

The buck stops here: Should we consider performance rather than corporate social responsibility?

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Abstract

Consensus is emerging that companies are socially responsible although the nature and degree of social responsibility continues to be the source of debate. This continued debate allows the buck to be passed. A shift in view from corporate social responsibility to corporate performance (CSP) is proposed as a means to assess CSR policies and practices. A harmful product category was chosen to illustrate how we can assess corporate social performance using a consumers' point of view.

Australian alcohol marketers are currently considered socially responsible promoting an "enjoy responsibly message" amongst many other policies and programs. A shift in view from corporate social responsibility to corporate performance (CSP) would change the outcome. Consumers are not fully aware of safe consumption levels of alcohol and these data are consistent with US and UK studies. A shift in view would suggest that companies need to revise their policies and practices and some recommendations for practice are made.

Introduction

One of the best-known Corporate Social Responsibility (CSR) models is Carroll's (1991, 1999) CSR pyramid, which presents company responsibilities as comprising economic, legal, ethical and philanthropic dimensions. According to this model businesses are expected to be profitable, obey the law, be ethical, and to be good corporate citizens (Carroll, 1991, 1999). This presents a problem for some product marketers. To fulfil their economic responsibilities marketers of products such as alcohol must increase volumes sold, gain efficiencies in production or achieve sales growth and cost efficiencies simultaneously. In stable markets where there is little population growth, an increase in the volumes sold introduces a conflict, because in order to sell more consumers need to drink more, thus increasing certain health and social risks.

In Australia the total volume of beer consumed grew at nearly 3% to 1.8 billion litres in 2005, following a 4% increase in 2004 (Euromonitor, 2005). These growth rates exceeded population growth rates, which are reported by the Australian Bureau of Statistics (2006a) to average 1.3% in Australia in the same time period. These statistics suggest that the average Australian may be consuming more alcohol. While Australian alcohol marketers are meeting their economic responsibilities, they may not be ethically responsible. A leading beer marketer in Australia acknowledges that "minimising the potential negative impacts of alcohol is a shared responsibility" with a stated aim "to ensure that products are in all cases enjoyed responsibly by informed adults" (Company websites) however statistics suggest the proportion of people who are drinking at risky/high levels has increased from 8.2% in 1995 to 13.4% in 2004/05 (ABS, 2006b). This raises the question, "Are all adults fully informed about alcohol?"

This paper considers the consumers point of view, exploring Australians knowledge of alcohol. After assessing the current knowledge base of consumers the paper proposes that it may be time to move academic debate from the notion of corporate social responsibility towards a more performance based view.

Literature Review

Research efforts have largely centred upon defining CSR, distinguishing between the various types of CSR programs (examples include Bhattacharya and Sen, 2004; Kotler and Lee, 2005), identifying the positive impact of CSR initiatives (Lafferty and Goldsmith, 2005; Lichtenstein et al., 2004; Sen et al., 2006) and debating the nature and scope of corporate social responsibility. These endeavours have assisted us to identify practices that can be considered socially responsible. Indeed, companies are now given corporate social responsibility ratings (for example www.reputex.com). These ratings assess the programs and policies that a company puts in place. While companies implement programs and policies that are deemed socially responsible the core focus remains on achieving financial success. Rather than standing accountable for the welfare of society and warning the population about potential health and safety consequences in product use (Hill, Thomsen, Page & Parrott, 2005) companies continue to seek to maximise profits. This is especially evident with regards to the marketing of alcohol (Lantos, 2001).

Methodology

A convenience sample was chosen for this exploratory research as this sampling method is not as costly as random sampling methods (Pride et al., 2006, p95). Four hundred surveys were distributed to a combination of friends, relatives, work colleagues and students on campus who were aged 18 years or older.

The first section contained 20 seven-point Likert scale items. Some measures were designed to capture consumer knowledge of the relationships between alcohol consumption and various health states and behavioural states (e.g. violence and inhibitions). Measures were selected after consulting key health bodies (e.g. the World Health Organisation) and literature considering health knowledge (e.g. Blume and Resor, 2007). Further items were developed to measure consumer attitudes towards responsible alcohol consumption and responsible alcohol marketing.

The second section contained 16 questions to assess what Australians knew about alcohol consumption levels, drink driving limits and the number of standard drinks contained in popular alcoholic beverages. Consumers were asked to nominate safe, risky, high risk and binge drinking levels for males and females, the number of drinks that males and females can drink in the first hour and subsequent hours and the number of standard drinks contained in different alcoholic beverages. Answers were considered to be correct and were awarded a score of 1 if the respondent provided a correct answer or an answer that was lower than the correct answer. Information on drinking levels was obtained from the Australian Bureau of Statistics (ABS, 2006b) and these guidelines were consistent with World Health Organisation guidelines (1985). The final section collected demographic data along with two questions asking consumers to nominate the number of alcohol drinks consumed per week and per day.

Participation in the survey was voluntary and an incentive draw offering participants a 1 in 100 chance of winning a cash prize was offered to encourage response. The final total number of surveys returned was 217, which represents a response rate of 54%. According to (Sitzia and Wood 1998) in the late 1990's response rates for face to face approaches were typically 77%. The authors acknowledge the 54% response rate may indicate a social desirability response and self-selecting biases and the results of this study may not be generalizable to the Australian adult population. The adult sample allowed the researchers to achieve maximum diversity as recommended by Blair and Zinkhan (2006). In this sample fifty-three percent were male, 36% were single and 58% were married. Twenty nine percent of the sample was aged between 18 and 24 years and 38% of the sample was aged over 45 years. On average respondents had three people in their household and more than half of the respondents held a higher education degree or above. More than half of the respondents had an annual income of \$55,000 or less.

Results and Analysis

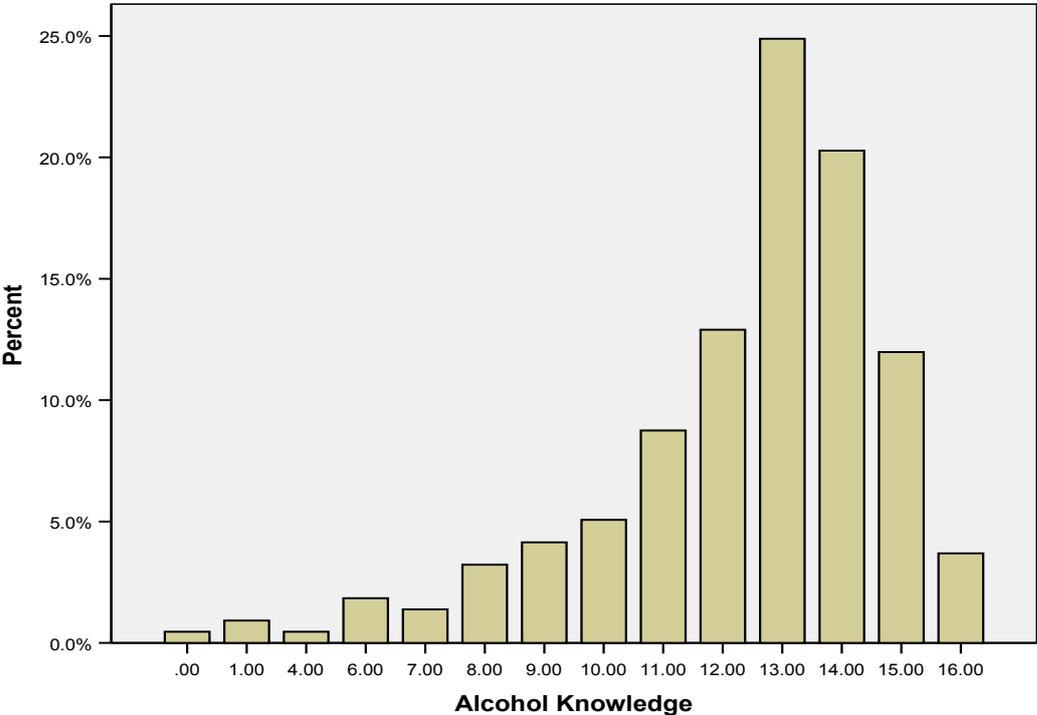
Attitudes towards the impact of alcohol on various health states, attitudes towards responsible alcohol consumption and responsible alcohol marketing are reported first. The proportion of respondents who did not know and the mean score for respondents answering the question are reported in Table 1 below.

	Mean (St. Dev)	n	Don't know % (n=217)
Binge drinking can lead to an increased incidence of violence	6.40 (1.01)	209	3.7%
High alcohol consumption increases the risk of heart disease	6.03 (1.18)	192	11.1%
I enjoy consuming alcohol responsibly	5.83 (1.50)	215	0.9%
I am informed about the effects of alcohol consumption	5.75 (1.22)	214	1.4%
One in eight Australian adults drink alcohol at high risk levels	5.67 (1.22)	152	29.6%
A standard drink is the amount the average body can process in one hour	5.55 (1.67)	198	8.3%
Alcohol is a depressant drug	5.50 (1.62)	204	6.0%
The estimated economic cost of alcohol misuse to the Australian community is likely to exceed \$10 billion each year.	5.42 (1.35)	118	45.4%
Vodka Cruisers have been designed to attract underage drinkers	5.32 (1.74)	180	16.7%
Low alcohol consumption may offer some protective health effects	5.24 (1.55)	209	3.7%
Pulse has been designed to attract underage drinkers	5.05 (1.66)	99	54.2%
In low quantities, alcohol causes people to become less inhibited	4.79 (1.60)	208	3.7%
Smirnoff Double Black has been designed to attract underage drinkers	4.73 (1.73)	139	35.6%
Alcohol ads encourage irresponsible drinking	4.51 (1.73)	214	0.5%
High alcohol consumption increases the risk of stroke	4.33 (1.67)	172	20.4%
High alcohol consumption increases the risk of throat cancer	4.14 (1.93)	113	47.7%
Moderate alcohol consumption may offer some protective health effects	3.96 (1.69)	203	6.5%
Marketers encourage consumers to drink alcohol responsibly	3.61 (1.66)	214	0.5%
Drinking alcohol increases the risk of breast cancer among females	3.55 (1.75)	105	51.6%
In all cases, alcohol is enjoyed responsibly by informed adults	3.17 (2.06)	208	3.3%

Approximately one-half of respondents did not know that drinking increases the risk of breast cancer amongst females, throat cancer and the costs to Australian society that are associated with the misuse of alcohol. Of particular interest is that while respondents disagreed, with a mean score of 3.2, that alcohol is enjoyed responsibly in all cases respondents report that they are responsible drinkers with a mean score of 5.8. These results are indicative of a social responsibility bias.

The second section of the survey comprised a total of 16 items to gather information on the consumer’s knowledge of alcohol consumption levels, standard drinks and legal drink driving limits. Test scores for respondents for all 16 knowledge items are summarised in Figure 1 below.

Figure 1: Alcohol Knowledge (n=217)



Less than 5% of Australian adults in the sample answered all questions correctly. Approximately two in three respondents were between 75% and 94% correct. These results suggest that one in four Australian adults is not armed with sufficient knowledge to make informed decisions about the amount of alcohol they are consuming.

While the majority of respondents knew that the legal blood alcohol limit for driving in Australia is 0.05 less than 1/3 of respondents knew that a standard 750ml bottle of wine contains 7 (or more) standard drinks and more than one-third of respondents did not know that a 375ml full-strength beer containing 4% alcohol contained 1.5 standard drinks. These findings are consistent with research conducted in the early 1990’s by Carruther and Binns (1992) and by Lader and Meltzer (2002). Carruther and Binns (1992) identified that the level of knowledge of the alcohol content in a variety of beverages and the knowledge of the term ‘standard drink’ was poor. While Lader and Meltzer (2002) identified that over one in five beer drinkers did not know the correct standard drink serving size for beer in the UK.

Notably, 10% gave an answer that was twice the correct amount. Furthermore, there is evidence to suggest that wine is likely to be served in amounts well in excess of a standard drink when people are out (Banwell, 1999). These data indicate that consumers may not be sufficiently informed.

While drinking responsibly is already encouraged by alcohol marketers in Australia, this research suggests that Australian adults are not fully equipped with the knowledge that will allow them to make an informed decision. Consider consumer knowledge of drink driving. While the majority (more than 90%) of Australian adults were aware of the legal blood alcohol limit to safely drive less than one third knew the number of standard drinks in a bottle of wine and not all consumers knew how many standard drinks could be consumed in the first hour to safely drive. In Australia road accident bodies funded in part by alcohol companies have heavily promoted the legal blood alcohol limits. The key message that drink and drive and you will be sorry has clearly contributed to a high understanding of the legal blood alcohol limit. Attention is now required to ensure that Australian adults are armed with sufficient knowledge to allow them to judge correctly whether they are able to drink and drive. This is an avenue for future research.

The key to success in marketing are the customers. Excessive alcohol consumption has an adverse effect on consumers and can cause harm to their health. It is the responsibility of marketers to communicate to consumers about the product and educate them on the risks they face if they choose to consume excessive amounts of alcohol. Corporate social responsibility researchers must acknowledge consumers as a stakeholder group.

Conclusions

This research contributes to the corporate social responsibility literature using the alcohol industry as a case in point. Obligations must extend to the consumers of products in a case where excessive use of the product is harmful and consumers are not sufficiently aware of 1) the damage that can be caused by excessive consumption, 2) recommended consumption levels and 3) the basis for calculating consumption, e.g. standard drinks in the case of alcohol. We propose that obligations to consumers (and hence markets) may need to be encompassed in corporate social responsibility definitions in certain circumstances if companies are to be declared responsible. In the case of alcohol, marketers should only be deemed responsible if the overwhelming majority of customers are fully informed about the effects of choosing to consume alcohol at high risk levels.

Implications for practice

This research suggests that the mechanisms for rating corporate social responsibility should be amended to ensure the effectiveness of the programs and policies that are put in place are rigorously assessed. Using current views of corporate social responsibility we may conclude companies marketing alcohol are doing so in a responsible way based on policies and programs such as the 'Enjoy responsibly' messages placed on product packaging and financial support of drink driving campaigns. Amending our current view of corporate social responsibility to thoroughly assess the effectiveness of these programs may lead to an entirely different assessment. Following the approach reported in this paper we may conclude there is considerable room for improvement before we deem key players in the Australian alcohol industry to be socially responsible. Initiatives, e.g. standardising serving sizes to one standard drink or communicating the number of standard drinks in alcohol served, would clearly

benefit the Australian community. Alternate messages, centring on the number of drinks per hour need to be communicated by road accident commissions.

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