

Socially Unacceptable Products and Corporate Social Responsibility: A Question of Legitimacy?

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Abstract

Socially unacceptable products are those products (and services) which, despite consumer satisfaction, are considered by large portions of society to be unacceptable because of the potential and/or actual harm to individuals and/or society (Davidson, 2003). In social marketing terms these are 'pleasing' products, that is, they give short run pleasure but cause long run harm (Kotler, Brown, Adam, Burton & Armstrong, 2006). Companies providing these products need to demonstrate corporate social responsibility to gain greater institutional legitimacy (and hence less government intervention and regulation), yet socially responsible behaviour is logically contrary to the wants of two of their major stakeholder groups - consumers and stockholders. This balancing act provides an opportunity for social marketers and governments to use the legitimacy issue as leverage to achieve social outcomes.

Introduction

Socially unacceptable products were defined by Davidson (2003) as those products (and services) that despite consumer satisfaction are considered by large portions of society to be unacceptable because of the potential and/or actual harm to individuals and/or society. Examples include cigarettes, alcoholic beverages, gaming, violent video games, fast food hamburgers, pornography and firearms. In social marketing terms these are 'pleasing' products, that is, they give short run pleasure but cause long run harm (Kotler, Brown, Adam, Burton & Armstrong, 2006). Therefore, these companies are profitable and their consumers are satisfied with the products. However, large sections of the community believe these products to be harmful and expect such companies to become more 'socially responsible.' This poses a dilemma for such companies - how can they become more socially responsible without negatively affecting their relationship with their consumers and stockholders? Yet if they don't take up the challenge of social responsibility then they can expect greater government interference and regulation in their industries. This paper explores this dilemma in relation to institutional legitimacy and how governments and social marketers can leverage these companies' desire for institutional legitimacy.

Concerns in Relation to Socially Unacceptable Products

Concerns by companies marketing socially unacceptable products include legitimacy, legal problems, rites of passage and paranoia (Davidson (2003). In relation to legitimacy, socially unacceptable products have clearly lost some degree of legitimacy (Davidson 2003). Legitimacy is defined by Suchmann (1995, p.574) as 'a generalised perception or assumption that the actions of an entity are desirable, proper or appropriate within a socially constructed system of norms, values, beliefs and definitions.' The most telling sign of loss of legitimacy is that socially unacceptable product categories are taxed (a 'sin' tax). Another sign is that other businesses try to distance themselves from businesses producing socially unacceptable

products. Davidson cites the case of Kimberly-Clark shareholders who did not want the company to supply paper to cigarette manufacturers (Davidson 2003).

Legal problems arise from the addictive nature of socially unacceptable products. Of the products mentioned by Davidson (2003), cigarettes are the most addictive since they are physically addictive. Alcoholic beverages are perhaps the next most addictive (physically and psychologically) due to ready access to the products. Other socially unacceptable products are psychologically addictive. Gambling, or 'gaming' as it is now known to reduce connotations with the concept of gambling and to imply that gaming is something different and more about 'games', is addictive to susceptible people and causes harm due to social disruption and criminal activities. Violent video games and pornography are perhaps on an equal level in terms of addictive qualities. Lastly, fast food hamburgers have been in the spotlight as being possibly chemically addictive due to changes in the brain chemistry, although the addictive properties of fast foods have yet to be proven (Martindale 2003, Smith 2004). Since socially unacceptable products are addictive, companies involved with socially unacceptable products are very profitable (Davidson 2003).

Socially unacceptable products, with the possible exception of fast food hamburgers, are also associated with the rite of passage from adolescence to adulthood. Therefore, producers of these products promote them in this way. They are communicated as being exciting because sampling such products means that the young consumer has joined the adult world, something they are keen to do. Of course, most teenagers do not wait to become adults before trying these products. Company sponsored campaigns to encourage young adults not to smoke appear to have the opposite effect, since the message is that when you are old enough you can make the 'choice' of smoking. Alcohol advertising is geared towards acceptance of alcohol consumption as a demonstration of good old fashioned 'mateship' which young males are culturally expected to emulate. 'Don't drink and drive' emphasises not driving rather than not drinking, despite the fact that the two usually go hand in hand with young males.

To counteract the paranoia that companies producing socially unacceptable products experience as a result of community criticism, and sometimes anger, they often engage in programs to show how socially responsible they are. McDonalds contributes to the local community and has now developed a healthy choices menu which few enjoy. This is demonstrated by the results of a New Zealand marketing communication campaign to promote the healthy choices menu. Although there was a 12 percent increase in sales during the campaign, only 40 percent came from the two new menu items of Salads Plus and Healthy Meal Choices. The remaining increase was from the consumption of the McDonalds 'unhealthy choices' menu (Eagle in Chitty, Barker & Shimp, 2005, p.114). Eagle (2005) concluded that people felt more comfortable eating the traditional menu items because the brand had been repositioned as somewhat healthy.

A dilemma exists for companies providing socially unacceptable products since although greater social responsibility implies greater legitimacy and hence less government intervention and regulation, socially responsible behaviour is logically incompatible with the wants of two major stakeholder groups - consumers who want greater access to the products and guilt free enjoyment - and stockholders who are interested in more sales leading to bigger profits. Therefore, governments and social marketers should do more to leverage this need for legitimacy.

Strategic Legitimacy for Providers of Socially Unacceptable Products

Long and Driscoll (2007) define three forms of institutional legitimacy; moral legitimacy, cognitive legitimacy and strategic legitimacy. The form of legitimacy which characterises of providers of socially unacceptable products is strategic legitimacy, which is '...sought outwardly by the organization as an appeal to key constituents', and '...is a resource to be extracted from society according to a utilitarian calculus of whether the costs and benefits of legitimacy are necessary to achieve the ends of continued organizational activity' (Long and Driscoll, 2007, pps.176 -177). In other words, legitimacy is a strategy for providers of socially unacceptable products to continue their activities without further interference of governments and/or increased pressure from community groups.

Ironically, because companies involved in socially unacceptable products are so profitable, they have ample financial resources available to demonstrate socially responsible behaviour. However these companies tend to steer clear of corporate social responsibility activities designed to solve the problems that the products create. For example, New Belgium Brewing Company focuses on environmental issues (Thorne McAllister, Ferrell & Ferrell, 2005) and Ronald McDonald House is for parents of sick kids (even though childhood obesity is a growing problem). In Queensland, The Gambling Community Benefit Fund (resourced from taxes on casinos) distributes grants to assist not-for-profit groups and volunteer-based organisations around the State. 'Since 1994, the fund has distributed almost \$308 million to 28,985 projects. With this support, local organisations have produced visible social and economic benefits for their communities' (www.treasuryqld.gov.au/knowledge/docs/annual-reports/2005-2006/outputs/gambling.shtml). British American Tobacco runs 'responsible marketing' campaigns to tell children that smoking is an adult custom, making smoking more attractive to children (www.prwatch.org/prwissues/2002Q4/bat.html).

Most providers of socially unacceptable products have a portion of their websites devoted to reports of their corporate sustainability. The Altria Group Inc. (formerly Phillip Morris) portion of the website dedicated to Corporate Social Responsibility states:

"We've been living with the consequences of losing the public's trust for some time now. And as we work to rebuild that trust, we've learned tough lessons about the crucial line that separates what's legal –and society's sense of what's right.'
(www.altria.com/responsibility/4_2_complianceandintegrity.asp).

This eloquent 'doublespeak' (Lutz 1987) demonstrates that the company is only too aware of how important strategic legitimacy is to their business because they actually write about the line between the legal and the legitimate. Another example is the Fosters 'enjoy responsibly' slogan (www.fostersgroup.com/about/enjoy_responsibly.htm).

The Responses of Governments to Socially Unacceptable Products

Social marketing programs which relate to socially unacceptable products include education, fear advertising and intervention programs in an attempt to limit the consumption of socially unacceptable products. For example, promotion campaigns in Queensland include the 'gamble responsibly' campaign, the 'healthy eating' campaign, and 'drink smart'. The Australia-wide QUIT program for smoking cessation is well known.

While governments conduct and/or assist in sponsoring campaigns to reduce consumption of socially unacceptable products, they also profit from the companies that produce them in the

form of revenue derived from taxes on gambling and excise on alcohol and cigarettes. For example, '...in the 12 months to January 2008, total losses to gaming machines in Queensland reached \$1.769 billion – nearly \$5 million a day – while the number of pokies grew by more than 500 to nearly 42,000. The spin-off for the Government is an expected \$557 million in pokie taxes and levies this financial year' (The Courier Mail, March 13, 2008).

However, it is easily argued that making socially unacceptable products illegal leads to other social harms such as corruption in government agencies such as the police force, and black markets. Therefore intervention by governments, in the form of regulations, taxation and excise, seems like the lesser of two evils. This gives providers of socially unacceptable products leverage in terms of their ability to project a socially responsible image. In fact it is the use of legitimacy as '...a retrospective process in which managers purposely manipulate their own goals to simply give the appearance of closer alignment to the current values and interests of society' (Pfeffer and Salancik, 1978 as cited in Long and Driscoll, 2007).

Despite these efforts of various sectors within governments (Departments of Health for example) the overall approach of politicians is ambivalent. Businesses providing socially unacceptable products can be generous contributors to political parties, they have strong pressure groups, and in many cases their CEOs have a prominent place in the business world. Australasian Associated Brewers (a body which covers Australia and New Zealand) describes itself as 'very policy focused, representing manufacturing brewers in legislative and regulatory affairs and is supported in that work by an active membership of major brewers in both countries.' On their website (www.aab.org.au/site/index.php) they refer to their social responsibility efforts in relation to three areas; health, education and advertising. In terms of advertising the body proudly promotes its involvement in the Alcohol Beverage Advertising Code. However further investigation of the actual complaints dealt with by this code in 2006 ABAC Scheme Annual Report 2006) reveals that complaints about advertising of alcohol are related to taste, decency and sexism rather than deeper issues such as promoting alcohol as a rite of passage or an essential element of mateship. It could be said that companies producing socially unacceptable products have managed their strategic legitimacy very well.

Legitimacy as Leverage

It appears that providers of socially unacceptable products have had a comfortable time in relation to the way in which they use socially responsibility as a form of strategic legitimacy. It is time to tip the balance to favour community concerns. I propose that governments use the desired institutional legitimacy of these providers of socially unacceptable products as a leveraging point.

To begin this process, government regulations on the promotion of socially unacceptable products need to reflect changing societal values more accurately. Concerns about childhood obesity should be mirrored in regulations concerning the advertising of fast and unhealthy food. Advertising showing alcohol as a social lubricant and part of normal adult life needs to be eliminated.

The type of government intervention that providers of socially unacceptable products (and consumers and stockholders) fear most is reduced accessibility to the products because this affects profits directly. In Norway, off sales of alcohol, that is, sales to customers outside of a bar, are controlled by the state-run Vinmonopolets. More must be done by governments to

restrict supply, especially to the most vulnerable. Leaving this to providers of socially unacceptable products does not work. For example, in Queensland, ...'poker machine venues have banned only 34 people from their gaming floors, while about 1100 problem gamblers have banned themselves. This is a small proportion of the Government's own estimate of 14,000 problem gamblers in Queensland' (The Courier Mail, 10 June, 2008).

Conclusion

Companies providing socially unacceptable products have used greater social responsibility to gain institutional legitimacy and therefore less government intervention and regulation, even though socially responsible behaviour is logically incompatible with the wants of two major stakeholder groups - consumers and stockholders. From this position they have been very good at using corporate social responsibility as a pathway to strategic institutional legitimacy without doing any more than applying their ample profits to social responsibility efforts unrelated to the problems their products cause, and including social responsibility as an issue that they are 'dealing with', as they proudly announce on their websites. In this way they have been able to avoid greater government intervention.

Governments have been slow to respond to community concerns regarding socially unacceptable products. Much debate about the best way to resolve these concerns without banning the products takes place and various strategies are tried, including social marketing campaigns, with limited success. Self-regulation by the industry bodies that represent providers of socially unacceptable products does not work as shown in this paper by examples such as how few gamblers are banned from casinos by the management, how complaints about the advertising of alcohol 'resolved' by industry bodies are about to trivial matters unrelated to the real issues such as projecting alcohol as an essential component of mateship, and how fast food providers use a 'healthy foods' menu to improve their brand image.

Governments have the option to leverage the desire of these companies for legitimacy. This requires greater focus on strategies and laws that make providers of socially unacceptable products socially accountable.

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