

**An investigation of “The Spectrum of Corporate Social Responsibility.” Or to be more precise: Over-communication - a comparative analysis of the UK and Italian banking sectors from the customers' perspective**

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# An investigation of “The Spectrum of Corporate Social Responsibility.” Or to be more precise: Over-communication - a comparative analysis of the UK and Italian banking sectors from the customers' perspective

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# Introduction

- The last three decades has seen a significant rise in the use of Corporate Social Responsibility strategies
- During that time academics and researchers have extensively investigated the importance and benefits of CSR on companies' marketing strategies to meet stakeholders and customers evolving expectations (De Pelsmacker et al., 2005)
- The communication of CSR can affect:
  - **Company's reputation**
  - **Brand perception**
  - **Customers preferences, confidence and trust**
- Today an increasing number of companies from a wide range of industrial sectors are over-exploiting CSR communication



# Research question

- Due to the over-use of unsubstantiated ethical messages and their non-strategic orientation that many authors argue...

**Has CSR failed in achieving its original purpose both in contents and communication ?**

- The aim is to explore some specific circumstances relating to companies' over use of marketing communications of CSR from customers' perspective

# Research Aim

- The purpose of our investigation is to create and explore a spectrum of potential customers' perceptions deriving from those CSR communications with the intent of understanding to what extent communication is accepted as coherent and real or when, at the opposite end of the spectrum, it starts becoming unbelievable and raises cynical reactions, despite any ethical intent
- The aim is to explore some specific circumstances relating to banking corporates' over use of marketing communications of CSR from customers' perspective and compare the situation between Italy and the UK



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# Corporate Social Responsibility and over-communication: literature and early answers

- It is useful to group all the CSR activities and strategies in a “CSR Framework” (Civera and Musso, 2012; Maple and Civera, 2012; Candelo *et al.*, 2014)

Accountability

Philanthropy

Sustainable  
Deliverables

- Reflecting this, we attempt a structure for CSR communication, that goes beyond the merely reporting system

General  
Stakeholder  
Communication

Community  
Communication

Customer  
Communication

# Corporate Social Responsibility and over-communication: literature and early answers

- Companies have understood that targeted CSR communications towards Community and Customers impact positively on
  - customers' preferences and perceptions that will ultimately produce better evaluation of the company (Sen and Bhattacharya, 2001; Pomering and Dolnicar, 2009);
  - restoring of loyalty (Matute-Vallejo *et al.*, 2011);
  - creation of positive associations to corporates' brands which strengthen corporate's reputation (Aaker, 2010; Wheeler, 2009; Werther and Chandler, 2005; Hur *et al.*, 2014; Candelo *et al.*, 2014)
- Corporates have begun to attempt a business and brand re-positioning to be perceived as good citizens in the society (Ahmed and Machold, 2004; Casalegno *et al.*, 2012; Torres *et al.*, 2012; De Pedro and Gilabert, 2012; Kuepfer and Papula, 2010)

# Corporate Social Responsibility and over-communication: literature and early answers

- Over-exploitation of Community and Customer Communication
- Ethical messages appear to be primarily focused on enhancing brand perception and they tend to be unsubstantiated without considering any strategic implication (Jahdi and Acikdilli, 2009) → customers' misperceptions grow
- The target has a greater access to information to evaluate company's real behaviour and the alignment between promises of CSR and achieved performances in the field (de Ven, 2008; Hur *et al*, 2014) → any message that does not meet this requirement will turn perceptions and brand associations in a negative way (Nascuddin and Bustami, 2007) and reduce trust and confidence (Pomering and Dolnicar, 2009)



# Corporate Social Responsibility and over-communication: literature and early answers

- This is valid and undisputable especially in certain industrial sectors – like the banking one for instance, which has experienced the greatest crisis in customers' loyalty
- HSBC case
- Consistency; coherency and, transparency of CSR communication messages seem to constitute the only reasonable communication strategy to first restore customers' **confidence**, and ultimately rebuild their **trust** over the company

# Corporate Social Responsibility and over-communication: literature and early answers

The literature review led to some hypothesis to be tested

An organization has to focus on

- **Communicating less and doing it strategically;**
- **Showing CSR concrete achievements rather than just promises and values of doing business;**
- **Setting up a CSR communication strategy that aims at reporting on actions and primarily increases customers' confidence, as a way to reach again a certain level of trust.**

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# Italy and the UK: backgrounds of CSR communication

- **Italy** and the **UK**: quite remarkable contrasts emerge in their cultural environments, social conditions, institutional and historical settings

	UK	Italy
<b>Strategic CSR Communication</b>	Result-oriented activity	Underlying promises and ethical values
<b>Transparency</b>	States which CSR activities are carried out for a commercial purpose	Communicates responsible ways of doing business and covers the purpose
<b>Community Communication</b>	Coherence between partnership/donation and brand core strategy	Random philanthropic projects, mostly under-communicated

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# Research design and methodology

- FOCUS GROUPS → for monitoring customers' reactions to a range of existing and potential CSR actions and communication messages delivered by banks

	<b>Country</b>	<b>Number of participants</b>
Total Italy		<b>80</b>
	<i>Italian Students</i>	<i>51</i>
	<i>Foreign Students in Italy</i>	<i>29</i>
Total UK		<b>80</b>
	<i>UK Students</i>	<i>15</i>
	<i>Foreign Students in the UK</i>	<i>65</i>
Total participants		<b>160</b>

- Participants characteristics: students from Polytechnic of Turin (Turin, Italy) and London South Bank University (London, UK) aged between 20 and 30, living in the country for the past 5 years, informed about specific economic and financial market conditions and in possess of an extensive knowledge over the topic justified by their subject of study

# Research design and methodology

- CASE STUDY → participants to the focus groups in Italy and the UK have been asked to **discuss** and **rank** their level of confidence against CSR communications spread by two different types of banks
  - ❑ **2 real banks (Intesa San Paolo for Italy and HSBC for the UK)**
  - ❑ **2 fictitious (BPSM for Italy and Martins Bank for the UK, local business realities, with less international investment banking divisions and a brand positioning between a cooperative (strong on ethical and sustainable investments) and larger**

	<b>Assigned Bank</b>	<b>Number of participants</b>
Total Italy		<b>80</b>
	<i>Intesa San Paolo</i>	40
	<i>Banca Popolare San Martino</i>	40
Total UK		<b>80</b>
	<i>HSBC</i>	40
	<i>Martins Bank</i>	40
Total participants		<b>160</b>

# Research design and methodology

- Case studies have been drawn as follows:
  - **Introductory part**
  - **Five (5) different market scenarios** in a chronological order starting from the year 2010 including evolution in the economic and financial sphere and further bailouts within the banking sector;
  - Per each of the scenarios the authors have reported both the **real and the fictitious banks' CSR communication** are concerned;
  - In both of the countries throughout the 5 scenarios:
    - **Real banks** intensify their communication of **sustainable solutions** for new bank accounts towards potential and existent customers;
    - the **two fictitious** communicate concrete **philanthropic** initiatives, increasing the amount of spread messages as the crisis increases

# Research design and methodology

Customers' rank their level of confidence about the bank they had been assigned to and the banking sector in general, at each scenario

- Q1. How confident are you that your bank will survive the next five years?
- Q2. How confident are you that the banking industry will not require further bail-outs?
- Q3. How confident are you that the banking industry understands the public anger and will respond appropriately?
- Q4. From what you read and absorb from the media reporting, how confident are you that your bank understands the public and customer anger/distrust and can respond appropriately?



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# Case analysis: CSR communication at Intesa

## San Paolo and HSBC

Relevant to the findings:

**Intesa San Paolo** and **HSBC** are the two largest banks which are also the ones with the best reputation in Italy and the United Kingdom respectively

- Participants to our focus groups have been affected by their brand awareness, the actual banks' CSR communications that they experience and already given levels of confidence and trust built in real life
- We described CSR communication framework to highlight which activities affected our participants in their discussion over the topic

# Case analysis: CSR communication at Intesa

## San Paolo and HSBC

### **To point out:**

- Extensive General Stakeholder Communication in both of the banks
- Intesa San Paolo is not highly involved in the communication of philanthropy (Community Communication)
- HSBC highly communicates their role of strong citizenship
- Customer Communication is spread through their website, PR messages and press release to publicize their efforts in developing services and implementing processes for customers that meet sustainable and ethical criteria

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# Findings – Focus Groups

Q1. How confident are you that your bank will survive the next five years?

Q2. How confident are you that the banking industry will not require further bail-outs?

		Scen 0 resp 1	Scen 1 resp 1	Scen 2 resp 1	Scen 3 resp 1	Scen 4 resp 1
HSBC						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		5,6	4,4	6,8	6,2	4,4

		Scen 0 resp 2	Scen 1 resp 2	Scen 2 resp 2	Scen 3 resp 2	Scen 4 resp 2
HSBC						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		4,0	3,4	7,0	5,2	4,8

		Scen 0 resp 1	Scen 1 resp 1	Scen 2 resp 1	Scen 3 resp 1	Scen 4 resp 1
Martins Bank						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		5,0	3,3	5,5	5,5	5,5

		Scen 0 resp 2	Scen 1 resp 2	Scen 2 resp 2	Scen 3 resp 2	Scen 4 resp 2
Martins Bank						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		2,5	1,5	4,0	4,0	4,5

		Scen 0 resp 1	Scen 1 resp 1	Scen 2 resp 1	Scen 3 resp 1	Scen 4 resp 1
IntesaSanPaolo						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		8,3	7,3	6,0	5,5	7,0

		Scen 0 resp 2	Scen 1 resp 2	Scen 2 resp 2	Scen 3 resp 2	Scen 4 resp 2
IntesaSanPaolo						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		8,3	6,8	4,5	4,0	5,3

		Scen 0 resp 1	Scen 1 resp 1	Scen 2 resp 1	Scen 3 resp 1	Scen 4 resp 1
BPSM						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		6,3	3,0	5,8	6,0	7,0

		Scen 0 resp 2	Scen 1 resp 2	Scen 2 resp 2	Scen 3 resp 2	Scen 4 resp 2
BPSM						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		4,8	3,0	5,0	4,0	5,0

# Findings – Focus Groups

Q3. How confident are you that the banking industry understands the public anger and will respond appropriately?

Q4. From what you read and absorb from the media reporting, how confident are you that your bank understands the public/customer anger/distrust and can respond?

		Scen 0 resp 3	Scen 1 resp 3	Scen 2 resp 3	Scen 3 resp 3	Scen 4 resp 3
HSBC						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		7,4	4,8	7,4	6,6	4,4

		Scen 0 resp 4	Scen 1 resp 4	Scen 2 resp 4	Scen 3 resp 4	Scen 4 resp 4
HSBC						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		6,6	5,4	8,2	7,2	4,6

		Scen 0 resp 3	Scen 1 resp 3	Scen 2 resp 3	Scen 3 resp 3	Scen 4 resp 3
Martins Bank						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		5,5	3,5	4,5	4,5	4,0

		Scen 0 resp 4	Scen 1 resp 4	Scen 2 resp 4	Scen 3 resp 4	Scen 4 resp 4
Martins Bank						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		5,5	3,3	4,5	4,5	4,3

		Scen 0 resp 3	Scen 1 resp 3	Scen 2 resp 3	Scen 3 resp 3	Scen 4 resp 3
IntesaSanPaolo						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		3,8	3,0	3,8	5,5	6,0

		Scen 0 resp 4	Scen 1 resp 4	Scen 2 resp 4	Scen 3 resp 4	Scen 4 resp 4
IntesaSanPaolo						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		5,3	5,0	5,5	4,3	4,3

		Scen 0 resp 3	Scen 1 resp 3	Scen 2 resp 3	Scen 3 resp 3	Scen 4 resp 3
BPSM						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		6,3	2,8	6,0	5,3	5,5

		Scen 0 resp 4	Scen 1 resp 4	Scen 2 resp 4	Scen 3 resp 4	Scen 4 resp 4
BPSM						
N	Valid	40,0	40,0	40,0	40,0	40,0
	Missing	0,0	0,0	0,0	0,0	0,0
Meant		6,8	3,0	6,0	6,8	7,5

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# Drawing the spectrum of communication

- Whilst participants are generally confident that their own banks, large or small, will survive over the next five years they remain skeptical that banks will, in cases, require further interventions
- Moreover, it is worth mentioning a particular difference between UK and Italy that emerged when asking participants whether they think that their bank understands the public mistrust and implements strategies to deal with it

# Drawing the spectrum of communication

- Consumers were affected by the brand image and communication of HSBC and Intesa and that whilst their awareness about these banks' activities is raised as levels of marketing communications rise, their confidence does not
- However with other smaller (less well branded) banks and those less affected by the economic crisis, levels of confidence do appear to increase a little with raised awareness

# Drawing the spectrum of communication

- Generally therefore, with the enormous growth of overly ethical and responsible messages, confidence decreases when customers do not see the actual impacts of what is publicized in the outside world

**Thank you for your attention!**

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