Effects of Reputation and Congruence on Publics’ Evaluations of Corporate Social Responsibility

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This study investigated the effects of Corporate Social Responsibility (CSR) programs moderated by the company reputation and congruence of CSR activity between the brand and the program. The reputation was manipulated by either good (snack company) or bad (tobacco company) and congruence was manipulated by high, low, or counter motivation. The experimental design was adopted with the sample of the general publics. Results suggest that highly reputed company received the more favorable CSR evaluations from the public than those of low reputed company. In addition, the highly reputed company’s fit between the brand and CSR was not important. However, for the low reputed company, low congruence was the most effective, followed by high congruence. Counter congruence CSR backfired because the public might perceive this activity to be self-denial, or a form of hypocrisy. It is concluded that highly reputed company enhances the company image by various CSR programs without fear of backfire.

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1. BACKGROUNDS

Corporate Social Responsibility is not a new concept in Korea since many Korean big companies have donated money on good causes for society; however, the public believed that the donations were mainly made by the forced request of the government, not by the company board’s voluntary decisions (Smith, 1994). Thus, the CSR activities were not recognized by the public even though the amount of money spent on donation by the corporate sector reached about KRW 2.2 trillion (USD 1.8 billion) in year 2008 (Federation of Korean Industries, 2009). The public even suspected that the CEOs donated only when they were involved in tax crimes, oil spill-out, and product safety problems, As a result, Korean public answered that companies did not fulfill their social responsibilities even though they acknowledged that the big companies donated a great amount of money for social causes (Moon, 2005).

This CSR concept has changed since the small domestic companies and multinational companies which are not much influenced by the government’s request of donations voluntarily donate money and time to charities. Especially the multi-national companies have actively run CSR programs for both social causes and companies’ favorable images in fields that their products’ characteristics match (Kotler & Lee, 2004).

For example, since 1998 Philip Morris Korea has sponsored a public campaign to clean beaches where cigarette butts comprise a considerable portion of wastes during summer time. Philip Morris has also supported a medical check-up program for tobacco farmers to enhance their livelihood (Dawkins, 2004). Through these campaigns, the foreign tobacco company has been responding to social needs while raising its corporate awareness among the public. These CSR activities have also been bench-marked by other Korean companies and expanded through the nations.

Whissler donated money on free-cooking classes and Bodyshop on welfare of animals. They manifested that the purpose of philanthropic giving was to both for the social goods and the companies’ good images