CSR*, which includes *the whole arsenal* of marketing and corporate communication, for instance sponsoring and PR, cross media advertising and sustainability reporting, between others.

Du et al. (2010: 9) consider that although stakeholders claim they want to know about the positive social or environmental activities and projects developed by the companies they buy from or invest in, they also get doubtful of the CSR initiatives when companies are too explicit about communicating their own efforts on the topic. The authors explain that stakeholder's attribution of a company's CSR initiatives may be of two kinds: *extrinsic*, in which the organization is perceived as attempting to increase its profits; or *intrinsic*, in which it is looked as acting out of an authentic concern for the focal issue. Literature confirms that while stronger ascriptions of intrinsic motives lead stakeholders to make positive inferences about the organization's original character (and therefore respond more positively towards the organization), perceptions of clearly extrinsic motives lead to less positive stakeholder attitudes and considerations toward the organization (Du et al., 2010; Forehand and Grier, 2003; Yoon *et al.*, 2006).

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<sup>3</sup> Signitzer and Prexl (2008) consider that the terms Corporate Sustainability Communications (CSC) and CSR communication can be used interchangeably. (Signitzer and Prexl, 2008: 5)



Agreeing with Reisch (2002) and Du et al (2010), it can be pointed out that when developing CSR initiatives, it is not enough to focus on presenting and communicating a number of activities -or spending a lot of money in events, advertising or charity. That is, CSR must be conceived from a general managerial perspective and its communication should be approached strategically, considering stakeholder's awareness and expectations. Consequently, managers are required to possess a deep understanding of key issues related to CSR communication, in order to take advantage of the CSR initiatives implemented. Du et al. specify that when willing to develop successful CSR communication, the starting point relies on a clear comprehension about what to communicate (message content) and where to communicate (message channel), and of course, whom to communicate. Last but not least important is to reach an overall understanding of the specific factors from both, the organization and the stakeholders, which have an impact on the CSR communication's effectiveness.

One of the challenges that pharmaceutical companies have to face when developing initiatives related to Corporate Social Responsibility (or/and sustainability) is related to the high expectations of the stakeholders. As documented in the previous chapters, pharmaceuticals are "among the most admired and most criticised of all" (Nussbaum, 2009: 67). Pharmaceutical companies provide drugs that save lives, but also are seen negatively for many other issues already explained (costly drugs, big companies, etc.) Therefore the CSR initiatives must be thought in detail, and the CSR communication strategy must be strictly planned and executed.

The central purpose of this research consists in evaluating how companies developing their activities within the pharmaceutical industry manage their CSR communication. To this purpose, corporate websites from pharmaceutical wholesalers and service providers within the pharmaceutical industry will be analyzed. More particularly, to examine which strategies they implement when communicating their CSR involvement to the stakeholders (which CSR areas they engage in, which stakeholders they address and how do they address them in order to gain their license to operate and build and protect their reputation).

Therefore, in the following section theories on CSR communication will be discussed, and will provide the basis for the investigation given the analysis of the websites presented in the last part of this investigation. The literature review focuses on the development of a framework for CSR communication (Du et al. 2010) and the analysis of its main elements. Moreover, Morsing and Schulz propose three possible strategies for organizations to communicate their CSR involvement to their stakeholders.

#### **2.2.3.1. Challenges of CSR communication**

As shown, communicating CSR is a very delicate subject. Stakeholders held high expectations on an organization's CSR activities which might be fulfilled. Morsing et al. (2008) refer to a research

made by professor at Copenhagen Business School Dr Steen Vallerntin (2003) and indicate that “the companies most active within CSR are also the most criticized, whereas companies doing the least are correspondingly the least criticized” (Morsing et al. 2008: 97). This affirmation, in congruence with the literature reviewed until this point might permit the elaboration of some partial conclusions: yet probably most people expect pharmaceuticals or biochemical companies to be involved in some CSR or/and sustainability initiatives. However, those companies who seem deeply engaged in these initiatives will surely be expected to act according to their commitment, and therefore their wrongdoings would be severely punished, in comparison with another companies less engaged in CSR issues.

Dr C. B. Bhattacharya (European School of Management and Technology), Professor Shuli Du (Simmons School of Management), and Dr Sankar Sen (City University of New York) consider that the key challenge in designing effective CSR communication strategy relies on how to reduce stakeholder skepticism and to convey favorable (intrinsic) corporate motives in a company’s activities. (Du et al. 2010: 10) The authors mention Ellen et al. (2006), Forehand and Grier (2003), and Sen et al. (2006), who show that stakeholders are increasingly being more tolerant to extrinsic motives, provided that CSR initiatives are attributed to intrinsic motives as well. Consumers have learned more about Corporate Social Responsibility and the motivations companies have for being engaged in these enterprises, and consequently a “win-win” perspective is gradually being adopted: they believe that the CSR initiatives “can and should serve both the needs of society and the bottom lines of business” (*sic*). In other words, stakeholder want organizations to be honest: they accept and understand the organization’s interest and objectives of their involvement with CSR, but they will respond negatively to marketing strategies that look *manipulative or deceptive*. Consequently, Forehand and Grier (2003) consider that by acknowledging both intrinsic and extrinsic motives in its CSR communication, an organization can restrain stakeholder skepticism, increase the credibility of its CSR message and generate goodwill (Du et al 2010: 10).

Accordingly, the authors present a conceptual framework of CSR communication, aiming to address the challenges of reducing stakeholder skepticism and conveying favorable corporate motives in the company’s initiatives. Its different aspects are analyzed: (1) message content and (2) communication channels, as well as the (3) company- and (4) stakeholder- specific factors which influence the efficiency of the CSR communication.

- 1) What to communicate: message content: an organization’s CSR message mostly refer to a social cause or to the company’s involvement in a social cause. Friestad and Wright (1994) agree that when the message is mostly in relation to a social cause (instead of about the firm or its products), stakeholders have a tendency of being suspicious, since such advertising seems not to fit with the scheme they have about the organization. Therefore, CSR communication should stress the relevance of the social issues, and make sure there

is a natural link between the cause and the organization. As an example, it seems logical that a pharmaceutical company includes initiatives relating fighting counterfeit medicines in developing countries. There are a number of factors that the organization can highlight in its CSR communication:

- a. CSR commitment: An organization can commit to social causes in many different ways (donating capital, employee volunteering, etc.). However, three aspects are central when analyzing a firm's commitment: the amount of input; the durability of the association; and the consistency of the input (Dwyer et al, 1987)
  - b. CSR impact: an organization can center on the societal impact, rather than on the input side of its involvement. Focusing on the social impact is an effective communication strategy because the CSR communication avoids giving the impression of "bragging" (Sen et al. 2009). Longer-term motives are also seen as more genuine as short-term ones, which can be viewed as merely opportunistic.
  - c. CSR motives: Since one of the key challenges of CSR communication is to reduce stakeholder skepticism, "companies should emphasize the convergence of social and business interest, and frankly acknowledge that its CSR endeavors are beneficial to both society and itself." (Porter and Kramer 2006: in Du et al., 2010: 12)
  - d. CSR fit: the last factor mentioned by Du et al. (2010) regarding what to communicate is CSR fit, which means, the perceived correspondence of a social issue with the organization's business. A low CSR fit might make extrinsic motives more salient and therefore reduce the stakeholder's credibility of the company's CSR activities. As the example given before, a pharmaceutical's involvement in a CSR campaign for saving the whales in the South Pacific might have a lower CSR fit as if the same organization centers in combating AIDS in Africa.
- 2) Where to communicate: message channels: an organization can communicate its CSR initiatives through many different channels: corporate social responsibility report; press releases; organization's website (including a specific section within the company's official website); magazines; TV commercials and inclusive in a product's packaging. In conclusion, in all the traditional channels where organizations advertise their products and engagements. However, the importance of the channel relies not just on the amount of people the message could reach, but also the control that the company has on those messages. (Sones et al. 2009) Of course that corporate sources are totally under control of the organization, but at the same time communication via corporate sources "will trigger more skepticism and have less credibility than non-corporate sources" (Du et al. 2010: 13) The authors refer to researches driven by Yoon et al (2006) and Simmons and Becker-Olsen (2006) which show that consumers react more positively to an organization's CSR

initiative when they find out about it from a neutral source (E.g. a well-known NGO that make an evaluation on the topic) rather than from a corporate source. Moreover, informal (yet credible) word-of-mouth communication is something that organizations should try to encourage within its stakeholders. Consumers are a key stakeholder group that can serve as informal but high credible communication channel: “the power of consumer word-of-mouth has been greatly magnified given the popularity and vast reach of Internet communication media channels such as blogs, chat rooms and social media sites.” (Du et al. 2010: 14)

- 3) Moderators of communication effectiveness: company-specific factors: some specific factors of the organization will surely influence the effectiveness of the CSR communication. Du et al. focus on two factors: corporate reputation and CSR positioning:
  - a. Corporate reputation: the reputation of the organization will surely influence the effectiveness of the CSR communication, since “it often serves as a pre-existing schema upon which stakeholders rely to interpret ambiguous information about the company” (Fombrun and Shanley, 1990. In: Du et al. 2010: 14) Therefore, companies with a good reputation will most likely see the positive effects if their CSR communication is to be increased, meanwhile the effects of CSR communication on firms with a poor reputation could not be that good. In fact, it might even not be credible and cause a negative impact to the organization. It can be argued that a company under a crisis situation (E.g.: British Petrol and the Mexico Gulf crisis) should be extremely careful in communicating its CSR meanwhile or short after one of these situations. Research by Strahilevitz (2003) show that because of *positive disconfirmation*, organizations with a neutral ethical reputation would probably gain greater benefits from their CSR involvement than firms with a positive ethical reputation. Very important as well is the industry in which the company operates. Stakeholders are often suspicious about the real commitment of many companies in certain industries (tobacco, agrochemical, petrochemical, and also pharmaceuticals), which supposes a real challenge for the development of their CSR communication strategy.
  - b. CSR positioning: it means “the extent to which a company relies on its CSR activities to position itself, relative to the competition, in the minds of consumers.” (Du et al. 2010: 15) Some organizations engage in particular causes, and some others go beyond merely engaging in CSR to position themselves wholly in terms of CSR, and place themselves as a fully-oriented CSR firm, as a reference in its category. (E.g.: The Body Shop) An organization’s CSR positioning can amplify the effectiveness of CSR communication since, given the fact that the company has taken the risky stance of positioning itself on CSR rather than superficially committing in such activities, stakeholders are likely to pay more

attention to its CSR message and also to believe in the authenticity of its CSR activities, resulting in greater persuasion in favor of the firm (Du *et al.* 2007).

- 4) Moderators of communication effectiveness: stakeholder-specific factors: the authors present three specific factors inherent to the stakeholders (the addressee of CSR Communication), that are likely to moderate the effectiveness of the CSR communication: stakeholder type; issue support; and social value orientation:
- a. Stakeholder type: one characteristic of CSR communication is that includes many potential audiences: from local communities to legislators. These different addressees held diverse expectations on the business and information, and therefore they might respond differently to the content and channel of the CSR communication. Consequently, organizations need to design its CSR strategy according to the specific needs and expectations of their different stakeholders groups. Du *et al.* (2010) allude to Dawkins (2004), who classifies different stakeholders into two types: 1) Opinion-leader audiences, that includes business press, investors, NGOs; and 2) General public, which includes consumers and local communities. Opinion-leader audiences are more interested in how the organization manages its CSR, and therefore are likely to seek for its CSR information and to go through the CSR report in order to get concrete information about the company's CSR record. Moreover, consultants, think-tanks, commentators and analysts in general are looking for hard evidence of the social impact of an organization's CSR programs. In order to increase credibility towards these audiences, organizations should adhere to leading reporting standards (E.g. Global Reporting Initiative and AccountAbility's reporting standard, AA100). On the other side, the general public is not proactively seeking for CSR information. They usually become aware of the organization's CSR engagement through independent channels (media, word-of-mouth, or marketing and advertising campaigns). Consequently, in order to reach these audiences, organizations should focus on the best and most effective messages and communication channels.
  - b. Issue support: it refers to the extent to which stakeholders support a CSR initiative carried out by an organization. Consequently, issue support will affect the effectiveness of the CSR communication, because it is related to the stakeholders' motivation to process the CSR information. (Du *et al.* 2010) Since issue support reproduces the stakeholder's needs and values, CSR information on issues that stakeholders find personally relevant is usually more effective. Hence it is crucial for organizations to explain the relevance of its CSR initiatives, in order to increase the stakeholders' issue support. A good strategy would be to enable stakeholders to participate: for instance, by asking them about which social

issue the company should support. Organizations should monitor on a regular basis, the priority concerns or issues that its key stakeholders confront.

- c. Social value orientation: the authors quote Van Lange et al (1997), who define social value orientation as “stable preferences for certain pattern of outcomes for oneself and others”. (Du et al. 2010: 16) As in the last point described above, social value orientation can affect the effectiveness of the CSR communication, since it is connected to the stakeholders’ motivation to process the CSR information. Du et al. present a three-category typology of social value orientation: prosocial, individualistic and competitive. Prosocials have the tendency to maximize outcomes and minimize the differences between outcomes, both for themselves and others. Individualists are likely to maximize their own outcomes with almost no regard for others’ outcomes. Competitors tend to maximize their own outcomes, by taking others’ outcomes as a reference, looking for an advantage over them. Prosocials are expected to be more supportive and interested on CSR initiatives. Moreover, the authors describe the “CSR activists”, as individuals with a clear tendency for purchasing based on ethical criteria, they are more aware of the company’s CSR initiatives and tend to seek information about the organization’s CSR behavior. Moreover, the authors present the “disbelievers”, who consider that the businesses’ purpose it is just to maximize shareholder returns, as also the “advocates” and “activists” who, oppositely to disbelievers, agree that businesses should support changes in social and environmental issues. Du, Bhattacharya and Sen (2010: 17) conclude that given the same CSR communication, it will be more effective among segments of stakeholders who are prosocial, advocates and activists, and less effective among those who are individualists, competitors or disbelievers.

#### **2.2.3.2. CSR Communication strategies**

As analyzed in the theoretical framework, participation and feedback is, nowadays, a natural element of the relationship between organizations and stakeholders. Based on Grunig & Hunt’s (1984) characterization of models of public relations, Morsing and Schultz (2006), describe three possible strategies for companies to communicate their CSR involvement with their stakeholders. These strategies cover the evolution from a more classical one-way communication to a more mutual and dialogue-based stakeholder relationship:

- *Stakeholder information strategy*: this strategy suggests that communication is always one-way, “from the organization to its stakeholders” (Morsing and Schultz, 2006: 142). In essence, the communication is understood as “telling, not listening” (Grunig; Hunt, 1984: 23). The messages are sent out by the firm itself to its stakeholders with the main

intention of informing them “as objectively as possible about the organization” (Morsing and Schultz, 2006: 142).

Regarding this way of communication, Crane & Livesey (2003) argue that assuming that an organization can actually engage in a one-way communication process may be misleading in itself. (Burchell and Cook, 2006) They consider that any process of communication between a company and its stakeholders must be interactive, as “the fundamentally dialogic nature of meaning-making is in fact implicit in every act of communication, whether it is explicitly recognised or not” (Crane & Livesey 2003: 46).

- *Stakeholder response strategy*: it is a two-way asymmetric communication model, which implies that the communication flows to and from the public. However, it assumes “an imbalance from the effects of public relations in favor of the company, as the company does not change as a result of the public relations, rather the company attempts to change public attitudes and behavior” (*sic*: 143). The response that companies have from their stakeholders “is perceived as a feedback in terms of finding out what the public will accept and tolerate”. This type of communication is based on the fact that organizations need “to engage stakeholders in a dialogue by making corporate decisions and actions relevant for them, because organizations need external support from external stakeholders” (*sic*: 143).

- *Stakeholder involvement strategy*: it has some similarities with the Stakeholder response strategy, as both are based on a two-way communication model. Nevertheless, in contrast, the Stakeholder involvement strategy supposes a dialogue between the organization/company and its stakeholders. “Dialogue” implies a concurrent negotiation between the two parts, in which the company explores vis-à-vis stakeholders’ concerns. “By engaging in a dialogue with stakeholders, the company ideally ensures not only that it keeps abreast of its stakeholders’ changing expectations, but also of its potential influence on those expectations, as well as letting those expectations influence and change the company itself” (*sic*: 144).

Jon Burchell and Joanne Cook (University of Sheffield, UK) consider that “multi-stakeholder dialogues provide an important learning environment, (...) especially when companies are confronted with ‘messy’ problems, which by their very nature impact upon a diverse range of stakeholder groups.” A fluent dialogue and feedback between organizations and stakeholders, represents an interactive two-way process of stakeholder engagement. (Burchell and Cook, 2006: 155)

**Table 1: Three CSR communication strategies**

	<b>The stakeholder information strategy</b>	<b>The stakeholder response strategy</b>	<b>The stakeholder involvement strategy</b>
Communication ideal: (Grunig & Hunt 1984)	Public information, one-way communication	Two-way asymmetric communication	Two-way symmetric communication
Communication ideal: sense-making and sensegiving:	Sensegiving	Sensemaking ⇕ Sensegiving	Sensemaking ↕ Sensegiving – in iterative progressive processes
Stakeholders:	Request more information on corporate CSR efforts	Must be reassured that the company is ethical and socially responsible	Co-construct corporate CSR efforts
Stakeholder role:	Stakeholder influence: support or oppose	Stakeholders respond to corporate actions	Stakeholders are involved, participate and suggest corporate actions
Identification of CSR focus:	Decided by top management	Decided by top management. Investigated in feedback via opinion polls, dialogue, networks and partnerships	Negotiated concurrently in interaction with stakeholders
Strategic communication task:	Inform stakeholders about favourable corporate CSR decisions and actions	Demonstrate to stakeholders how the company integrates their concerns	Invite and establish frequent, systematic and pro-active dialogue with stakeholders, i.e. opinion makers, corporate critics, the media, etc.
Corporate communication department's task:	Design appealing concept message	Identify relevant stakeholders	Build relationships
Third-party endorsement of CSR initiatives:	Unnecessary	Integrated element of surveys, rankings and opinion polls	Stakeholders are themselves involved in corporate CSR messages

Source: Morsing and Schultz (2006: 326)

### 2.3. Stakeholders and CSR

Up to now, the concept “stakeholders” has been used repeatedly, since it is a key definition within the communication sciences, corporate communications and Corporate Social Responsibility. On that account this section aims to provide a general understanding on the topic, centering on the relevance the concept of stakeholders has for the development of CSR.

#### 2.3.1. Concept

From a general comprehension, within the theoretical framework of corporate communication and public relations, the term “stakeholders” is frequently understood as the “publics” to whom an organization communicates. R. Edward Freeman defines stakeholders as “any group or individual who can affect or is affected by the achievement of the organization’s objectives” (Freeman, 1984: 46). Researchers at Leeds Metropolitan University, Dr Ralph Tench and Liz Yeomans identify stakeholders as “those who have a stake or interest in a particular organization.” (Tench & Yeomans 2006: 241) O’Riordan and Fairbrass (2008) quote Bowmann-Larsen and Wiggan, who define stakeholders as “all those individuals and groups with a ‘critical eye’ on corporate actors” (Bowmann-



Larsen and Wiggen, 2004). Known expert within the field of crisis communication, Dr Timothy Coombs (Eastern Illinois University) also agrees with Freeman's definition when conceptualizing stakeholder as "any group that can affect or be affected by the actions of an organization." (Coombs, 2007: 3; Coombs & Holladay, 2007: 27) Coombs and Sherry Holladay also add that, from an overall perspective, the typical stakeholders of a given organization include employees, shareholders, customers, government entities, suppliers, communities, the media and activists.

James Grunig affirms that "publics are formed when people face a similar problem, recognize that a problem exist, and organize to do something about that problem" (Grunig, 1992: 170) Grunig and Hunt (1984) add that "publics come and go". Heath and Coombs analyze the differences between stakeholders and publics. From their perspective, publics are "identifiable groups either inside or outside the organization whose opinion on issues can affect the success of the organization" (Heath and Coombs, 2006: 9). These authors also affirm that, while clearly overlapping, "stakeholders" tends to be the broader of the two terms. Considering these descriptions, publics can also be seen as temporary (people who have a special interest or issue, under a specific situation), meanwhile stakeholders are engaged with a given organization on a more stable basis, and have the possibility of influence its functioning.

### **2.3.2. The importance of stakeholders for CSR**

A natural link exists between Corporate Social Responsibility and the stakeholders. Carol-Ann Tetrault Sirsly and Kai Lamertz from Concordia University, Montreal, Canada refer to Waddock, Bodwell, & Graves (2002) and Wood (1991) when affirming that "CSR is intimately tied to a firm's relationships with its stakeholders, indicating that the social obligations of business have specific nonmarket environment beneficiaries whose demands and expectations must be met by firm performance". (Tetrault Sirsly & Lamertz, 2007: 6)

Renowned in all the CSR matters, Archie Carroll (1991) expresses the link between the concepts of CSR and the stakeholder theory by asserting that there exists a "natural fit between the idea of CSR and an organization's stakeholders." (Carroll 1991: 43) The American author goes deeper by explaining that "the word "social" in CSR has always been vague and lacking in the specific direction as to whom the corporation is responsible. The concept of stakeholder personalizes social or societal responsibilities by delineating the specific groups or persons business should consider in its CSR orientation. Thus, the stakeholder nomenclature puts "names and faces" on the societal members who are most urgent to business and to whom it must be responsive". (Carroll, 1991: 43)

As detailed by Dahlsrud (2008), who based his research on the most published definitions of Corporate Social Responsibility, five dimensions delineate the concept of CSR: *the stakeholder dimension, the social dimension, the environmental dimension, the voluntariness dimension and the economic dimension*. (Dahlsrud, 2008: 4)

Yet beyond a conceptual perspective, the importance of stakeholders concerning CSR initiatives relies on the simple fact that stakeholders are their addressee. Moreover, van Riel and Fombrun (2007) expose a dependency of the organization upon its stakeholders. With respect to the business case of CSR, firms engage in these initiatives motivated by the impact they will have on their stakeholders (Paine, 2003). Therefore, companies design and communicate its CSR considering its stakeholders, since its appreciation and feedback is vital for the organization's survival.

### 2.3.3. Categorizing the stakeholders

Nada Kakabadse, Cécile Rozuel and Linda Lee-Davies (2005) argue about the understanding of the term stakeholder. In order to avoid giving the concept a too broad and inclusive scope, many authors have proposed sub-categorizations:

Maignan et al. (2005) differentiate between the internal and external stakeholders of an organization. From this standpoint, the conception of *internal stakeholders* includes functional departments, owners, employees, and interested internal parties. In a basic stakeholder model, the *external stakeholders* include competitors, governments, local communities, customers, media, environmentalist, suppliers and regulators. (Maignan et al. 2005; Freeman, 1984)

Kakabadse et al. (2005) point out that some researchers separate *voluntary* from *involuntary* stakeholders (Post et al. 2002); *social* from *non-social* (Wheeler and Sillanpää, 1998); and even *intrinsic* from *instrumental* stakeholders (Phillips, 2001)

Another widely used classification for stakeholders characterizes them as primary and secondary:

- *Primary stakeholders* are "those whose continued participation is absolutely necessary for business survival" (Maignan et al. 2005: 959). Therefore, they consist of employees, customers, investors, suppliers, and shareholders that provide the necessary infrastructure.
- *Secondary stakeholders* "are not usually engaged in transactions with the focal organization and are not essential for its survival" (*sic*): the media, trade associations, NGOs, along with other interest groups.

Waddock et al. (2002) consider that primary and secondary stakeholder must face different pressures and priorities. However, under certain circumstances, having unsatisfied customers may not be considered as such an urgent problem to solve: for example, given the case of having negative information on the press that can severely damage the company's reputation. Such highly visible and influential secondary stakeholders as the media or a given interest group may sometimes be considered more relevant than customers or employees. Maignan, Ferrell and Ferrell (2005) quote Mitchell et al. (1997), who consider that "the three critical elements in assessing stakeholder influence is their power, legitimacy and urgency of issues".

#### 2.3.4. Stakeholder theory

One of the classical authors on the topic is the American researcher R. Edward Freeman. Professor at Darden School (University of Virginia) Freeman analyzes the firm from a stakeholder standpoint and proposes that there is a need for “integrated approaches for dealing with multiple stakeholders on multiple issues” (Freeman, 1984: 26). His stakeholder theory distinguishes stakeholders as elements of corporate strategic planning, but most importantly he points out “the urgency of stakeholders for the mission and purpose of the company” (Morsing and Schultz, 2006: 324), and by doing that, he also suggests “the positive financial implications of better relationships with stakeholders” (*sic*).

Thomas Donaldson and Lee Preston are only few among many authors that studied and revised Freeman stakeholder theory. Researchers from Georgetown University and University of Maryland respectively, they consider that the literature on the topic is not clear and that it could lead to misunderstandings: “unfortunately, anyone looking into this large and evolving literature with a critical eye will observe that the concepts stakeholder, stakeholder model, stakeholder management, and stakeholder theory are explained and used by various authors in very different ways and supported (or criticized) with diverse and often contradictory evidence and arguments”. (Donaldson and Preston 1995: 68) Accordingly, these American researchers therefore present three central aspects of the stakeholder theory in order to “point out some of the more important distinctions, problems, and implications associated with the stakeholder concept, as well as to clarify and justify its essential content and significance”. (*sic*: 66)

Consequently, they suggest that the stakeholder theory “can be presented and used in a number of ways that are quite distinct and involve very different methodologies, types of evidence, and criteria of appraisal”. (*sic*: 70) In line with this, they present three types of uses that are critical when analyzing stakeholder theory:

- Descriptive/Empirical: the theory is used -and has been used- by many academics to understand, describe and explain specific corporate characteristics and behaviors (e.g.: the nature of the firm; how managers think about managing; how companies are managed) From a practical perspective, it offers a model describing what the corporation is, as it describes the corporation “as a constellation of cooperative and competitive interests possessing intrinsic value.” (Donaldson and Preston 1995: 67)
- Instrumental: the theory offers a framework for identifying the links between the practice of stakeholder management and the achievement of the conventional corporate objectives (e.g. profitability, growth). Many researches of CSR refer to stakeholder perspectives and use conventional statistical methodologies, while other investigations are based on interviews and direct observation. Whichever methodology applied, researches suggested that companies applying stakeholder principles achieve corporate performance objectives in a

satisfactory manner. Kotter and Heskett (1992), based on their analysis on leading companies such as Hewlett-Packard, Wal-Mart and Dayton Hudson, observed that "almost all (their) managers care strongly about people who have a stake in the business: customers, employees, stockholders, suppliers, etc." (Kotter and Heskett 1992: 59)

- Normative: numerous academics and managers use the stakeholder theory to understand the functioning of corporations, i.e. to identify philosophical guidelines for the management of corporations. Stakeholders are identified as groups or persons with a legitimate interest on the corporate activities and their interests are considered to be valid and valuable.

Beyond the three above-mentioned aspects of stakeholder theory, Donaldson and Preston consider that the stakeholder theory is also *managerial*, since it does not solely describes situations or foresee relationships, but it also proposes structures and practices that comprise stakeholder management.

Morsing and Schultz (2006) refer to Andriof et al. (2002), and explain that in the last years the stakeholder theory centered its attention on developing a long-term stakeholder engagement. This approach proposes that organizations should concentrate on developing long-term relationships with its stakeholders, instead of focusing on immediate earnings. In order to reach this objective, companies need to engage with a variety of stakeholders upon whom dependence is indispensable.

Consequently, this perspective involves a move from the old paradigm that observed stakeholders are persons or groups being managed by companies, to a new standpoint that suggest a fluent interaction and feedback between an organization and its stakeholders. Furthermore, Morsing and Schultz agree that this process implies an increased interest in comprehending "how managers can manage not the stakeholders themselves, but relationships with stakeholders" (Morsing and Schultz, 2006: 325). Accordingly, marketing and corporate communication managers have the task of elaborating strategies to articulate an appropriate relationship between the organization and its stakeholders, as to prepare the company for being able to maintain a constant feedback with multiple stakeholders.

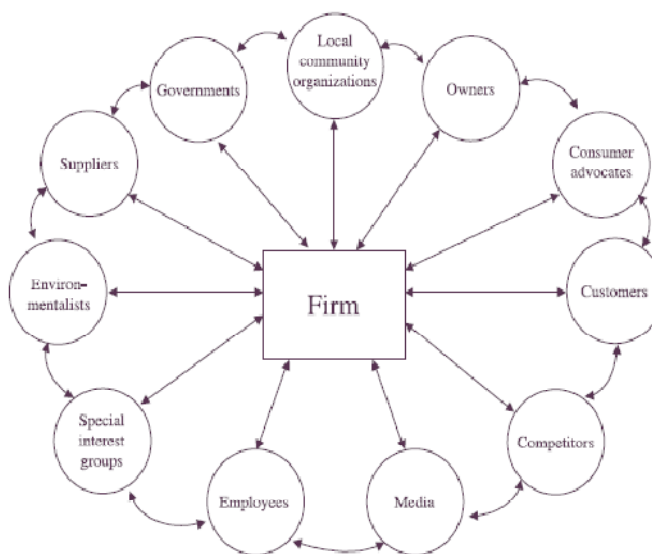
Maignan et al. (2005), refer to Leap and Loughry (2004) who agree that a "stakeholder friendly culture" can be a source of competitive advantage for a company. Moreover, firms with solid relations to other organizations (NGOs, companies, government) have greater chances of profiting in many senses, from "knowledge-sharing routines, complementary resource endowments and effective governance". (Morsing and Schultz, 2006: 325; Dyer and Singh, 1998) Andriof et al. consider that the relationship with stakeholders, in order to be positive for the organization should be understood and developed as "interactive, mutually engaged and responsive relationships that establish the very context of doing modern business, and create the groundwork for transparency and accountability" (Andriof et al. 2002: 9), which requires an active involvement and a fluent feedback between the parts. Morsing and Schultz consider that being dialogue is the tool, consensus

and agreements may be achieved so as to find solutions to both specific and general themes, and also to continue the collaboration. Researchers at Copenhagen Business School, these Danish authors quote Johnson-Cramer et al. (2003: 149), who argue that “the essence of stakeholder dialogue is the co-creation of shared understanding by company and stakeholder”.

Undoubtedly, stakeholders are very important to organizations nowadays. Companies should not think of them just from a risk management perspective (Paine, 2004) but as an opportunity to establish connections and learn from the dialogue. (Burchell and Cook, 2008: 41) It would seem today that most -at least large- organizations got the message, annual sustainability and/or CSR reports are a clear example of that.

### 2.3.5. Stakeholder map

Freeman, author of the book *Strategic Management: A stakeholder approach* (1984) introduced “the stakeholder map”, which offers a scheme of the stakeholder theory and is vastly used as a reference on the subject:



Source: Freeman 1984 (in Preble, 2005:417)

Donaldson and Preston (1995) elaborate on Freeman’s stakeholder map stating that “all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits” (...) “there is no prima facie priority of one set of interests and benefits over another. Hence, the arrows between the firm and its stakeholder constituents run in both directions.” (Donaldson and Preston 1995: 68)

Developing a stakeholder map can be an important tool when aspiring to identify the stakeholders of a certain organization. Freeman’s model offers an outline of the groups to be taken

under consideration; however, it does not indicate nor differentiate the primary and secondary stakeholders. Pharmaceuticals do not categorize their stakeholders in the same way as probably companies within the IT sector or automotive industry do. Even within the same industry, companies have different stakeholders, depending on the country, the sub-industry, etc. Consequently it is logical to understand that each organization should classify them according to its environment and business objectives.

The identification of stakeholders is vital when developing CSR activities and communication. As mentioned before, not all stakeholders have the same expectations or/and interest for the CSR initiatives developed by a given organization, and consequently not all stakeholders will respond in the same way. Therefore a clear identification and categorization of the stakeholders is a key starting point when planning a strategy for communicating a company's CSR engagement.

### 3. CSR in the pharmaceutical industry

#### 3.1. Introduction to the pharmaceutical industry

The Oxford English Dictionary defines *pharmaceutical* as “of, relating to, or engaged in pharmacy; used in pharmacy, of the nature of a medicinal drug; of or relating to the manufacture, use, or sale of medicinal drugs” (Oxford English Dictionary, 2008). Chris van Egeraat and Frank Barry (Trinity College Dublin) specify that “a basic model of the value chain of the pharmaceutical industry includes the following segments: discovery, product development or clinical trials, process R&D, active ingredient manufacturing, drug product (formulation) manufacturing; sales and marketing; and corporate functions” (van Egeraat and Barry, 2008). Barney and Hesterly explain that “pharmaceutical industry includes all companies that develop drugs and then patent and distribute the drugs to consumers” (2006: 51). Consequently, it can be inferred that, the pharmaceutical industry includes companies that invest in research, development, and testing of the medications; companies that focus on marketing; and firms that center its activities on the distribution of generic or branded drugs to pharmacies and hospitals.

However, Sara Fisher Ellison (PhD) from the Department of Economics at the Massachusetts Institute of Technology (MIT) affirms that the pharmaceutical industry “comprises firms which manufacture medicines, including vaccines. Many of these firms also perform some or all of the following functions: conducting basic scientific research to identify (patentable) chemical compounds with medicinal properties, developing those chemical compounds into safe, effective, and commercially viable medicines, gaining government approval to sell those medicines, and marketing those medicines to potential consumers and prescribers” (Ellison, 2008). The Encyclopedia Britannica (Online version) provides a more detailed perspective in which the pharmaceutical industry is integrated by companies that develop its activities in “the discovery, development, and manufacture of drugs and medications.”

Considering these two last definitions (Ellison, 2008; Encyclopedia Britannica), the pharmaceutical industry consists mostly of developers and manufacturers. Meanwhile, the previously mentioned concepts (van Egeraat & Barry, 2008; Barnley and Hesterly, 2006; Oxford English Dictionary, 2008; and Domb and Mlodozieniec, 2004) also may include wholesalers and distributors:

- Pharmaceutical manufacturers are those companies that develop and manufacture the medicines. These companies invest also many years and millions of dollars in research and development as in testing new medicines: “Researchers in the public, private and not-for-profit sectors are working to find solutions to complicated diseases such as HIV/AIDS, cancer and Alzheimer’s. The development and approval of drugs takes several years of research and regulatory review. In fact, the whole research and approval process

takes 10 to 12 years (or longer) before the medicine reaches a patient.” (Canada’s Research-Based Pharmaceutical Companies)

- Pharmaceutical wholesalers: The European Association of Pharmaceutical full-line Wholesalers (GIRP) explains on its website that *“the activity of pharmaceutical full-line wholesaling consists of the purchase and sale; warehousing storage; order preparation, and delivery of medicines. Pharmaceutical full-line wholesalers carry and distribute the full assortment of products (in range and depth) to meet the needs of those with whom they have normal business relations and deliver all medicines used in their geographical area of activity within a short time limit.”* Ellen Domb, Ph.D. and Arthur Mlodozieniec, Ph.D. indicate that “in the pharmaceutical industry, distribution includes the typical industrial activities of packaging, shipping, warehousing, retailing, etc., and also includes issues of customer use” (Domb and Mlodozieniec, 2004: 6).

It seems unclear how broad the concept “pharmaceutical industry” is. It surely integrates developers and manufacturers, but not all the concepts identify wholesalers and distributors under the same umbrella. However, whichever the case, for the purpose of this investigation, it is irrelevant if the pharmaceutical wholesaler’s activities are formally considered to belong to the pharmaceutical industry or not, since undoubtedly it exists a clear relationship and interdependence between pharmaceutical manufacturers and the companies that provide wholesaling services. Besides manufacturers and wholesalers, it is possible to find dozens of types of companies that provide different services in this sector and perform diverse activities in the pharmaceutical industry’s value chain: laboratories that only do research, laboratories that are exclusively manufacturers, testing companies, retailers, consultants and even pharmacies.

The first part of the research focuses on the pharmaceutical industry as a whole (including manufacturers, wholesalers and all sub-industries that integrate the industry’s value chain). The main objective here is to provide a general overview of the industry as well as a contextual frame. The second part of the investigation focus more particularly in the analysis of the pharmaceutical wholesaling / pharmaceutical service provider’s sectors.

From an economical perspective, the pharmaceutical industry has a huge importance for the world’s economy. The association *“Medicines Australia”* gathers many managers from the pharmaceutical industry. Manufacturers as Lundbeck; Janssen-Cilag; Novartis Pharmaceuticals, Pfizer, Eli Lilly; Sanofi-Aventis; AstraZeneca and GlaxoSmithKline -among others-, are represented by their Australian managers on the institution’s board. In its latest report about the Global Pharmaceutical Industry (2008), the following facts were presented:

- In 2006, global pharmaceutical sales totaled US\$643 billion with growth of 7% from the previous year.



- North America accounts for the largest proportion of the world market (45%) and Europe accounts for 23% of total global sales. Japan 10% and the rest of the world 22%.
- In 2006, Pfizer was the top pharmaceutical company worldwide by sales (US\$46.1 billion)
- Pharmaceutical companies ranked as the highest sector of Research and Development (R&D) investments across the world's top 1400 companies. In 2006, Pfizer spent nearly US\$7.6 billion on R&D globally; Johnson & Johnson US\$7.1 billion and GlaxoSmithKline US\$6.9 billion.
- In 2006, global pharmaceutical exports totaled US\$310.9 billion.
- Pfizer, Johnson and Johnson, Bayer AG, GlaxoSmithKline and Merck & Co Inc., employ more than 100.000 people worldwide each.
- McKesson, world's leader pharmaceutical wholesaler reported that the company had revenues for more than 108.7 million USD in 2009. (Businessweek.com)
- Celesio AG, leading European pharmaceutical wholesaler generated turnover of more than 21 billion Euros in 2009. (Celesio.com)

From a social perspective many points are to be taken into consideration. Wholesalers, distributors and pharmacies follow the manufacturer activities, meaning that the numbers on sales and global employees are even higher. But more than the number of people who direct or indirectly depends on the pharmaceutical industry, the existence and importance of pharmaceutical manufacturers, wholesalers and its value chain rely on a single human need: people's health.

### **3.2. Health and the pharmaceutical industry**

The Earth is inhabited by more than 6.8 million people (UN, 2009), politically divided in more than 200 countries. From an economical perspective, some people have access to all kind of services, and many others live under extreme poverty.

It would be impossible to say that we are living in a fair world. However, we do have basic needs, we all need to breathe, we all need to drink water and we all need to eat food in order to survive. Plus, none of us is exempt of catching a cold or of suffering a natural catastrophe, as none of us is exempt of dying.

The American psychiatrist and psychologist Abraham Maslow elaborated the known "Hierarchy of Needs". Being developed and studied in universities as a motivation theory, it implies that individuals are motivated to fulfill their basic needs before moving on to other needs. But focusing on human needs, this theory provides a valid understanding about people's life priorities. Urwiler and Frolick affirm that "Abraham Maslow's hierarchy is a five-level model depicting the progression of an individual's pursuit to meet personal needs" (...) "the most basic human needs must be satisfied before higher level human needs are generally pursued. When the needs at each

level are met, individuals naturally progress to the next level.” (Urwiler and Frolick, 2008: 83; 84) Maslow identifies five different levels of needs (ordered by priorities):

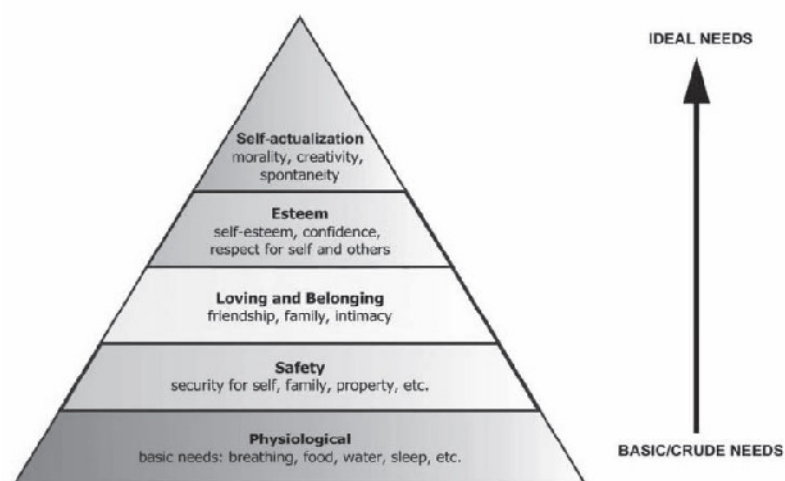
1. Physiological Needs: include the biological needs, the most basic needs that are vital for humans to survive, such as the need of oxygen, food, water, and warmth. (Snell, 2007: 34; Urwiler and Frolick, 2008). The authors add that “if one or more of these basic needs is lost, the priorities of a person immediately shift to satisfying the missing need” (*sic*).

2. Security Needs: once the basic needs are satisfied the need for safety and security becomes noticeable. Security needs are also very significant for the human’s survival, but clearly they are not as relevant as the physiological needs, therefore Maslow placed them on a second level. Urwiler and Frolick (2008) consider that this need “can manifest itself in a variety of ways depending on environmental conditions”. Security needs contain the human’s access to a health system and health insurance, access to education, a stable employment, to live on a safe neighborhood, etc.

3. Social Needs: it includes the need to be socially accepted; to belong to a social structure. “The satisfaction of the need to be affiliated with a group or groups with which the person identifies provides a sense of belonging and validation. Belonging needs can be met through relationships with single individuals or a larger collection of individuals with whom the person can identify”. (Urwiler and Frolick, 2008: 84) It basically includes the human need of friendship, family, group membership and social interconnection (Snell, 2007: 35; Cangemi, 2009: 40).

4. Esteem Needs: after meeting the needs for comfort, individual stability, and a sense of inclusion within certain groups, a person then often strives to achieve a comfortable level of self confidence. (Urwiler and Frolick, 2008: 84; Cangemi, 2009: 40) “The degree to which an individual feels content with his or her achievement, confidence level, respect, and status within the group or groups to which he or she identifies are key factors in meeting the overall need for self-esteem” (*sic*).

5. Self-actualizing Needs: is the highest level of Maslow’s model. “At this level in the hierarchy, individuals are attaining all of what they feel they are capable of becoming. From a self-worth standpoint, they have reached the pinnacle of their potential” (Urwiler and Frolick, 2008: 84). Professor Joseph Cangemi also refers to this level as “Fully-Developed Personality Needs” (the need for creativity/independence to grow – self-actualization/self realization) (Cangemi, 2009: 40).



Maslow's Hierarchy of Needs' pyramid (Source: Snell, 2007)

As Maslow's hierarchy of needs expresses, after having satisfied the basic needs, health is one of the most important human needs. People need to have access to health (meaning health system, medical care, medicines), therefore there exists a great social interest and very high expectations on the industry that invest in developing, manufacturing and delivering new drugs.

### 3.3. Why do companies in the pharmaceutical industry get involved in CSR?

Beyond an ethical perspective, this section aims to provide an understanding of the main reasons and benefits for companies within the pharmaceutical industry to get involved in Corporate Social Responsibility.

As Abraham Maslow's "Hierarchy of Needs"-developed in Chapter 3.2- shows, health is one of the most valuable things for the human being. Therefore the public has high demands and expectations for the pharmaceutical industry. Dr Diego Esteban explains that the pharmaceutical sector faces a very complex stakeholder universe that includes patients, professionals, regulators, scientific and patient associations, political authorities, the media, and the general public (Esteban, 2008). Each group may have different views and expectations from the industry, therefore companies CSR strategies may be carefully consider how to handle its relations and communications.

As -for instance- agrochemical companies are linked to long-term illnesses, reproductive impairments, higher risk of cancer, and ongoing harm to the Earth and its resources (Singh, 2003: 307) and companies that work on the paper production are linked with "cutting down of trees and forest depletion that is leading to global warming and other environmental hazards endangering the future of earth" (Rind, 2009), companies in the pharmaceutical industry are often observed with considerable mistrust by the public in general, which "has a tendency to think that the industry overcharges for its products, that it carries out irresponsible animal testing and that there should be unlimited access to pharmaceutical products" (Esteban, 2008: 78).

Moreover, the lack of medicines in the poor countries is also perceived as a fault of pharmaceuticals: “the pharmaceutical sector is often considered to have a particular ethical responsibility towards the public: to provide affordable drugs to all those in need” (Nussbaum, 2009: 67). Lefebvre and Miller (2006) imply that “pharmaceutical corporations have a moral obligation to society to provide the people, especially the poor, with affordable medication. Presently, pharmaceutical giants have disregarded this responsibility and therefore have ignored their Corporate Social Responsibility”. Matthew Lee and Jillian Kohler explain that over 2 billion people lack medicines for treatable diseases, and that 14 million people die annually from infectious diseases (Lee and Kohler, 2010).

Diego Esteban adds that “the downsizing that has resulted from mergers and acquisitions, relocations and failed product launches have not helped the industry’s image either” (Esteban, 2008: 78).

The British corporate critical research organization “Corporate Watch” even published a list of “Corporate Crimes” that includes the next accusations: Overpricing drugs; immoral marketing; luring doctors; kicking the poor; a “no-money no-cure” attitude; clinical trials in the poorest parts of the World; and industry-government alliances (CorporateWatch.org.uk). Nussbaum (2009) adds that the same group blames the pharmaceutical industry for practicing “corporate inhumanity”.

Researchers at the University of Bradford, Linda O’Riordan and Jenny Fairbrass suggest that pharmaceuticals do not really have many choices when it comes to deciding to involve in Corporate Social Responsibility: “given the critical attention that ‘big business’ in general, and pharmaceutical companies in particular, has attracted from inter alia the media, governments, and non-governmental organisations (NGOs), there has been mounting pressure on businesses to respond to the challenge of corporate (social) responsibility (CSR).” (O’Riordan and Fairbrass, 2008: 745)

The relationship between the industry and the National Governments is one of the most critical points when analyzing the pharmaceutical industry. Corporate Watch affirms that the pharmaceutical industry usually is not affected by economical crises / conditions, but it rather tends to be hit by regulatory compliance issues. Moreover, companies need approval from National Governments to market its products. Hence the relationship between pharmaceutical industry and politics is quite close, especially when considering the billions of dollars involved in the pharmaceutical businesses.

Beyond considering the development, delivery, marketing and sales of medications, the pharmaceutical industry provides jobs for thousands of people worldwide and it operates in a very profitable business, therefore it seems logical that its activities are seriously followed by the authorities. Former British Prime Minister Tony Blair expressed the relevance of the pharmaceutical industry for his country when stating: *“A successful pharmaceutical industry is a prime example of what is needed in a successful knowledge economy. The UK’s pharmaceutical industry has an*

*outstanding tradition and has contributed very substantially to our economy and to the welfare of our citizens. It has provided tens of thousands of high quality jobs, substantial investment in research and development, and a massive contribution to the UK's balance of trade"* (Pharmaceutical Industry Competitiveness Task Force (PICTF), 2001).

Although understood as an important and profitable industry due to the production and delivering of medications, as well as for the amount of employees involved in it, literature shows that companies involved in the pharmaceutical industry are often negatively perceived. Interesting enough, the industry is mostly blamed for its commercial and political attitudes (e.g.: overpricing; immoral marketing; luring doctors; industry-government alliances), so much as for its research and environmental performance. In addition, manufacturers are often accused of drug testing in poor countries, but most investigations on the industry rarely mentions other severe topics as for instance environmental pollution or child labor.

Considering the list of issues, it seems logical that companies involved in the pharmaceutical industry have a strong interest to tackle them through strategic CSR actions (Nussbaum, 2009). Taking as a reference the models developed by Paine (2003), Kurucz et al (2008), and Porter & Kramer (2006) the involvement of organizations with Corporate Social Responsibility depends on many factors. From a business perspective the interest on CSR initiatives by companies developing its activities and business within the pharmaceutical industry respond to the different challenges the industry faces. External stakeholders like NGOs, media, consumer advocacy groups and the public opinion in general carefully watch the steps taken by pharmaceuticals. It sounds logical; we all need to have access to medications in order to take care of our health. Therefore, risk management is one of the main reasons why pharmaceuticals develop CSR strategies and initiatives. Pharmaceuticals may have to pay a high price in its reputation -and even finances- in case of a major wrongdoing. (e.g.: Johnson & Johnson and the Tylenol crisis). From an organizational functioning perspective, CSR is as important for pharmaceuticals as for companies in any other industries. When involved in these initiatives, CSR cannot be considered as a mere instrument but as a key area of strategic concern (Tetrault Sirsly & Lamertz, 2007). CSR has a huge relevance for pharmaceuticals as a market positioning strategy. Companies in this industry have to protect their reputation and reach a positive public opinion in order to gain markets and preserve their current customers. The answer lies in generating trust among consumers, hard task to achieve and sustain considering the skepticism of people towards this industry. A civic positioning approach is also very significant for manufacturers and wholesalers within the pharmaceutical industry. Companies need to be perceived as social responsible from an overall perspective. External stakeholders must recognize companies related to the healthcare sector as being deeply committed to perform better in all the stages of their businesses.

Alexander Nussbaum (2009) provides a checklist of the reasons why a CSR involvement can be positive to pharmaceuticals. Therefore he explains that CSR can help pharmaceuticals to: “(a) build a strong corporate reputation, (b) contribute to overall business goals, (c) attract and retain a motivated workforce, (d) reduce operating costs, (e) reduce regulatory oversight, (f) support marketing objectives, (g) build a strong community relationship and (h) leverage current corporate social initiative efforts and investments”. Aiming to be more specific, the author refers to Kermani (2005), who suggests that (a), (c) and especially (e), “together with remaining trustworthy for patients in clinical trials, are among the most relevant ones for the pharmaceutical industry” Nussbaum (2009, 69).

Going one step further and looking at the future, Esteban (2008) affirms that, more than the existing challenges, the industry will have to find solutions in order to guarantee access to medicines for everybody. Moreover, pharmaceutical manufacturer and wholesalers will be in need to manage ongoing environmental challenges, most likely relating to procurement, waste management and the efficient use of key resources (e.g. water): water management “will be particularly important in the expanding bio products sector which tends to require large amounts of the commodity during the manufacturing process” (Esteban, 2008: 78).

### **3.4. Pharmaceuticals and CSR: the importance of stakeholders**

As mentioned before, it exist a natural link between Corporate Social Responsibility and the concept of stakeholders. Not just stakeholders are the addressee of the CSR activities and communications, but are also one of the main reasons of existence of Corporate Social Responsibility as a discipline, and the central motive why organizations involve in CSR initiatives.

Focusing on pharmaceuticals, there is a number of issues to consider when analyzing the stakeholder’s expectations from companies developing their businesses within this industry. As mentioned in the previous chapters, in common with other large-scale industries, pharmaceuticals “find themselves ‘invited’ to respond positively to the corporate ‘social’ responsibility (CSR) expectations of their stakeholders” (O’Riordan and Fairbrass, 2008: 745). Accordingly, managers of pharmaceutical companies have not many choices but to “confront the complicated task of choosing which stakeholder dialogue practices to adopt, why, and with what intended effect” (*sic*).

Many stakeholders related to- or interested in- the pharmaceutical industry consider health as a primary human right. Furthermore, understanding the importance of health for the main part of the society, stakeholder’s most important critics on this sector are mostly based on what are considered as the industry’s main errors; as already mentioned in previous sections, these refer to industry excessive profit levels, investment in ‘unnecessary’ drug development, price fixing, luring doctors, a “no-money no-cure” attitude, limited patient access to medications (kicking the poor), immoral marketing, animal testing, industry-government alliances, research methods and clinical

trials in the poorest parts of the World, as well as environmental concerns (CorporateWatch.org.uk; O’Riordan and Fairbrass, 2008: 746).

Summing up, companies developing their activities within the pharmaceutical industry have been (und still are) under continuous pressure to act responsibly and to establish a fluid dialogue practices with its stakeholders. At the same time, it might be also reasonable to understand that such feedback provided pharmaceuticals with new perspectives on how to communicate, which probably were not considered before. Hence, stakeholder’s opinions and considerations are matters of significant managerial interest within this industry (O’Riordan and Fairbrass, 2008).

As a consequence, developing effective CSR stakeholder dialogue strategies is unquestionably a major task for managers working within the pharmaceutical industry. More than that, many other challenges may face the Corporate Communication / Marketing / CSR managers, for instance, to identify to whom the company is responsible to, and how far that responsibility extends. From a content perspective, it is also important for the management to distinguish “what might be considered to be ‘best practice’ with regard to the CSR stakeholder dialogue strategy and then communicating this to stakeholders” (Weiss, 1998).

As it has been observed, many reasons drive pharmaceuticals to establish a fluid dialogue with its stakeholders. Here it is necessary to underline that organizations should not see its stakeholder relations just from a risk management perspective (Paine, 2003), but also as an opportunity to gain information and knowledge in order to achieve a better functioning.

The following sections will focus on CSR communications and in the analysis of the strategies that companies within the pharmaceutical industry design in order to identify their stakeholders and to communicate their CSR initiatives to them. The understanding of the stakeholder’s expectations is the key when developing CSR communication strategies. Moreover, as expressed in Chapter 2, it is essential that an organization’s CSR strategy “comprises the systematic integration of CSR issues in the whole management process” (Reisch, 2002: 194), instead of being just “a well-tuned and sophisticated communication” (*sic*). Such an approach could be perceived as a pure PR tactic, and the company’s image can end up being seriously damaged.

#### 4. Introduction to the analysis of the websites

The following section is the result of the study from the websites of three selected pharmaceutical wholesalers and service providers within the pharmaceutical industry. At first, an introduction about communicating CSR through the web is presented. Secondly the analytical framework is developed. Finally the analyses of the websites are carried on, and the conclusions are presented.

##### 4.1. Communicating CSR through websites

Organizations can inform about their CSR activities and/or records through a variety of communication channels. A company can communicate its CSR involvement through official documents, like press releases, CSR reports and a specific dedicate section of its official corporate website to CSR. Moreover, firms also use TV commercials, magazines and even product packaging to communicate their CSR initiatives.

Du et al. (2010) and Sones et al. (2009) agree that one of the most important points regarding communication channels relies on the control that the company has over them. A company can control the content of its CSR communication through its own communication channels, but usually has little control of what is published, for example, by the media. Moreover there is also a matter of credibility: “the less controllable the communicator is, the more credible it is, and vice versa” (Du et al. 2010: 13). This means that to stakeholders “CSR communication via corporate sources will trigger more scepticism and have less credibility than non-corporate sources” (*sic*).

Irene Pollach (2005) further explains that corporate websites are superior to traditional mass media in many ways: in the first place, because the WWW is capable of transmitting an unlimited amount of information to all potential audiences, like customers, employees, job seekers, investors, analysts, students, etc. (Coupland, 2005); secondly, compared with other media, the web gives more control to the audiences (stakeholders can choose what they want to see); and thirdly, information published on the corporate website is under the control of the organization. Even though the author also considers a number of challenges on website-management (e.g. agreeing with Du et al. 2010, also regarding credibility), it might be argued that not all audiences might have access to the net (e.g. due to technological limitations) and not all audiences might be attracted by this way of communication. For instance, the world-leader agrochemical Monsanto communicates its CSR through its corporate website ([www.monsanto.com](http://www.monsanto.com)). Researchers, businessman, students and other stakeholders might access the information published there. However it seems quite doubtful that Monsanto’s customers in Paraguay (farmers) look for specific information on the company webpage: in some cases because they do not have access to the internet, and in other cases because if they are able to get access to the net, many farmers are not familiar with this kind of communication.



Therefore, the importance and effectiveness of communicating through websites might be related to the industry a company is in, as well as to the specific stakeholders an organization wants to reach.

Another interesting advantage of the communication through websites is that, compared to other media, it involves an implied level of interactivity: "just as the newspaper reader must acquire the newspaper, a web site viewer must make a specific effort to access the content" (Sones et al. 2009: 147; Esrock and Leichty, 1998). Researchers from the University of Louisville, Stuart Esrock and Greg Leichty (1998) agree that websites "tend to serve audiences that are more active in how they search and process information, than the more passive publics who are reached via traditional mass media" (Esrock and Leichty, 1998: 306). Consequently, websites provide organizations an opportunity to develop a fluid feedback with its stakeholders, and to engage the citizens in direct dialogue on a diversity of topics.

#### **4.2. Analytical framework**

As explained in the methodology section (1.4.2.), the analyses of the websites consist of a qualitative examination of corporate websites from three pharmaceutical wholesalers and service providers within the pharmaceutical industry. The data collection is consequently based on the written content of the selected organizational websites, specifically on the CSR section of each webpage. Bryman (2004) defines qualitative content analysis as "an approach to documents that emphasizes the role of the investigator in the construction of the meaning of and in texts." (Bryman, 2004: 542) The objective is to elaborate conclusions, considering the reasons that lead these companies to get involved in CSR and reaching an interpretation on how these firms organize their CSR communications: to examine the CSR initiatives they engage in, the stakeholders they address, and which CSR communication strategies they use in order to address their stakeholders.

With the aim of achieving these objectives, this research suggests an analytical framework, designed to provide concrete results on how the selected pharmaceutical wholesalers and service providers within the pharmaceutical industry communicate their CSR involvement through their corporate website. The framework is based on the theories and models of Paine (2003), Du et al. (2010), and Morsing and Schultz (2006), already discussed in the previous chapters. Consequently, the analytical framework includes three levels, aiming to respond to the research inquiries. The three levels range from identifying in which CSR initiatives organizations are engaged, to the classification of the organization's stakeholders and the CSR strategies organizations implement in order to address them. Thus, the analysis is organized following the logical order of the different levels: the information collected on the first level is the basis for the analysis for the following levels. In other words, beyond the classification in levels, it is important to understand the framework as a process in which the information collected in one level is the basis for the research made in the following levels.

Accordingly, the **level 1** focuses on the description of the websites' message content and it aims to provide information regarding the specific CSR initiatives organizations are involved in and prioritize. Consequently, a mapping of the main CSR topics communicated by the companies is carried out. The study at this level is based on Du et al<sup>4</sup> (2010) "Framework of CSR Communication", but specifically on the author's section regarding the message content. The analysis is divided into four categories: CSR commitment; CSR impact; CSR motives and CSR fit. The information is gathered through the examination of the companies' section/s where the CSR initiatives are introduced. A detailed description of these issues serves as a starting point of the three-level analysis framework and it is vital for further analysis of the subsequent levels, since it provides a general overview of the organization's CSR activities. Moreover, it also allows making first inferences regarding which stakeholder group the organizations approach.

Considering the information gathered in the previous level, the **level 2** explores the main stakeholder groups. Furthermore it allows making an interpretation of the motivations that drive organizations to get involved in CSR. The analysis of this level is based on the literature by Lynn Sharp Paine<sup>5</sup> (2003), who distinguishes diverse "path to values" that managers may take into account when adjusting their strategies to Corporate Social Responsibility. Therefore, Paine categorizes four major clusters (risk management; organizational functioning; market functioning; civic positioning) that belong to the *business case*. The author also includes a fifth argument, (a better way) which is the *normative case*, but it will not be taken into account for this particular analysis. The information is gathered according to the description of the initiatives and the analysis of message content (both elaborated in level 1), as well as on the strategic approach claimed by the analyzed companies. Consequently, it is classified according to the motivations that lead the selected companies to get involved in CSR (Paine). It is clear that all motives presented by Paine are relevant for the organizations, however, the research aims to understand what the main reasons are, that lead these companies to engage in CSR. Additionally, this data facilitate the identification of the main stakeholder groups.

Having identified the organization's priorities and main stakeholders in the first two levels, the **level 3** centers in the strategies used by these companies to address their stakeholders. In order to achieve this, the "CSR Communication strategies" by Morsing & Schultz<sup>6</sup> (2006) are applied. The authors identify three possible strategies that companies can implement to communicate their CSR involvement with their stakeholders: stakeholder information strategy; stakeholder response strategy and stakeholder involvement strategy. The information in this section is collected and classified considering two variables: a) the communication channels the organizations use for

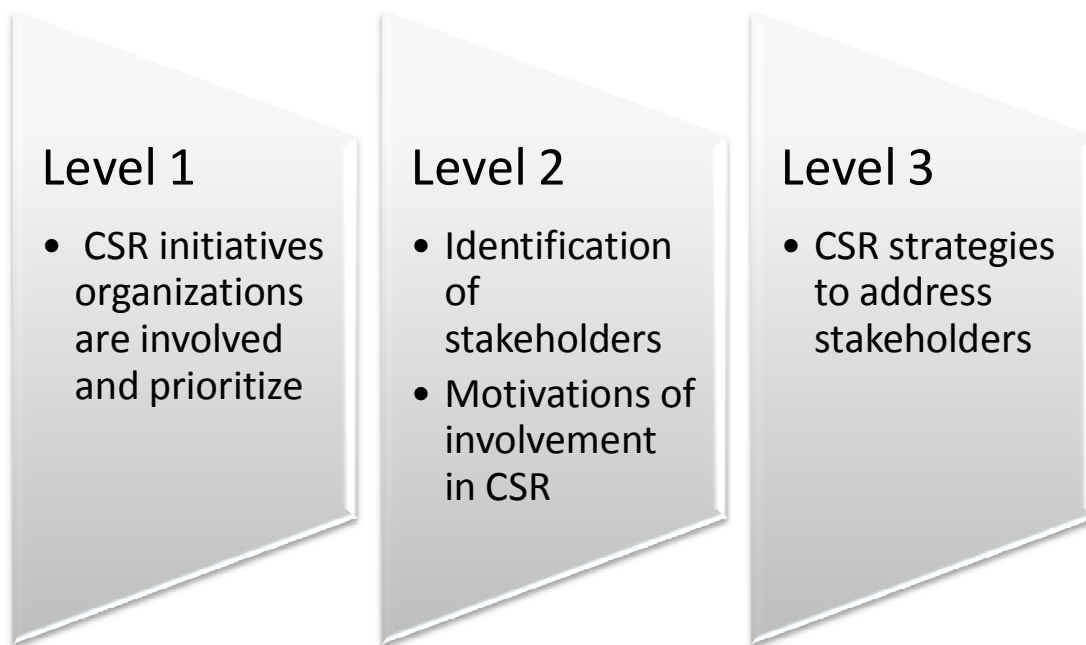
<sup>4</sup> A full description of Du et al. (2010) framework of CSR communication can be found on the section 2.2.3.1.

<sup>5</sup> A full description of Paine's theory (2003) can be found on the section 2.2.2.1.

<sup>6</sup> A full description of Morsing and Schultz's CSR Communication strategies (2006) can be found on the section 2.2.3.2.

addressing their stakeholders; b) the interpretation of the expressions (messages) the companies use in their CSR sites for addressing the message receivers. Consequently, the information is analyzed based on Morsing and Schultz strategies. The importance of the third level relies on the fact that it offers information regarding the type of communication carried out by the organizations, and also the degree of participation that the companies expect from their stakeholders.

The following graphic summarizes the organization and main objectives of the three-level framework:



The three levels altogether allows finding the required information, given the objectives and purposes of this research. Moreover, it is important to highlight that the analytical framework have been specifically designed considering the needs of this investigation.

The following section provides a brief description of the selected companies and after that the analysis on the corporate websites is developed.

#### **4.3. Company presentation**

##### **4.3.1. Celesio AG (<http://www.celesio.com>)**

The German firm Celesio AG is one of the leading international service providers within the pharmaceutical and healthcare markets. The company is active in 26 countries worldwide and employs approximately 47,000 people in its three divisions; Patient and Consumer Solutions, Pharmacy Solutions and Manufacturer Solutions. Approximately 2,300 of Celesio's own retail pharmacies, as part of Patient and Consumer Solutions, serve over 550,000 customers every day. In its wholesale activities, which are part of Pharmacy Solutions, around 140 wholesale branches deliver

to over 65,000 pharmacies – day in, day out. In the Manufacturer Solutions division, Celesio offers pharmaceutical manufacturers logistics and distribution solutions and supports them in sales and marketing. As a Group, Celesio operates with different brands, depending on the respective division and country. (Source: Celesio AG)

This company based in Stuttgart created the CSR office in 2008, which operates under the umbrella of the Corporate Communications and External Affairs department. During the first years the company developed its CSR Communications mostly on its intranet. But since the beginning of 2010 Celesio had made almost all its CSR Communications open to the internet.

#### **4.3.2. Alliance Boots Plc. (<http://www.allianceboots.com/>)**

The British Alliance Boots is a leading international pharmacy-led health and beauty group offering a wide range of products and services to its customers in more than 20 countries. Working in close partnership with manufacturers and pharmacists, the company's two core business activities are pharmacy-led health and beauty retailing and pharmaceutical wholesaling.

Alliance Boots is privately-owned and employs over 115,000 people. Its wholesale and distribution network serves over 150,000 pharmacies, doctors, health centers and hospitals from over 360 pharmaceutical wholesale distribution centers in 16 countries. The company operates more than 3,250 health and beauty retail stores in ten countries, of which just under 3,150 have a pharmacy. (Source: Alliance Boots Plc.)

The Nottingham-based organization published its first CSR Report in 2007, and since then the company communicates its CSR activities also through its official website.

#### **4.3.3. Suzuken (<http://www.suzuken.co.jp>)**

The Japanese Suzuken is a leading company in pharmaceutical distribution, safely and reliably providing hospitals, clinics, pharmacies and other customers with prescription pharmaceuticals, as well as diagnostic reagents, medical equipment and supplies. The Suzuken Group plays a central role in Japanese pharmaceutical distribution, with six group pharmaceutical distribution companies, two specialist logistics companies, and sales offices in all 47 prefectures in Japan.

Suzuken also offers other healthcare-related services, including those that facilitate medical treatment and individual health management. In doing so, it makes use of the valuable feedback its nationwide network provides from medical practitioners. Suzuken also draws on the capabilities of its corporate Group, including those of the pharmaceutical manufacturer Sanwa Kagaku Kenkyusho Co., Ltd., and the medical equipment manufacturer Kenzmedico Co., Ltd., as it continues to forge ahead as a 'health creator' that identifies and delivers new forms of value. (Source: Suzuken) The company, founded in 1932, employs approximately 20.000 people.

Based in the city of Nagoya, Suzuken presents itself as a CSR-oriented organization, which openly communicates that involvement through its corporate website.

## 5. Analysis

### 5.1. CSR Initiatives (Level 1)

#### 5.1.1. Celesio AG

##### 5.1.1.1. Description of initiatives

Celesio AG describes its CSR initiatives in its CSR homepage (Appendix 1), under the sub-page called "Our responsibility". The CSR initiatives are grouped into four main areas: "Society", "Environment", "Economy" and "Transparency" (Appendix 1.1.).

Society (Appendix 1.2.): the start page of this section indicates that *"People's health is the focus of our entrepreneurial business activities in Europe and everywhere, today and in the past"*. By this, the company places its business field. Four main sub-areas of interest are expressed in this section:

1) "Poverty-related Diseases" (CSR initiatives in foreign countries outside Europe) includes programs against counterfeit medicines in India, Kenya and Philippines: *"Counterfeit pharmaceuticals are a global threat."* (...) The cooperation implies: *"As a company committed to health, Celesio targets this problem and has developed a multi-level approach. The first level is the regular minilab testing of drugs for the charity "Doctors for Developing Countries". As part of the cooperation, Celesio pharmacists travel to Third World countries where the risk of receiving counterfeit medicine is high. Here they test drug ingredients by means of a minilab sponsored by Celesio"*. All of these activities are the result of a partnership between the company and "Doctors for Developing Countries", which is a German charity organization *"in 2004, Celesio embarked on a partnership with the organisation Doctors for Developing Countries. Since then Celesio has supported the organisation not only financially but also by providing technical know-how and the personal commitment of Celesio's staff"*. The partnership includes also a project for a tuberculosis clinic in Kolkata. Moreover, Celesio organized a donation campaign after the Tsunami occurred in South-Easter Asia in 2004 *"On 28 April 2005 Celesio AG and GEHE Pharma Handel GmbH handed over a cheque of EUR 50,000 to the charity "Doctors for Developing Countries". The money was donated by staff, customers and business partners of the two German-based companies, Celesio and GEHE Pharma Handel, of the Celesio Group."*

2) "Diseases of affluence" (CSR initiatives inside Europe) is directed to campaigns organized by the Patient and Consumer Solutions branch of the company: *"Celesio plans to extend its wide range of services and advice for patients and end users around the globe. In all countries there is a growing need for the products and services which pharmacies offer for the early recognition of chronic diseases"*. The communication given regarding this subject focuses mostly in the presentation of products related to allergies, cardiovascular diseases, sun protection / skin cancer, and nutritional advices, between others.

3) In “Education” the company presents its commitment to education: *“In the 1860s, the success of his company led to his idea of establishing the Gehe Foundation to “improve public health”. At the turn of the century, the Foundation acquired the status of an academy. It laid the foundation for today's Saxon Academy of Management and Economics”*. More than the Gehe Foundation, in this section the company introduces scholarship programs (E.g. for pharmacy students), cooperation with different German universities and research work made by PhDs and master students in different European Universities. Furthermore, the Gehe Akademie offers courses that *“are aimed at the needs of pharmacies and their staff. Its vision is to provide a space for innovative ideas for modern corporate management. Seminars and coaching sessions confer practical knowledge not only of management and marketing but also of communication methods and specialist pharmaceutical information, all at a reasonable price”*.

4) “Employee” expresses the interest of Celesio for its own employee *“Celesio pays serious attention to the level of qualification and the motivation of its staff”*. It includes a list of employee benefits and development/training programs, as well as a link to the human resources site. Moreover, it presents a link called “Sports” where opportunities for physical activities are introduced (swimming, marathon, etc.). The same section also presents a donation made by the company to the swimming club “Cannstatt 1898 e.V.”, located in the same neighborhood as the headquarters.

Environment (Appendix 1.3.): in this section Celesio communicates its concern for environmental issues, *“Environmental issues are becoming more and more important”*. Its initiatives in this topic are classified in three areas: 1) “Celesio becomes ECOfit” refers to a governmental program on ecology in which Celesio takes part *“ECOfit has been designed to encourage local businesses to implement measures for protecting the environment”*. The participation of this initiative is relevant to Celesio since *“This will enable us to identify where the use of resources like water, energy and paper can be reduced. Moreover waste management and internal processes are being examined to find room for further improvement.”* 2) “Environmental Management, Celesio, Stuttgart” refers to Celesio *“responsibility for the environment and nature”* in the organization’s headquarters. It presents measures taken by the company regarding energy use and waste management. Furthermore, it expresses the company support for the use of public transportation - employees pay a lower cost for a yearly local transport card. 3) “Environmental Management, Subsidiaries” basically offers practical information about how several selected international subsidiaries approach the sustainability issues: *“Working in 26 countries in and outside Europe means working on the borderline between industrial plants and nature.”* It includes topics as CO<sub>2</sub> reduction, eco management, and chain logistics. Moreover, it introduces an international campaign carried out by Celesio’s subsidiaries in order to reduce mercury. It encourages consumers to dispose mercury thermometers and buy new digital ones in any of the Celesio’s chain pharmacies: *“customers could swap their mercury thermometer for a digital thermometer at just one euro apiece”*. 4) The

“Environmental Conference Baden Württemberg” explains the company’s participation in a conference on environment organized by the local government. It emphasizes *“the significance of the environment and nature in Celesio’s business activities at the conference “Unser Neckar: Auf zu neuen Ufern” (Our River Neckar: Off to new banks)”*. Finally it should be recalled that Celesio’s headquarters are located in Stuttgart-Bad Cannstatt, a few meters away from the river Neckar.

Economy (Appendix 1.4.): the relevance of Celesio’s business and the financial health of the organization is explained in just one paragraph: *“We are one of the leading service providers within the pharmaceutical and healthcare markets worldwide” (...)* *“The increase in the global population as well as rising life expectancy increases both the need and global demand for medicines and healthcare products” (...)* *“On the basis of overall robust operating business and solid financing, we still consider the economic situation of the Celesio Group to be positive”*.

Transparency (Appendix 1.5.): it intends to position Celesio as an ethical and CSR-committed company: *“Trustworthy communication is a prerequisite for us to effectively carry out our sustainable business internally and externally. Celesio therefore believes it has a duty to play an active part in the current CSR discussion”*. It includes two sub-sections:

1) “Dialogue with stakeholders” introduces the efforts of Celesio to communicate with four specific stakeholder groups: investors, employees, politics and the press. Moreover, it introduces a number of workshops organized by Celesio oriented to NGOs, politicians and academics (e.g. “1<sup>st</sup>. CSR Workshop”: *“Celesio AG invited high-ranking guests from the fields of business, politics and academics as well as NGO representatives to participate in the first CSR workshop in Stuttgart”*) and forums carried out with Doctors for Developing Countries. Furthermore, it presents Celesio as a promoter of the CSR issues in foreign countries like Japan and Bosnia-Herzegovina: *“Celesio’s activities in the field of Corporate Social Responsibility: Hideyuki Takamizawa, the editor of the magazine MIL (Mission for Life) for doctors, pharmacists and pharmacy students, and Norikio Nakamura from Japan visited Celesio AG in Stuttgart” (...)* *“Dr. Ruth Kappel, Head of Corporate Social Responsibility at Celesio, gave them an introduction into the company’s business activities as well as the various CSR projects”*; *“Company representatives from Albania, Bosnia-Herzegovina, Macedonia and Serbia recently visited Celesio AG in Stuttgart. The visit took place in the scope of the project “Introduction of Corporate Social Responsibility in Southeast Europe”*.

2) “Reporting”, offers access to the PDF version of the CSR chapters in the company’s Annual Report. Celesio does not publish any specific Annual CSR Report.

#### 5.1.1.2. Analysis of message content

According to the framework by Du et al. (2010), the *CSR commitment* expressed in Celesio’s CSR is quite clear. The CSR communication is made according to what the literature suggests: a lot of information, durable initiatives and consistent themes. From a *CSR impact* perspective the



company's CSR involves a great amount of information about a committed social involvement: actions in developing countries as well as initiatives carried out centering on the local community. Focusing on the *CSR motives*, maybe the large amount of information about Celesio social initiatives leaves doubts regarding the business benefits that the company gets by involving in CSR, even though it is communicated in many sections. However, the inclusion of the "Transparency" section helps to achieve this objective, as it is indicated on that site, *"our corporate actions are driven by the conviction that through our involvement we are creating added value for society and the Celesio Group"*. Last but not least, the *CSR fit* is very high and appropriate. Celesio's CSR focus on healthcare and its CSR initiatives can easily confirm that: from the cooperation with "Doctors for Developing Countries" in Africa, to the monetary donation -by employees- for medical assistance in South-East Asia, and scholarships for students of pharmacy.

### **5.1.2. Alliance Boots Plc.**

#### **5.1.2.1. Description of initiatives**

The British Alliance Boots presents a link direct at its CSR homepage (Appendix 2) called "CSR initiatives" (Appendix 2.1.). Boots describes its company as follows: *"Corporate Social Responsibility initiatives carried out by Alliance Boots fall mainly within four key areas of activity: Community, Environment, Marketplace and Workplace."*

Our Community (Appendix 2.2.): the company presents its commitment to local communities. The site states that "wherever we do business, our priority is to contribute positively to the communities that we serve." Four targets are introduced within this area: 1) *"To work with health bodies and government departments where we operate to deliver initiatives that improve the health and wellbeing of people in the communities in which we operate"*: the target illustrates as an example a campaign carried out by the company to combat the A(H1N1) virus. 2) *"To develop campaigns and information which support the public health agenda, particularly those most relevant to women"*: as an example *"in February 2010 our Alphega network in France launched a campaign to raise awareness of rheumatoid arthritis, an illness which affects women three times as frequently as men"*. 3) *"To share knowledge and experiences across the Group via an active corporate social responsibility network, with a dedication to continuous improvement"*, refers to the promotion of the CSR practices within the organization. 4) *"To encourage employee commitment to our corporate social responsibility activities, particularly through volunteering and charitable giving programmes"*: similar to the last described before, it presents the CSR engagement of the company's employees. Moreover, it also briefly describes volunteering made by employees and that *"we have many charitable giving programmes in place across the Group"*.

Our Environment: (Appendix 2.3.) Alliance Boots' commitment to the environment is expressed as *"for many businesses aiming to achieve sustainability, improved carbon management*

will be a priority. At Alliance Boots, we are determined to be a leader and an example to others in addressing the threat of climate change". The company highlights one specific target: *"To improve sustainability of our business operations with a particular dedication to the reduction of our carbon footprint, reporting outcomes in our annual Corporate Social Responsibility Report and in line with GRI guidelines"*. The campaigns exposed by the company in this section deal with carbon reduction, energy use, and gift packaging (plastic) diminution.

Our Marketplace (Appendix 2.4.): in this section the company focuses on its responsibilities upon its stakeholders: *"central to the success of our Group is the trust in which Alliance Boots is held by our customers and wider stakeholders"*. In line with the sections mentioned above, the site highlights a number of targets: 1) *"To promote the understanding of approved corporate governance directives, policies and Code of Conduct and Business Ethics"*, strengthening the concept that the company management and employees will also act according to this Code. Moreover, it emphasizes an internal campaign carried out to this end. 2) *"To act with complete integrity in the development of new products and services and maintain existing standards of stewardship for those that already exist"*. According to the website, "Boots" (how the website refers to the company) has established internal evaluation processes and is looking forward to improve the sustainability in existing products. 3) *"To raise over £1 million for charity partners across our businesses"* presents charity events promoted by the company together with different partners: *"In the UK partners included BBC Children In Need, Breast Cancer Care and the Eve Appeal. In Italy we supported the National Association for the Fight against Neuroblastoma, a charity dedicated to combating paediatric cancers"*. 4) *"To extend the scope of our supplier verification programme"* implies the objective of promoting CSR in the whole business, *"beyond the existing supplier framework to include the manufacturing sites of other suppliers of own label goods to Alliance Boots"*. 5) *"To support public agencies and our healthcare suppliers along the supply chain in ensuring quality and in associated areas of education and public information"*. With this objective, the company produces literature and runs campaigns *"to increase public awareness of a number of health issues, including swine flu and smoking cessation"*. 6) *"To provide transparent and relevant corporate social responsibility information to our customers and stakeholders in line with GRI guidelines"*, centers on CSR reporting, founded on the *"Global Reporting Initiative (GRI) guidelines and criteria"*.

Our Workplace (Appendix 2.5.): focusing on its employees, Boots introduces this section with *"for a business that is all about helping people look and feel better, it is second nature to make the health and wellbeing of our own employees a very high priority"*. Applying the same logic for the other areas, Boots underlines in this case three main targets: 1) *"To reinforce our approach to health and safety across the Group and decrease the number of incidents"*. The group shows its effort in decreasing the workplace accidents. However, the company communicates that during 2009/2010, 57 more accidents than in the previous period had occurred, being that objective not achieved. 2)

*“To deliver workplace health programmes that are aligned to the businesses and local needs making a positive contribution to the health and wellbeing of our people”*. The company is under the process of developing workplace health programs at headquarters and subsidiaries. It also includes the organization of workshops on specific relevant themes (such as vaccinations and immunisation). 3) *“To introduce local forms of employee feedback to all major parts of the Group”* highlights the internal communication of the company: *“the ‘Great Place to Work’ employee survey in Boots UK, Boots Opticians and Boots Ireland continues to be highly valued by our people”*.

#### **5.1.2.2. Analysis of message content**

According to the framework by Du et al. (2010), and the critical description made above, it can be discussed that the *CSR commitment* of Alliance Boots is also quite clear. Agreeing to what literature suggests the CSR communication includes a lot of information, durable initiatives and consistent themes. Considering the *CSR impact* perspective, the Boots website shows clear targets considering diverse areas, from employees to CO2 emissions. Taking the *CSR motives* perspective under consideration, a good balance between social initiatives and the business objectives of CSR involvement is observed. Analyzing the *CSR fit*, it can also be catalogued at very high, since the company's CSR initiatives are mostly related to relevant themes for the industry to which the company belongs (E.g. *“During the year a number of our businesses worked to improve people's knowledge of the A(H1N1) virus (swine flu)”*; *“Boots Opticians has chosen Action for Blind People as their charity partner for the merged business, supporting the charity through fundraising activities and volunteering in its practices across the UK”*).

#### **5.1.3. Suzuken**

##### **5.1.3.1. Description of initiatives**

The Japanese pharmaceutical wholesaler and service provider within the pharmaceutical industry Suzuken presents its main CSR initiatives in a direct link at its CSR homepage (Appendix 3) called *“Specific efforts toward CSR”* (Appendix 3.1.). It focuses on eight specific areas: *“The construction of a safe and secure distribution system”*, *“Efforts toward environmental conservation”*, *“Efforts toward increasing levels of customer satisfaction”*, *“Strengthening the relationships with shareholders and investors”*, *“The creation of a workplace easy to work in”*, *“Efforts toward information security”*, *“Response to the Japanese version of the SOX law”* and *“Social contribution activities”*.

*“The construction of a safe and secure distribution system”* (Appendix 3.2.): this section shows Suzuken aim to *“providing superior pharmaceuticals and value-added information to clients through Japan”*, by ensuring *“quality and fulfill orders correctly”*, as to accurately provide information *“on a drug's efficacy and safety to ensure that it is used properly”*. The company explains how it

manages the quality control and presents a “disaster countermeasure system”, ready in case of working accidents or natural disasters.

“Efforts toward environmental conservation” (Appendix 3.3.): under this section Suzuken presents four relevant themes: 1) “Environmental policy”, describes the company philosophy on this topic, as *“by creating new value, we contribute to the improvement of health on Earth and to healthier and better lives for all people”*. 2) “Environmental management systems” explains how the firm promotes the reduction of CO2 emissions by, for example *“the introduction of light cars and hybrid cars”*. Moreover, it presents the strategy of Suzuken for promoting these initiatives. 3) “Details of specific efforts” indicated concrete action carried out by the company in two topics: for the prevention of global warming and the contributions to resource saving and recycling. 4) “ISO 14001 approval” concludes that the company CSR commitment, more than in the praxis it can be also certified: *“in March 2004, Suzuken’s head office acquired ISO 14001 certification, the international standard for environmental management systems”*.

“Efforts toward increasing levels of customer satisfaction” (Appendix 3.4.): Suzuken presents the importance of its customers. Four topics are underlined in this section: 1) “Strengthening communication with customers”: refers on the importance of *“reflecting the opinions of customers, such as medical institutions and insurance pharmacies, in the way we run our business to provide high-quality products and services is fundamental”*. 2) “Promotion of all- member sales”, 3) “Implementation of customer surveys” to know the opinion of customers, aiming to *“making efforts to further improve service”*. 4) “Implementation of Suzuken memorial week”, is an activity carried out every year in November and *“conduct a variety of activities for learning from customers”*, which are not explained.

“Strengthening the relationships with shareholders and investors” (Appendix 3.5.): two main topics are presented in order to accomplish this goal. 1) “Return of profits to shareholders” introduces a *“dividend policy”* and the *“shareholder benefit system”*, which are briefly explained. 2) “Strengthening the relationships with shareholders and investors” is presented and shows the relevance of the communication with these stakeholders. Three main actions are developed by Suzuken in order to approach shareholders and investors: Suzuken *“has documented specific policies regarding the appropriate and timely disclosure of corporate information in its Corporate Ethics Charter Guidebook”*. Moreover, the company *“has prepared an environment enabling the exercise of shareholder voting rights via the Internet in order to increase convenience for shareholders”* and it *“has been making efforts to strengthen communication with individual investors by participating in IR events”*. Furthermore, surveys are made on a regular basis where both, investors and shareholders can show their opinions and concerns about the company.

“The creation of a workplace easy to work in” (Appendix 3.6.): a very long description on this section shows the interest (at least from a communicative perspective) that the company has in its

human resources. 1) Under the topic “Human resources cultivation and the human resource system” the company presents a series of benefits for the employees, like a *“training system”*, which promotes that employee *“execute their work independently (autonomously) as members of society (company employees) with a sense of ethics”*, and a *“position application system”*, which implies that *“once a year, the company accepts self-assessment-based requests from employees who want to exhibit the skills they have acquired in career development in a desired job type or position and connect this to the maximization of corporate results”*. 2) *“Promotion of hiring considerate of diversity”* means that *“the company regards the promotion of hiring considerate of diversity as an important theme from the perspective of responding to people's diverse needs and corporate social responsibility”*, and promotes employment for disabled workers and express its interest for aiming at a workplace easy for women to work in. 3) *“Effort toward improving the work environment”* describes initiatives carried out for working-hours management, employee mental health, prevention of power and sexual harassment and the existence of communication channels between the management and the employees, for example through the implementation of surveys and hotlines. 4) Under the title *“Efforts toward work-life balance”* Suzuken explains the conditions for child-care leave system and nursing-care system.

*“Efforts toward information security”* (Appendix 3.7.) involves a lot of technical information about how the company manages the information. Interesting to underline is the reference to *“information security education”*, that implies *“increase the awareness of directors and employees toward information security and have them practice information security in their daily work”*, and concrete information about the *“handling of personal information”*.

*“Response to the Japanese version of the SOX law”* (Appendix 3.8.) involves a system for financial reporting and it aims *“to ensure the reliability of financial reports as well as the transparency and efficiency of the execution of the company's work, and is making efforts toward putting this system into practice”*.

*“Social contribution activities”* (Appendix 3.9.): the section communicates very few social activities for which Suzuken contributes. 1) *“Suzuki community seminar”* includes seminars organized by the company, and it shows Suzuken’s interest for education: *“To date, over 14,000 people have attended the seminars which address the theme of how to live a fulfilling life. The most eminent experts from a variety of fields are invited to speak on the theme of 'opening doors to the era of the mind and spirit.' Moreover, to provide food for thought to young people-the future of Japan-we invite school and university students to attend lectures held in Nagoya and Osaka free of charge”*. 2) *“Support for foundations”* involves economical support for *“the Suzuken Memorial Foundation and The Akiyama Life Science Foundation”*, which *“investigative research into medical applications for the various healthcare-related sciences”* and foster *“young researchers and encourage international academic exchange”*, respectively.

### 5.1.3.2. Analysis of message content

According to the framework by Du et al. (2010), and the critical description introduced above, the *CSR commitment* of Suzuken is more than obvious. CSR seems to be a central issue on this company's management. CSR communication involves a good amount of information, stable initiatives and consistent topics. Unlike other organizations this company does not make specific CSR campaigns evident, but the CSR engagement is part of the company's culture. In congruence with this, the *CSR impact*, *CSR motives* and *CSR fit* should be measured based on the long-term and full involvement of the organization in CSR.

## 5.2. Involvement in CSR (Level 2)

### 5.2.1. Celesio AG

#### 5.2.1.1. Motives for CSR involvement

In the section "Our Appreciation" (Appendix 1.6.), Celesio AG CEO Dr Fritz Oesterle explains, from a strategic perspective, that "the three main pillars of our CSR activities are: social, economic and environmental responsibility".

Considering Paine's four clusters of CSR involvement (2003) it can be interpreted that Celesio AG is mostly driven by an *organizational functioning* motive. The company defines its historical engagement so as "*Company founder Franz Ludwig Gehe already committed to a sustainable and responsible way of doing business as early as 1835*". According to what is recommended by the literature, Celesio's CSR communication encourages a value orientation of its internal stakeholders. Important to remark regarding this point is that Celesio AG operates on the market with different names and brands. Therefore most final customers might not be aware of the existence of this company. That is also related to *risk management* motives for CSR involvement: given that the brand "Celesio" is just locally known, the company is less exposed to high risks, so risk management should not be an important reason for CSR engagement. However, Celesio develops programs against counterfeit medicines in India, Kenya and Philippines, which can be interpreted as a concrete concern for this issue that clearly has the potential to affect its industry. Moreover, being a market leader makes Celesio susceptible to the attention of the press -and therefore the CSR section of the website has a specific section oriented towards the media.

*Civic positioning* is clearly a relevant motive for Celesio. The company makes big efforts to protect its reputation in the local community (Stuttgart – Bad Cannstatt) by participating in different engagements: e.g. "*the Celesio Group headquarters and GEHE Pharma Handel in Stuttgart participated in ECOfit, the environmental programme of the state of Baden-Württemberg*"; "*Celesio presents minibus to the Cannstatt 1898 e.V. swimming club*". Moreover, in the international field, the partnership with the NGO Doctors for Developing Countries is also a very good example.

*Market positioning* is an important reason for Celesio to involve in CSR: as most pharmaceuticals, the contact with the political arena is very close. Celesio participates in various governmental projects (like the one just mentioned) and there is no doubt that politicians/legislators are one of its main stakeholders: *“Celesio introduced a series of CSR events. These promote discussion about responsibility in the context of corporate activities. The events feature participants from industry, politics, science and the public”*. Moreover, specific CSR campaigns are also quite market-oriented (e.g. a campaign to reduce mercury, which encourages consumers to disposal mercury thermometers and acquire new digital ones in any of the Celesio’s chain pharmacies).

#### **5.2.1.2. Classification of stakeholders**

The company introduces its main stakeholders in the section “Dialogue with stakeholders” (Appendix 1.7.): *“at our regular Celesio CSR workshops and lecture series, we discuss relevant topics with prominent guests from the spheres of economics, politics, teaching and non-governmental organisations (NGOs), along with managers from the group”*.

Moreover, in the same section the company names specifically four groups of interests: investors; employees; politics; and the press. Information and benefits are provided by special sections for each of the four stakeholders, and as described in section 5.1.1.1., many of the activities are designed for reaching these groups. Furthermore, Celesio’s partnerships with NGOs (e.g.: Doctors for Developing Countries) further indicates the interest of the company in this stakeholder group. As explained in the previous sections, Celesio AG does not have direct customers, since it is a holding and its subsidiaries are the ones that market the products to the public.

### **5.2.2. Alliance Boots Plc.**

#### **5.2.2.1. Motives for CSR involvement**

In the section “Strategic approach” (Appendix 2.6.), Boots defines its position to CSR: *“we monitor our activities and progress through a corporate social responsibility scorecard, which is segmented into four areas: community; environment; marketplace; and workplace. In each of these areas our businesses have key objectives and priorities which are embedded into the daily activities of our people”*.

Interesting to remark about the company’s strategy is the setting of concrete targets *“to be achieved in 2009/2010”*. Alliance Boots Plc communicates specific actions to be made in order to reach its objectives. Focusing on Paine’s clusters of CSR involvement (2003), the proactive approach and the promotion of these specific initiatives shows *organizational functioning* as a key motive for the organization to involve in CSR.

The CSR communication does not make explicit (neither implicit) the company’s engagement regarding *risk management* motives (even CSR always perform this function). However, the amount

and variety of initiatives developed at Boots website suggests the interest by the company for communicating its full involvement in the CSR issues. Though, it is not possible to find any reference, neither specific information oriented to the media.

*Market positioning* is also a very important reason for Alliance Boots to engage in CSR. The company strategy makes that clear, for instance when focusing on “Our marketplace”: in that section Alliance Boots highlights that *“we also look to improve the sustainability of existing products and services. For example, we have also recently updated our strategy on sourcing palm oil and related ingredients to promote the development of certified sustainable materials”*.

The *Civic positioning* interest is also quite evident in the objectives expressed in all the sections of the CSR section of the website. Concrete actions are presented considering these aims (e.g. the company communicates that *“during the year we raised awareness of the Code of Conduct and Business Ethics through an internal communications campaign which has also become an established part of the induction programme for new employees”*).

#### **5.2.2.2. Classification of stakeholders**

Alliance Boots CSR communicates its priorities in the four key areas mentioned above. Based on the information gathered in the previous analysis, it can be observed that the company's initiatives include different stakeholder groups: “Our community” focuses on the government, employees and local communities; “Our environment” introduces CSR reporting mostly oriented to NGOs, the press and the government; “Our marketplace” is directed to customers, government, the press and NGOs, and “Our workplace” aims to reach the attention of the employees. Although the company does not offer any specific section to the media, it is understood that the information communicated in the website considers this stakeholder group. Summing up, Alliance Boots CSR communication is mostly oriented to NGOs; government; employees; customers and the press.

#### **5.2.3. Suzuken**

##### **5.2.3.1. Motives for CSR involvement**

Suzuken is quite explicit when expressing its motivations for engaging in CSR. When analyzing how the company communicates CSR in accordance with Paine's clusters of CSR involvement (2003), the conclusion would be that all four seem to be equally important for this Japanese firm. Under the CSR homepage, Suzuken presents *Risk management* (Appendix 3.10): *“at Suzuken, we take preventive measures against the occurrence of risk within the Company Group. We also fulfill our social responsibilities when risk does occur by grasping the situation quickly and dealing with it promptly and appropriately. By doing so, we maintain and improve the corporate value of the Suzuken Group”*. A risk management framework is also communicated.



*Organizational functioning* is an obvious reason for Suzuken CSR engagement. Corporate Social Responsibility plays a key role for the company strategy. For instance, the company communicates “Suzuken’s philosophies and practices” (Appendix 3.11.), which include three basic principles: 1) *“by creating new value, we contribute to the improvement of health on Earth and to healthier and better lives for all people”*; 2) *“we fulfill our responsibilities as a good corporate citizen as well as our obligations to shareholders”*; 3) *“each employee is committed to being a good family member and to fulfilling their potential through work”*.

*Market positioning* is also explicit in the section “Basic Management Targets” (Appendix 3.12.), where the company communicates its activities as the “development of health resources and global logistics”, and explains that *“health resources refers to all the human resources, intellectual resources, and material resources related to health. These include people, education, science, technology, information systems, services, equipment, finance, and facilities. Suzuken will pursue research, development, production, and distribution of human resources, intellectual resources, and material resources around the world”*.

A *civic positioning* motive, even though not so explicit on the social contribution activities developed by the company, is also a relevant cause for Suzuken to involve in CSR. The firm is particularly precise when communicating its obedience to the law: a number of accreditations are a proof of that (e.g. “Next Generation Accreditation Mark” and the “ISO 14001 Approval”). Besides, a very good and clear environmental management system is communicated.

#### **5.2.3.2. Classification of stakeholders**

More than what can be inferred by the strategy and initiatives presented by the company (previously analyzed), Suzuken presents a specific section called “Promotion of CSR Management” (Appendix 3.13.), in which the “Basic attitude towards stakeholders” (Appendix 3.14.) is presented. Therefore, the company introduces, in the following order, six stakeholder groups: 1) Customers; 2) Shareholders and Investors; 3) Business Partners and other Companies in the Same Industry; 4) Directors and Employees; 5) Local Society; and 6) Global Environment (NGOs). Interestingly, Suzuken does not offer any section dedicated to the media but it is understood that the information communicated in the website considers this stakeholder group.

### **5.3. CSR Communication strategies (Level 3)**

#### **5.3.1. Celesio AG**

##### **5.3.1.1. CSR communication strategy**

The language used by Celesio AG throughout the CSR site continuously promotes a relationship and a dialogue with its stakeholders. For example, in the section “Partnership agreements” (Appendix 1.8.) the company encourages contact with NGOs by stating that *“Celesio*

*strives to create long-term partnerships, which achieve a sustainable effect*". But more particularly, the firm presents the segment "Dialogue with Stakeholders" in which the organization expresses that *"Celesio believes it has a duty to be involved in the current CSR discussion. Internal and external stakeholder dialogues take place, as well as workshops with the partner organisations on consistent and sustainable project developments"*. The same site introduces the company's most relevant stakeholders and a series of CSR Workshops on diverse topics (environment, law, history, etc.) mostly oriented to NGOs, government, academics and the press. Moreover, the section "How can you help" (Appendix 1.9.) offers a number of ways how the company stakeholders can collaborate through donations. Furthermore, the section "Publications" (Appendix 1.10) makes various CSR-related documents available in PDF format.

From a concrete perspective, Celesio also offers very open communication channels. The CSR homepage includes a section called "Contact" (Appendix 1.11) where the address of the company, the name of the Head of Corporate Social Responsibility (also a picture) and the email address of the CSR department are communicated. Moreover, contact information -mostly email-, is presented in many specific sections, through the CSR site.

Therefore, considering Morsing and Schultz CSR communication strategies (2006), all the information analyzed evidences a *stakeholder involvement strategy* carried out by Celesio AG. Stakeholders can easily reach the company and participate on its initiatives. Moreover, they are invited to collaborate with specific social projects. Furthermore, a welcoming message is used through all the way and clear and open contact information is provided through the website.

### **5.3.2. Alliance Boots Plc.**

#### **5.3.2.1. CSR communication strategy**

Alliance Boots CSR section of the website is very practical and clear: the organizations' CSR targets are presented and the achieved results are also communicated. Moreover, the company presents a CSR report, which can be read online and be downloaded as a PDF.

Overall, the CSR section is highly informative and it basically focuses in those objectives and the results obtained. Although the information provided is significantly relevant for a good number of stakeholders, Alliance Boots CSR communication rarely promotes any feedback. Therefore, it can be observed that the website is quite descriptive and concrete, given the use of expressions such as "to support", "to provide", "to improve" or "to promote". For instance: *"To support public agencies and our healthcare suppliers"*; *"To provide transparent and relevant corporate social responsibility information to our customers and stakeholders"*. As an exception, it can be perceived an interest of the organization for achieving employee feedback: *"To introduce local forms of employee feedback to all major parts of the Group"* (...) *"Local forms of feedback are now in place in four of our*

*Pharmaceutical Wholesale Division businesses, including Alliance Healthcare in the UK where 'The Shaping of our Future' employee engagement survey was launched in November 2009".*

The contact information given at Alliance Boots CSR site is also quite limited. The only section of the webpage that offers a way of how to communicate with the company CSR department is provided in "Contacts" (Appendix 2.7.), where only an email address is provided: *"If you have any further enquiries regarding corporate social responsibility, please email [csr@allianceboots.com](mailto:csr@allianceboots.com)".*

Based on the information gathered at the company website, and considering Morsing and Schultz CSR communication strategies (2006), it can be interpreted that Alliance Boots performs a *stakeholder information strategy*. The website is highly descriptive and quite impersonal. The messages are sent out by the firm to its stakeholders with the main intention of informing them "as objectively as possible about the organization" (Morsing and Schultz, 2006: 142).

### **5.3.3. Suzuken**

#### **5.3.3.1. CSR communication strategy**

Following the same sequence in all its CSR sections of the website, Suzuken is also quite explicit about its CSR communication strategy. Under the segment CSR Vision (Appendix 3.15.), the company presents the title "Two-way communication" (Appendix 3.16.), in which the firm expresses that *"Suzuken positions communication with stakeholders as the foundation of its corporate activities. We want to disclose information proactively and fulfill our responsibility to explain our actions as well as reflect the opinions and requests we receive from stakeholders in management. Through this two-way communication, we will make efforts to acquire the trust of all stakeholders as a highly transparent company"*. In addition, Suzuken states the importance of a two-way communication with:

- "Customers and Business Partners": the CSR communication with these stakeholders is based on *"our website and other means"*, as also the company communicates that *"we also promote communication activities based on everyday dialogue"*. Moreover, Suzuken outlines that the understanding of its customer's needs is achieved *"through daily communication activities and the regular conducting of customer surveys"*.
- "Shareholders and Investors": this stakeholder group is reached "by means such as the enhancement of general meetings of shareholders, business reports, annual reports, and the company's website". Additionally, *"the company is enhancing dialogue-based communication activities-such as positive participation in individual investor explanatory meetings and IR events, twice-yearly explanatory meetings for analysts and institutional investors, directors' visits, responses to requests for news material and telephone conferences with foreign investors-and is striving to improve levels of satisfaction among all shareholders and investors"*.

- “Directors and Employees”: the shared information for the internal stakeholders is mostly promoted through the company’s intranet, which favors *“understanding through means such as the implementation of explanatory meetings on important themes, the group magazine and e-learning”*. Moreover, the company promotes dialogue through *“on-site visits by top management and all-member meetings in the workplace”*. Besides that, Suzuken makes an *“effort toward the creation of a workplace easy to work in, including the regular conducting of employee awareness surveys”*.

Even though the aspects described above suggest fluid communication between the company and its stakeholders, Suzuken website does not offer any contact information (no names, email addresses, nor telephone number). This fact gives the website an impersonal impression, and further suggests that the company is not interested in providing contact information to people with which their relationship is through the website.

Taking into consideration Morsing and Schultz CSR communication strategies (2006), it may be concluded that Suzuken performs a *stakeholder involvement strategy*. The company makes it explicit throughout its webpage. No contact information is provided, and the reason for that relies on the fact that in Suzuken the “Two-way communication” with its stakeholders is achieved through different channels (as it is specified in the “CSR Vision” section).

#### **5.4. Conclusion of the analysis of the websites**

Celesio AG groups its CSR initiatives into four main areas: “Society”, “Environment”, “Economy” and “Transparency”. The website includes a good amount of information about the diverse projects the organization is committed to, which are mostly related to pharmaceutical and healthcare issues. Moreover, the firm explicit the business benefits of its CSR involvement. Alliance Boots Plc presents its CSR initiatives grouped in four key areas of activity: “Community”, “Environment”, “Marketplace” and “Workplace”. The British company also offers a quite descriptive website, and it is very concrete about the objectives of its CSR programs. Boots’ CSR initiatives are mostly related to relevant topics for the industry to which the company belongs. Suzuken presents its initiatives in eight specific areas that involve environment, stakeholder management, information security and social programs. CSR is a central issue within its management strategy. Unlikely the other organizations Suzuken does not communicate concrete CSR campaigns, but specific measures taken by the company within its areas of interest.

Focusing on the motives that lead these companies to engage in CSR, Celesio AG is mostly driven by organizational functioning causes. It is explicit and visible all throughout its website. Civic positioning and market positioning are also very important motives to this German company, which develops partnerships with NGOs, have close contact with the political arena, and also market its own products on its CSR section. Some of the programs developed in Africa and Asia (e.g. programs

against counterfeit medicines) show a concern of Celesio for this issue that has the potential to affect the company's business, and are an example of risk management as a motive for the company to engage in CSR. Alliance Boots' proactive approach shows organizational functioning as a key motive for the organization to involve in CSR. A market positioning and a civic positioning are also relevant motivations for the Nottingham-based, firm which for instance "*raised awareness of the Code of Conduct and Business Ethics through an internal communications campaign*". Even Alliance Boots does not present any specific/s initiative/s that lead to consider risk management as a relevant motive to engage in CSR, it can be understood that the quantity and variety of CSR initiatives denotes the company's interest in communicating its full commitment to CSR. Suzuken is totally explicit when considering risk management, civic positioning, market positioning and organizational functioning as key motives for its engagement in CSR.

Celesio AG point out four stakeholder groups: investors; employees; politics; and the press. Moreover, Celesio's partnerships with NGOs (e.g.: Doctors for Developing Countries) also indicates an interest for this stakeholder group. Alliance Boots communicates its initiatives to employees; local community; customers; Government; NGOs; and the press. Suzuken addresses six stakeholder groups: Customers; Shareholders and Investors; Business Partners and other Companies in the Same Industry; Directors and Employees; Local Society; and Global Environment (NGOs). Suzuken does not offer any section dedicated to the media. Even though Alliance Boots and Suzuken do not explicitly mention the press as a key stakeholder, according to the literature (e.g. O'Riordan and Fairbrass, 2008) it is an important stakeholder for companies developing its activities within the pharmaceutical industry.

Considering Morsing and Schultz CSR communication strategies (2006), all the information analyzed evidences a *stakeholder involvement strategy* carried out by Celesio AG. Stakeholders can easily reach the company and participate in its initiatives. Alliance Boots performs a *stakeholder information strategy*. The website is highly descriptive and quite impersonal. The messages are sent out by the firm to its stakeholders with the main intention of informing them about the initiatives carried out by the organization. Alliance Boots does not offer any contact information or possibilities through the CSR section of its website for its stakeholders. Yet, it has one segment oriented to its employees (internal surveys). Suzuken performs a *stakeholder involvement strategy*. The company makes that explicit throughout its webpage under the title "Two-way communication". Even though its website doesn't offer many possibilities to reach the company, Suzuken dialogues with its stakeholders in many different ways (conferences, surveys, etc.).

## **6. General conclusion**

The purpose of this research is to explore how companies within the pharmaceutical industry manage their CSR strategy and communication. This conclusion aims at answering the main research questions of this thesis:

### **1) Why companies developing its activities within the pharmaceutical industry engage in CSR?**

Approached from a critic-interpretative perspective, the first part of this study proposed a theoretical framework, grounded on theories from experts in the fields of corporate communication and Corporate Social Responsibility (CSR). The main objective of this section was to examine why pharmaceuticals engage in CSR.

Taking into consideration the different discussions presented in this thesis, it can be interpreted that the engagement in CSR of companies developing its activities and business within the pharmaceutical industry respond to the different challenges the industry faces. External stakeholders (NGOs, media, consumer advocacy groups and the public opinion in general) carefully watch the steps taken by pharmaceuticals. The public interest follows a clear logic: we all need to have access to medications in order to maintain our health. Consequently, risk management is one of the main reasons why pharmaceuticals develop CSR strategies and initiatives. Pharmaceuticals may have to pay a high price in its reputation -and even finances- in case of a major wrongdoing.

From an organizational functioning perspective, CSR is as important for pharmaceuticals as for companies in any other industries. Literature agrees that the involvement in CSR contributes to the overall business goals, to attract and retain a motivated workforce, as well as to reduce operating costs and regulatory oversight. Moreover, CSR holds a mighty relevance for pharmaceuticals as a market positioning strategy. Companies in this industry have to build and protect their reputation and reach a positive public opinion in order to gain markets and preserve their current customers. The answer lies in generating trust among consumers, hard task to achieve and sustain considering the skepticism of people towards this industry.

More than just considering the market, pharmaceutical companies engage in CSR aiming to protect their reputation and to gain legitimization within the community. The manufacturing and delivering of medicines brings pharmaceuticals to hold a special duty upon society. Companies need to be perceived as social responsible from an overall perspective, which further provides them with the benefit of license to operate. Moreover, CSR helps firms to build strong community relationships. External stakeholders must recognize companies related to the healthcare sector as being deeply committed to perform better in all the stages of their businesses.

### **2) Which CSR communication strategies do they implement to address their stakeholders' needs and expectations, and how do they cope with the CSR communication dilemmas?**

The second part of the study proposed an analysis based on the CSR section of the websites of three world leader pharmaceutical wholesalers and service providers within the pharmaceutical industry. A qualitative research methodology applied to the written content of the websites allowed drawing conclusions on the reasons that lead these companies to get involved in CSR. It also provided an understanding of how these firms organize their CSR communication, and which CSR communication strategies they use for addressing their stakeholders.

Pharmaceutical wholesalers and service providers within the pharmaceutical industry center their discussion of CSR in diverse areas: environment, society/community, marketplace, workplace (stakeholder management), and transparency (ethics). The initiatives carried out by the companies analyzed are mostly related to relevant topics for the industry (e.g. campaigns aimed at fighting counterfeit medicines, campaigns of vaccination in third-world countries, etc.).

The reasons for companies of this sector to involve in CSR are similar to the ones from other pharmaceuticals. The selected pharmaceutical wholesalers show a full-integrated commitment into CSR from an organizational functioning perspective. Furthermore, all these companies explicit a connection or partnerships with NGOs. A fluid relationship with the political arena is also evident. According to the literature, risk management is one of the main reasons why pharmaceuticals develop CSR strategies and initiatives. In this sense, it becomes interesting to observe the amount and variety of initiatives developed by the organizations under study.

The press, NGOs, governments, employees, customers, shareholders/investors and the local communities are the main addressee of the CSR communication by pharmaceutical wholesalers and service providers within the pharmaceutical industry. Different CSR communication strategies have been adopted by the selected companies throughout their websites to approach their stakeholders. Celesio AG and Suzuken promote a *stakeholder involvement strategy*, which proposes a two-way communication and a fluid dialogue of the company with its stakeholders. Alliance Boots performs a *stakeholder information strategy*, as it has been made clear due to its high-descriptive but specific CSR communication.

### 6.1. Final reflections

Bearing in mind all the points above described, it can be discussed that according to the business pharmaceuticals are in, companies developing its activities within this industry are always under continuous scrutiny both by the public authorities and the general public. The industry is usually perceived negatively for many reasons. Consequently, the initiatives and communications must be designed to satisfy the stakeholders' needs and expectations.

To this end, qualified professionals should be in charge of the company's CSR design, planning and execution. Only by acknowledging both intrinsic and extrinsic motives in its CSR

communication, an organization can restrain stakeholder skepticism, increase the credibility of its CSR message and generate goodwill (Du et al. 2010).

Moreover, given the variety of expectations from the stakeholders, it can be interpreted that nowadays pharmaceuticals' involvement in CSR (or any other value-creation strategy) means no longer any kind of differentiation but a basic (yet important) management approach.

Last but not least, organizations choose different channels to communicate with specific stakeholder groups (e.g. surveys, conferences, intranet, etc.). Therefore, it can be concluded that websites are one more of the channels pharmaceuticals use when establishing a CSR communication strategy. However, it is important to recognize the value of the website as an informative tool for reaching the external stakeholders.

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Århus, 02-08-2010



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