

THE IMPACT OF SOCIAL RESPONSIBILITY ACTIONS ON EMPLOYER AND CONSUMER BRANDING



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*RESEARCH PROJECT SPONSORED BY
COCA-COLA EUROPEAN PARTNERS AND IE FOUNDATION*

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ABSTRACT

This report is the summary of an articulated research project sponsored by Coca-Cola European Partners that was run all along the academic year 2017-2018. The project was conducted with the help of two IE Student Labs and it is focused on the effect of Corporate Social Responsibility actions on some major competitive variables that affect consumers' and employees' behaviors. The core part of the project was a scenario-based survey with more than 1,000 respondents. Results speak in terms of the importance of CSR actions for some key competitive variables of a company.

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He was assistant and associate professor at the Universidad Carlos III de Madrid (2003-2010), and associate and full professor at Bocconi University in Milan (2011-2016). At 2018, Prof. Giarratana published 24 ISI Web of Science articles that received more than ISI 400 citations. He accounts for more than 1,000 citations in Google Scholar. Since 2003, Prof Giarratana has taught in different institutions at different levels from bachelors to MBAs. From 2017, he the director of the Strategy Department at IE University / IE Business School.

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Dear reader,

This report represents the first fruit born of a partnership agreement between Coca-Cola European Partners, IE Foundation and IE, through which we aim to help improve society and business activity by embarking on innovative applied research projects, and providing the community with inspiring and useful knowledge.

We see this initiative as part of our own responsibility to “give back” and “contribute” to society and to sustainable development, by focusing on major current issues.

This first joint research project addresses sustainability as an employer branding element among Millennials, with both talent and sustainability being key priorities for Coca-Cola European Partners, and for IE and its Foundation.

The project itself has a novel format in that it integrates work and research by students on different IE programmes, insights and experiences from CCEP and highly rigorous scientific academic research, within a process that has proved hugely rewarding for all those involved.

The research reveals previously unrecorded figures which confirm that a clearer and more strategic commitment to CR makes sound business sense. We trust that these results will prove inspiring, and will prompt further action.

ANACALLOL

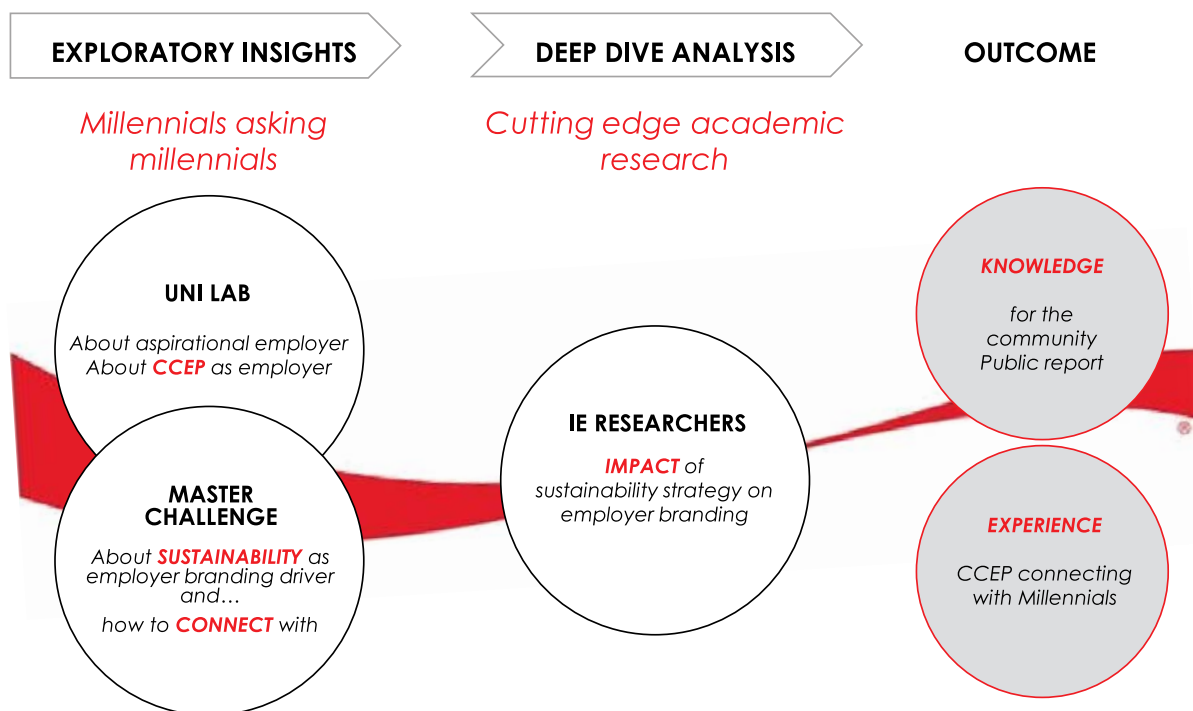
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A fresh & diverse approach

The IE-CCEP journey on sustainability as a driver for employer branding among millennials



This report is the outcome of a research project sponsored by Coca-Cola Europa Partners commissioned during the 2017-2018 academic year directed to examine the salience of different Corporate Social Responsibility (CSR) actions on two important intangible assets of a company: Employer and Consumer Branding. Moreover, the aim of the project is to test if a difference exists in this relationship between Millennials (born 1984-1996) and Generation X^{ers} (born 1965-1980).

The research draws attention to the fact that CSR actions are interpreted traditionally inside a stakeholder perspective as a way to respond to social pressures from different and external interest groups, generating an insurance effect whose value becomes visible only in the arrival of some negative events (i.e., an environmental scandal). Recent strategic approaches instead are calling for a better integration of the CSR efforts into the business model of the company, creating a balancing and self-fulfilling feedback between social and profit actions.

Nowadays, these aspects are even more important because generational effects could play an important role. Millennials are said to be more narcissistic, skeptical, anarchical, and socially conscious compared to the previous Generation X. Thus, it is crucial for companies to understand how individuals across the two generations perceive their CSR actions, because different generations could translate CSR efforts into brand equity, both in terms of probability of working for a company, buying its products and paying more for them, with a different impact.

Particularly the project wants to evaluate if CSR actions that are geographically near (or not) to the respondent (i.e. his or her city vs. national level or beyond national boundaries) have a different effect on Consumer Branding, Employer Branding, Willingness to Pay and Buy, Willingness to Work for a company and if CSR actions and actions that are correlated (or not) to the core business of a company (i.e., water preservation vs. schooling for a drink producer) have a different effect on Consumer Branding, Employer Branding, Willingness to Pay and Buy, Willingness to Work for a company. These objectives are attained through laboratories managed by IE students and an overall scenario-based survey with about 1,000 respondents.

The main results show the following: actions that are geographically near to the respondent and near to the core business of the company generate positive influence on all the core variables. Doing both local and near to the business core is the choice that maximizes Consumer and Employer Branding. The geographical local decision extracts the higher impact in case of willingness to pay, buy and work. However, again, doing both local and near to the business core actions is the optimal option when willingness to pay, buy and work are analyzed in a structural two-step model where they depend on Consumer and Employer Branding. To be clear, when, Willingness to pay, buy and work = Function (Employer or Consumer Branding), and Consumer or Employer Branding = function (CSR Actions).

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The studies of Corporate Social Responsibility (CSR) actions (Porter and Kramer, 2002; Wang, Choi and Li, 2008; Gautier and Pache, 2013; Marquis and Lee, 2013; Tilcsik and Marquis, 2013; 2016; Waddock and Graves, 1997; Barnett, 2007; Dorobantu, Kaul, and Zelner, 2017) that has linked CSR to improved financial performance (Surroca, Tribo, and Waddock, 2010; Eccles, Ioannou, and Serafeim, 2014; Henisz, Dorobantu, and Nartey, 2014; Flammer, 2015; Flammer and Luo, 2017) have mostly highlighted the benefits to firms from engaging in such actions (Wang et al., 2008; Wang and Choi, 2011; Wang and Qian, 2011; Ballesteros, Useem, and Wry, 2017).

The mainstream approach sees corporate giving as a form of protective insurance, with firms that donate to social causes being rewarded for doing so by key stakeholders who care about those causes (Bénabou and Tirole, 2010; Kaul and Luo, 2018). Such stakeholder rewards may include stronger demand from customers (Elfenbein and McManus, 2010; Lev, Petrovits, and Radhakrishnan, 2010; Fosfuri, Giarratana, and Roca, 2015), greater motivation and productivity from employees (Bode, Singh, and Rogan, 2015; Bode and Singh, 2018), more positive assessments by investors (Mackey, Mackey, and Barney, 2007), and a more favorable reputation among regulators and other stakeholders, especially in the face of negative events (Williams and Barrett, 2000; Brammer and Millington, 2005; Godfrey, 2005; Muller and Kraussl, 2011; Koh, Qian, and Wang, 2015; Luo, Kaul, and Seo, 2018).

Granted, the stakeholder view assumes a sort of passive, or better-said responding, attitude of companies. Companies are intertwined in a complex network of stakeholders who exercise diverse social pressures on the organizations like employees, investors, and suppliers. In order to maximize its performance, firms should adapt to these pressures and thus respond with ad-hoc actions. Mismatches between social pressures and firm behaviors increase the probability of companies to be subject to boycotts, negative advertising and more transaction costs. In sum, CSR has been seen as a sort of “insurance” investment that facilitates the transactions and the relationship between a firm and its stakeholders. The investment in CSR could be particular critical in face of negative shocks and events, since it could really act as a sort of airbag with the reputational capital to be spent in such situations.

The previous type of approach while being focuses on the relationship between firm actions and external environment, has been pretty much silent on the feedbacks that CSR could have on firm competitive advantage and on the value of its intangibles like brand and technologies. A recent switch in the perspective was due by the hybrid organization theory. This approach has its roots from a line of research that analyzes social entrepreneurship, i.e. entrepreneurs who startup companies to achieve social aims, sometimes even without profit-oriented motives, which are at the base of the entrepreneur identity. Nowadays, thousands of ventures worldwide are not using CSR as a responding mechanism, but they intrinsically combine aspects of business with a social mission, even overtly embracing social values as a primary component of their business model (Lee 2014). By 2015, 27 U.S. states and one European had passed laws to legally incorporate new ventures as Benefit Corporations, defined as firms that contextually maximize shareholder value and meet certain socially responsible standards, including adherence to and support for specific social issues (André 2012).

These social business hybrids (Santos et al. 2015) can prosper because they create synergies between social values and commercial goals, such that they mutually reinforce one another (Battilana and Lee 2014). However, the coexistence of profit and social goals requires an accurate synchronization between two different logics that must permeate all firm activities, decisions, and policies (Battilana and Lee 2014). Organization literature offers considerable insights into the opportunities and challenges faced by organizations with multiple logics (Havemann and Rao 2006, Marquis, Toffel, and Zhou, 2016). These scholars have mainly focus on the internal conflicting institutional logics that can lead to organizational paralysis or breakup (Pache and Santos 2013, Tracey and Jarvis 2006), and they propose that human-resource practices and socialization policies (Battilana and Dorado 2010) might help preserve an organizational identity balanced between the logics.

From a more strategy point of view, this approach was used to analyze more the impact that investments in CSR could have on the competitive business models of companies (Fosfuri et al., 2016, 2015). Interpreting CSR as a response to different social pressures does not create a balanced business model because CSR is not one of the drivers of firm competitive advantage, but better a facilitator. Under a stakeholder approach, firms could run the risk to disperse their CSR investment on a variety of sometimes unrelated causes with a scarce effectiveness on returns of their financial numbers. This represents the main lesson from the hybrid organization literature: the long lasting strategy to achieve social and business success is to preserve hybridity and thus to include the CSR actions as a fundamental part of the competitive business model of the companies.

Fosfuri and colleagues (2016, 2015) have proposed a model through which this aim could be achieved. Companies should invest in CSR actions that activate the identity salience of the focal customers who tend will start to ask for products and services that represent a symbol of these values. This generates more willingness to pay and loyalty and transforms the company

in a specialized supplier of symbols for some community of customers. This perspective represents a turn-around on the relationship between CSR and performance, with a more proactive and not responsive role of companies who should be able to be perceived as part of some social value community thanks to CSR investments.

So far, empirical studies on this matter are quite scarce, due to the difficulties to find data on amount and type of investment in CSR and customers' data behavior. In this respect, only circumstantial evidence is telling us what is the impact of social actions on the value of one of the most important intangible assets of a company: the brand (Fosfuri et al., 2015). Brand value could be decomposed in two principal components: employer and consumer branding. Employer branding (Rampal and Kenning, 2014) could be defined as an organizational employer image, meaning what an external economic actor thinks about an organization as an employer. It has also an internal attribute that is the actual employees' mental representations of attributes related to the organization in which they are working. Employer branding affects the ability of company to attract valuable human capital and to increase the productivity of actual employees. Consumer branding is the perception that the image of a company and its products have in the mind of the actual or potential customers. Consumer branding is associated to loyalty, willingness to pay, attraction of new customers. The topic is interesting per se, because only recently literature has started investigating the relationship between employer and consumer branding. For example, Anselmsson, Bondesson, and Melin (2016) has found with a survey on Swedish customers a complementarity between the two, meaning that HR actions and marketing actions could be self-sustaining the overall value of a brand. On top of this, even less is known about the CSR actions role over the value of the two brand components and their relationship.

The previous discussion is clearly almost dependent from psychological and sociological factors. Indeed, all the studies on brand value refer to the mental framing and the perception that potential and actual employees or customers use to interpret the image, emotion and reputation of a brand. By definition, these mechanisms could be easily modified by any sociological condition that affects different human generations. A recent article on the Economist (2018: 55) states that “to many firms Millennials are a mystery” and “they do not know how millennials differ from their older counterparts”. Millennials definition spans usually cohort with the year of birth between 1984-2000, namely individuals that at 2018 goes from 18 to 34 years old.

Research highlights that there are differences in job satisfaction, organisational commitment and intent to turnover between these two generations. Millennials have proven to be more narcissistic and cynical than previous generations (Twenge, Konrath, Foster, et al. 2008). Though this could be perceived as a negative aspect, this has shown increases in self-esteem, extraversion and life satisfaction that affect their decisions when choosing what career path or job to take. Millennials are more time-stressed and materialistic (Badger, et al. 2012), Millennials are more concerned about what others think of them and about where their life is heading in the long run, this causes changes in behaviour within the workplace.

Accordingly, Smith (2010) points out that a difference in the valuation of work to life balance exists between Millennials and Generation X: the younger generation place more attention to the quality of work to life balance when compared to the older generations. Work Life Balance is described as the quality of balance between an individual’s professional agenda and their ability to meet family commitment and other personal life orientated goals or responsibilities (Delecta. P, 2011). There are three main influences that affect this balance. Those include Working demands, Family demands and finally, Individual aspirations and activities (Delecta. P, 2011). Work to life imbalances cause negative reactions to an individual at a personal and self-esteem level, causing life dissatisfaction depression and an easier entry into drugs and alcoholism (Lowe 2005). Therefore, it is vital for companies of today to understand the fundamental values behind work to life balance, its implications to an individual’s state of life and adjust working conditions to the perceptions of the changing demographics in the workforce as Millennials disclose that a greater quality of Work to Life Balance results in more efficient work and overall attitude (Smith, 2010).

With respect job satisfaction and turnover, generational differences exist. Research show that Millennials when compared to older generations search of a more meaningful employment more in line with their values whereas Baby Boomers have a higher rate of job satisfaction and commitment leading to a lower intent to turnover (Badger, et al. 2012). Kuron (2014) analysis explains on different angle that younger generations are more concerned with how well the work fit with their life from an attitudinal and behavioral point of view, developing this work-life balance priority when choosing a job.

Regarding consumption they are more susceptible to trusting local and smaller companies and have developed a sceptical perception over governments and big corporations (Niedermeier and Gapper, 2018). This younger generation has also grown up with the development of E-Commerce, the creation of Amazon and the restructuring of consumption through online platforms, this has led Millennials to the creation of a far denser purchasing funnel. The Millennials rely heavily on reviews and peer evaluations as well as dense electronic research on alternate options and reliability.

Regarding environmental awareness, the Millennials have been proven to be the most social and environmentally conscious generation up to date (Meister & Willyerd, 2010) and choose working in companies that provide immediate satisfaction, they are very different to the more patient Baby Boomers and live more for the short-term gratification (Meister & Willyerd, 2010). In the past year's expenditure on CSR has shown continuous growth, including an 8% increase compared to the previous year (Philip; Vijayraghavan, 2018). The importance that Millennials have received due to their involvement in the global economy has caused a chain reaction effect on corporations and their willingness to spend on Corporate Social Responsibility, CSR, strategies. This generation is known to be far more concerned about minorities and are more susceptible to invest time and money in causes that promote "equity, equality and opportunity" (Dashnaw; Achieve, 2017)

From OECD data, they now represent in Spain 19.6% of population, they account for 25.9% of labour force and 34.3% of unemployment population. Compared to the average OECD country, they represent 23.8% of population, 41.3% of un-employers and 30.2 of labour force. From Figure 1, which compares cohorts of 20-34 years old people across time, it is possible to note that today millennials tend to represent a lower share of workforce and population, consistent with a general trend of OECD countries aging of citizens.

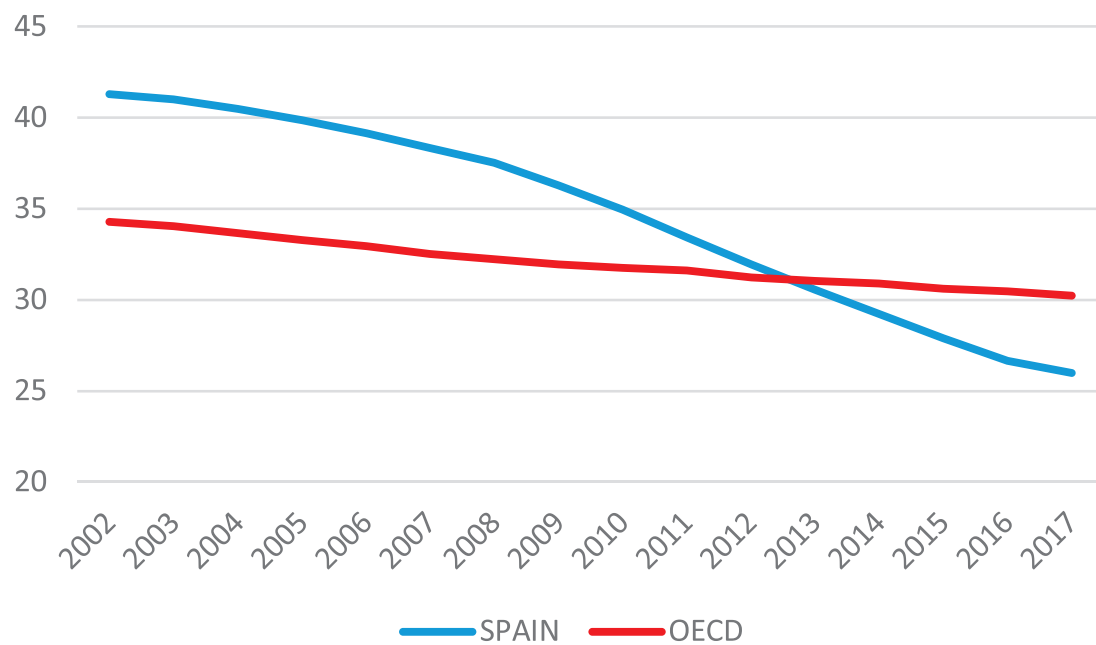


FIGURA 1. Millennials share of workforce. (Source: OECD).

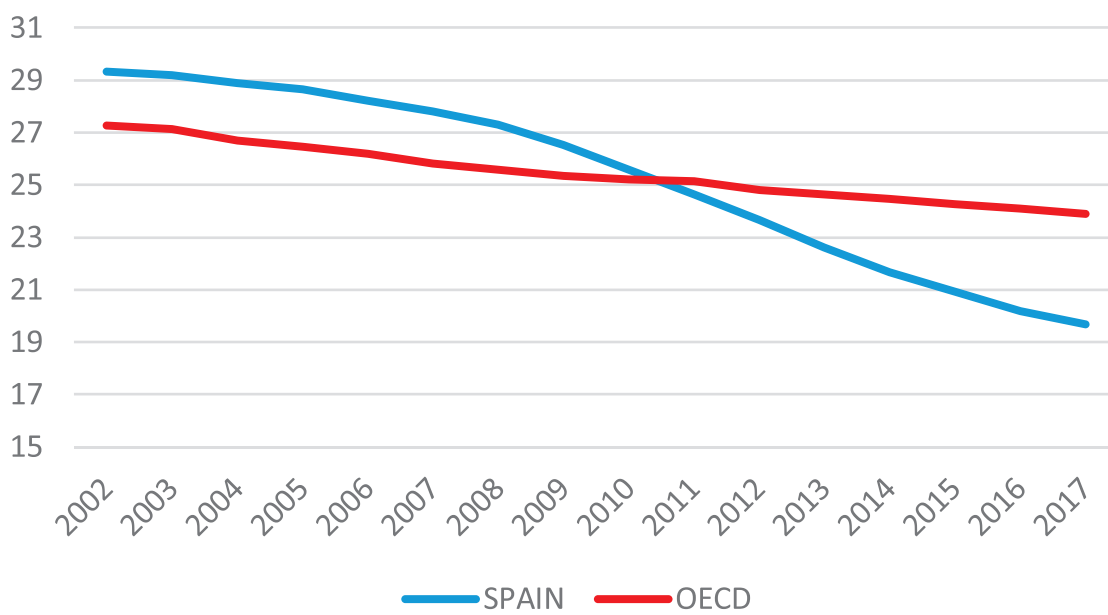


FIGURA 2. Millennials share of population. (Source: OECD).

The research was conducted in two steps. The first step was an open discussion in focus groups formed by millennials over the outcomes, motivations and effects of social responsible actions on for profits companies. The effects of CSR were particularly discussed in terms of brand effects. The focus group was fundamental to identifying factors of interest to be measured in a scenario-based experiment. The second step was the preparation and the administration of a scenario-based survey with the aim to test the importance of factors emerged from the focus group discussion on the employer and consumer branding attitude. We also include generational differences.

Focus Group

The first part of the research was directed to understand the perception that millennials have on the social actions of major companies and their impact on their perceive employer branding. We set up 3 focus groups with a total number of 23 participants in May 2018 with the help of a group of students of IE marketing master. The objective of the focus group discussions was to understand the perception of millennials about the relationship between social responsible actions and employer branding. One of the three focus groups consisted of only Spanish participants, and the other two were conducted with international participants. The first step consisted in compiling a table summarizing the social actions that CCEP and the 4 top companies for employer branding by Universum (Google, Goldman Sachs, Apple, E&Y) are conducting in the last year. This table was made available a couple of days before to each individual participants.

In each focus group, a moderator fosters the discussion and an observer just takes notes about the discussion. During the discussion, the observer compiled a summary of the main conclusions that emerged from the discussion and then delivered them to the group. The group should discuss this summary until they arrive to a final agreement, adding or cutting some of them.

At the end, the conclusions of the three focus groups were then confronted and two common key findings were highlighted. The first one is that social actions that are consistent with the main business of the company are the ones that generate higher employer branding. Actions that are perceived distant from the core business of the company are seen suspicious and more similar to green washing approaches, and so they do not deliver any value in this respect.

The second conclusion was that social actions direct to the geographical community locally near to the individual generate more employer branding value compared to general actions direct to not targeted audience. For example, an action that supports schooling of the neighbour in which the individual leaves has a higher impact compared to a general donation to a national NGO that focuses its approach in schooling. These two main findings act as anchors to create the scenarios for the survey.

Survey

A classical survey would be subject to problems of common method bias (Di Stefano et al, 2014). If we directly ask whether CSR actions that are near to or far from the firm core business have an impact on the employer branding, we will face several problems, like the generation of spurious results due to the tendency of respondents to answer low or high in every question. Moreover, it will be difficult to test the classical scales of brand value for each respondent according to the different values of our main variables.

In our setting, each scenario consists of an description of imaginary drink company that will pursue a random combination of two attributes: a) the social action is related or unrelated to the core business of the company; b) the social action is conducted in the geographic proximity of the company or nationally. That said, we have the formulation of 4 different scenarios as in Table 1.

	Geographic distance of the CSR actions	
	Local CSR Actions	Non-Local CSR Actions
Relatedness of the CSR actions to the core business of the company		
Core Business CSR	SCENARIO I	SCENARIO II
Non-Core Business CSR	SCENARIO III	SCENARIO IV

TABLE 1. Scenarios Survey.

For each scenario, we will collect 240 answers divided equally in two generation groups: Millennials (1984-1996) and Generation X (1960-1980). Each respondent will read only one scenario, in which the story of a drink company that is investing in a particular social action according to the type of the scenario is described. Then, the respondent is asked to answer a series of questions on this fictional company in case he or she will consume its products or will go to work for this particular company in this particular scenario.

	Geographic distance of the CSR actions	
	Local CSR Actions	Non-Local CSR Actions
Relatedness of the CSR actions to the core business of the company		
Core Business CSR	SCENARIO I 240 total answers 120 Millennials 120 Generation X ^{ers}	SCENARIO II 240 total answers 120 Millennials 120 Generation X ^{ers}
Non-Core Business CSR	SCENARIO III 240 total answers 120 Millennials 120 Generation X ^{ers}	SCENARIO IV 240 total answers 120 Millennials 120 Generation X ^{ers}

TABLE 2. Sampling strategy for each Scenario.

The questions are divided in three groups: 15 questions related to customer branding, 16 questions related to employer branding, and 8 questions on the characteristics of the respondent (age, gender,...). Also, 4 questions were introduced to check if the respondent had carefully read the text of the scenario. The questions related to the customer and employer branding were directly taken by scale validated by previous literature (Ajitha and Sivakumar, 2017). The survey was administered by the company Qualtrics, which uses its respondent panel.

Variable of interests

Table 3 shows the main sample of respondents. The sample is composed by 496 individual from Generation X, with an average age of 44 years, a wage of 3k and a gender composition evenly distributed. Sample has 500 Millennials, with an average of 29 years, a wage of 2k and a gender composition evenly distributed. Millennials tend to be more rapid in answering.

Generation		Age	Gender (Female)	Wage	Time to Answer
Generation X ^{ers}	mean	44.08	44.08	3096.77	419.71
	sd	6.74	6.74	9727.98	804.36
	N	496	496	496	496
Core Business CSR	mean	29.71	0.56	2080.55	371.49
	sd	5.85	0.49	4285.51	690.63
	N	500	500	500	500
Non-Core Business CSR	mean	36.87	0.54	2586.62	395.51
	sd	9.56	0.50	7519.84	749.43
	N	996	996	996	996

TABLE 3. Sample Composition.

We have five main variables of interest 5:

- 1 *The estimated factor of EMPLOYER BRANDING.*
- 2 *The estimated factor of CONSUMER BRANDING.*
- 3 *The willingness to pay (WTPAY).*
- 4 *The willingness to buy (WTBUY).*
- 5 *The willingness to work (WTWORK).*

EMPLOYER BRANDING and CONSUMER BRANDING are estimated by using 13 and 15 factors on a scale from 1 (Low) to 7 (High), respectively. The corresponding Cronebach's Alpha are equal to 0.97 and 0.96, meaning that the two factors are statistically validated. WTPAY, WTBUY and WTWORK are proxy on a scale from 1 (Low) to 7 (High).

Table 4 shows this value by scenario divided in the Millennials (Table 4a) vs. Generation X sample (Table 4b). The first observation is that we have significant differences in the score means across scenarios, meaning that our general manipulation of the variables was effective. Indeed, without significant differences across generations, Scenario I and II seems the best evaluated while the III and IV the worst.

In terms of generation differences, it does not seem that great differences exist; however, it seems that for the Generation X respondents CSR actions

have a higher impact. Moreover, it seems that CSR actions have a greater impact on variables related to job market than consumer behaviours.

4a. Millennials

Scenario		WTBUY	WTPAY	WTFWORK	CONSUMER BRANDING	EMPLOYER BRANDING
I	mean	5.54	4.79	5.57	4.34	5.51
	sd	1.26	1.56	1.50	1.50	1.07
	N	125.00	125.00	125.00	125.00	125.00
II	mean	5.60	4.84	5.55	4.66	5.65
	sd	1.27	1.36	1.26	1.19	0.80
	N	124.00	124.00	124.00	124.00	124.00
III	mean	4.95	3.97	5.22	3.69	4.95
	sd	1.70	1.41	1.62	1.27	1.17
	N	126.00	126.00	126.00	126.00	126.00
IV	mean	3.68	3.32	3.32	2.55	3.69
	sd	1.80	1.70	1.70	1.24	1.64
	N	125.00	125.00	125.00	125.00	125.00
Total	mean	4.94	4.23	5.11	3.81	4.95
	sd	1.71	1.63	1.76	1.53	1.43
	N	500.00	500.00	500.00	500.00	500.00

4b. Generation X^{ers}

Scenario		WTBUY	WTPAY	WTFWORK	CONSUMER BRANDING	EMPLOYER BRANDING
I	mean	5.86	5.05	5.88	4.46	5.77
	sd	1.20	1.58	1.24	1.60	0.87
	N	125.00	125.00	125.00	125.00	125.00
II	mean	5.72	5.09	5.63	4.77	5.72
	sd	1.06	1.22	1.18	1.29	0.80
	N	125.00	125.00	125.00	125.00	125.00
III	mean	4.80	4.13	5.15	3.67	4.81
	sd	1.62	1.58	1.80	1.40	1.23
	N	121.00	121.00	121.00	121.00	121.00
IV	mean	3.70	2.85	3.78	2.35	3.56
	sd	1.90	1.61	2.07	1.16	1.75
	N	125.00	125.00	125.00	125.00	125.00
Total	mean	5.02	4.28	5.11	3.81	4.96
	sd	1.71	1.76	1.81	1.66	1.52
	N	496.00	496.00	496.00	496.00	496.00

TABLE 4. Main Variable of Interest between Millennials and Generation X^{ers}.

Our main core variables are CORE and LOCAL; CORE takes value 1 when the CSR actions are near to the core business of the company and zero otherwise. LOCAL takes value 1 if the CSR actions are near to the geographical location of the respondent, zero otherwise.

We control also for the following variables: Age, Gender, Wage, if the respondent usually buys products that are social responsible, and if the respondent only buys products of companies that sustain social values on which he or she cares a lot.

Empirical estimations through regression models

The regression model to estimate is:

$$DEPENDENT\ VARIABLE = \alpha Local + \beta Core + \gamma Local * Core + \theta Control + \varepsilon$$

Table 5 shows the marginal effects of the model estimated; it will include both the mean and the mean plus the standard deviation effects and in Table 6 we represent these coefficients in percentage terms.

	EMPLOYER BRANDING	CONSUMER BRANDING	WTPAY	WTBUY	WTFWORK
	Mean marginal effects				
Core x Local	5.64***	4.69***	4.69***	5.60***	5.52***
Core	4.89***	3.68***	3.68***	4.90***	5.20***
Local	5.62***	4.40***	4.40***	5.67***	5.70***
Null	3.68***	2.47***	2.47***	3.77***	4.02***
	Mean + SD				
Core x Local	5.75	4.85	5.07	5.75	5.68
Core	5.04	3.85	4.26	5.10	5.41
Local	5.75	4.59	5.09	5.82	5.87
Null	3.88	2.62	3.36	3.99	4.28
	Mean-SD				
Core x Local	5.54	4.85	4.73	5.45	5.36
Core	4.74	3.85	3.89	4.70	5.00
Local	5.50	4.59	4.70	5.51	5.53
Null	3.47	2.62	2.94	3.54	3.75

TABLE 5. Marginal effects of the dependent variable prediction from the main regressions.

	EMPLOYER BRANDING	CONSUMER BRANDING	WTPAY	WTBUY	WTFWORK
	Mean marginal effects				
Core x Local	53.5%	60.5%	47.5%	49.8%	40.9%
Core	33.1%	33.0%	25.0%	30.8%	32.3%
Local	53.0%	52.4%	47.4%	51.8%	45.8%

TABLE 6. Percentage change compared to No Core and No Local case. Marginal effects of the dependent variable prediction from the main regressions.

Table 7 shows the actual prediction given the manipulated variables. Results confirm the previous tables' numbers; the option CORE/LOCAL generates the maximum score for EMPLOYER BRANDING, CONSUMER BRANDING and WTPAY. The option No Core/ Local generates the maximum in case of WTBUY and WTWORk. However, the fact that most probably EMPLOYER BRANDING and CONSUMER BRANDING have a direct effect on the other dependent variable could change the real final effect of CORE and LOCAL on the last two variables.

EMPLOYER BRANDING		LOCAL	
		YES	NO
Core	YES	5.64*	4.89
	NO	3.67	3.67
CONSUMER BRANDING		LOCAL	
		YES	NO
Core	YES	5.64*	4.89
	NO	3.67	3.67
WTPAY		LOCAL	
		YES	NO
Core	YES	4.89*	4.07
	NO	4.89*	3.15
WTBUY		LOCAL	
		YES	NO
Core	YES	5.59	5.59
	NO	5.66*	3.76
WTWORK		LOCAL	
		YES	NO
Core	YES	5.52	5.52
	NO	5.70*	4.01

TABLE 7. Prediction of the actual values. *Maximum value.

To represent graphically and have a more straightforward interpretation of the results, Figures 4 and Figure 5 depict the impact of Local vs. non-Local CSR actions.

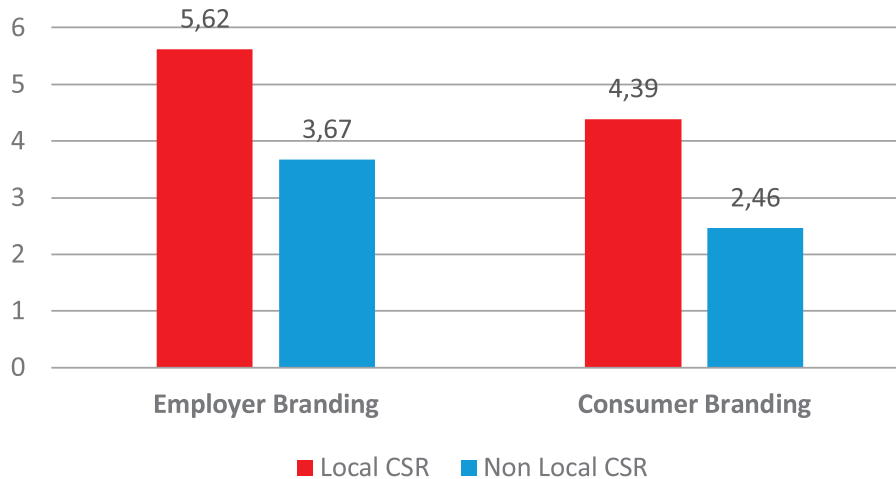


FIGURE 4. Effect of Local vs. non Local CSR Actions on Employer Branding & Consumer Branding Evaluation (rated on 1-7 Likert scale).

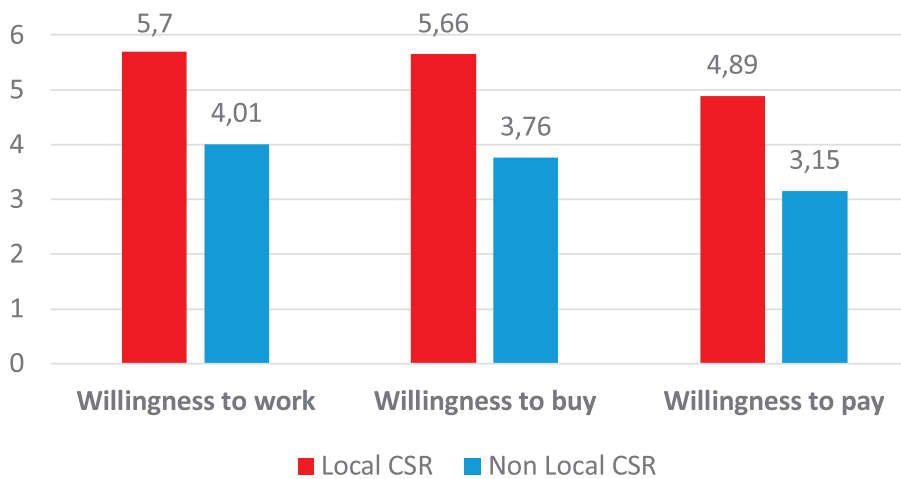


FIGURE 5. Effect of Local vs. non Local CSR on Willingness to Work, Buy and Pay Evaluation (rated on 1-7 Likert scale).

We clearly observe that Local CSR actions have a positive effect on EMPLOYER BRANDING; CONSUMER BRANDING; WTWOR, WTBUY a product, and WTPAY for such product. The effect of a CSR actions more geographical closer and perceived as local by the respondent have a higher on the list of consequences that we have studied with respect CSR actions that are further.

Figures 6 and Figure 7 respectively represent the positive effect on EMPLOYER BRANDING; CONSUMER BRANDING; WTWOR, WTBUY a product, and WTPAY for such product. The effect of a CSR actions more related to the business of the company are perceived as more authentic from the respondent and thus, have a higher effects on the variables in object with respect to CSR actions that are not related to the core activities of the company.

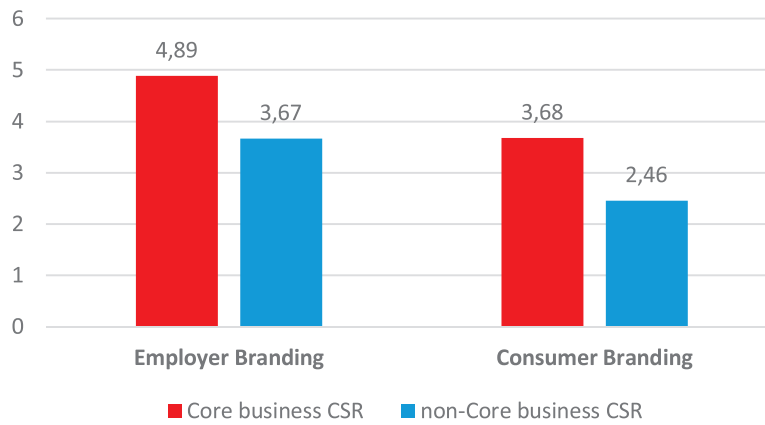


FIGURE 6. Effect of Core vs. non-Core CSR on Employer Branding & Consumer Branding Evaluation (rated on 1-7 Likert scale).

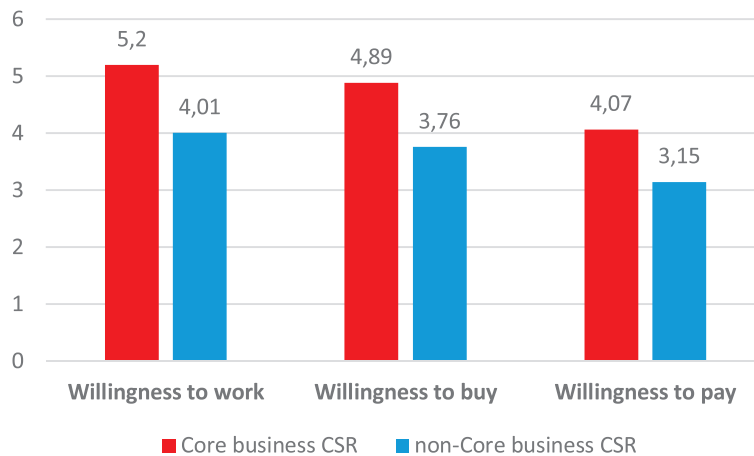


FIGURE 7. Effect of Core vs. non-Core CSR on Willingness to Work, Buy and Pay Evaluation (rated on 1-7 Likert scale).

Beyond these direct effects of Local (vs non Local) CSR and Core (vs non-Core) CSR on the variables of interests, our empirical evidence also highlight another key result: if a CSR action is at the same time both Local and related to Core Business has the highest positive impact on EMPLOYER BRANDING, and CONSUMER BRANDING. The comparison of the effects is reported in the Figure 8.

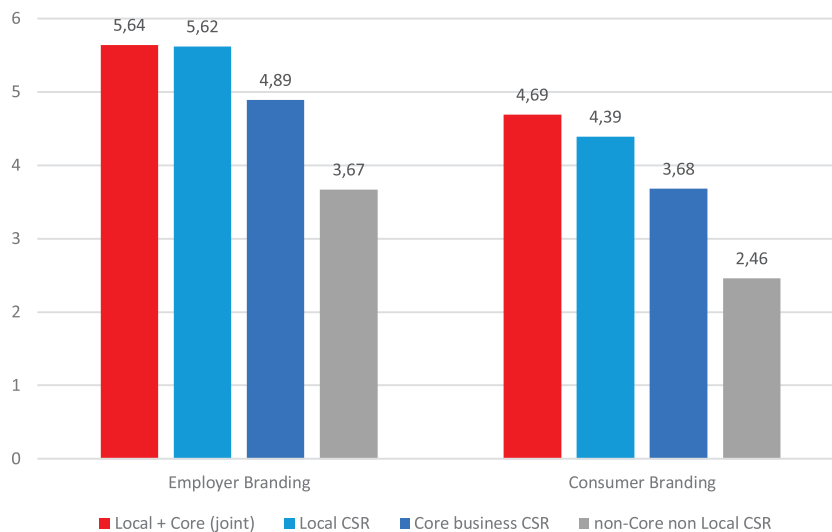


FIGURE 8. Simple Effects and Additive Effects on Employer and Consumer Branding Evaluation (rated on 1-7 Likert scale.)

To better test the conjecture of before, we apply the following model in which WTPAY and WTBUY are affected by CONSUMER BRANDING, while the CSR actions affected CONSUMER BRANDING from one hand; from the other WTBUY is affected by EMPLOYER BRANDING, while CSR actions affected EMPLOYER BRANDING. Thus the new regression model is:

$$\left\{ \begin{array}{l} WTPAY, WTBUY = \phi \text{CONSUMER BRANDING} + \theta \text{Control} + \varepsilon \\ \text{CONSUMER BRANDING} = \alpha \text{Local} + \beta \text{Core} + \gamma \text{Local} * \text{Core} + \theta \text{Control} + \delta \end{array} \right.$$

$$\left\{ \begin{array}{l} WTBUY = \phi \text{EMPLOYER BRANDING} + \theta \text{Control} + \varepsilon \\ \text{EMPLOYER BRANDING} = \alpha \text{Local} + \beta \text{Core} + \gamma \text{Local} * \text{Core} + \theta \text{Control} + \delta \end{array} \right.$$

Results of these instrumental regressions (IV) are in Table 8. All the tests on the goodness of this model are in the right direction; F test is higher than 10, and the Stock and Yogo's tests are all passed at 5% level. As one can see, when we apply this model, the optimal option is always CORE/LOCAL for all the three variables. In sum, if we interpret that willingness to pay, buy and work are a function of brand impression, which in turn are affected by CSR actions, the optimal choice of a company should be always a CORE/LOCAL decision.

WTPAY		LOCAL	
		YES	NO
Core	YES	4.89*	4.14
	NO	4.73	3.12
WTBUY		LOCAL	
		YES	NO
Core	YES	5.76*	4.86
	NO	5.49	3.78
WTWORK		LOCAL	
		YES	NO
Core	YES	5.66	5.05
	NO	5.64	4.06

TABLE 8. Prediction on the actual values. Results of IV regression. *Maximum value.

The first main conclusion from the results is that doing CSR actions that are related to the core business and geographically near to the respondent increases all the main variable, with an effects that could go from 36% to 43% more. The results tell us also that doing together core business and geographically local CSR actions increase our dependent variables clearly in the case of Employer Branding and Consumer Branding. In this respect, only if consider a system of equation where CSR actions are acting through the brand effect, our data

suggest that a CORE/LOCAL decision is always optimal. The effect of LOCAL is in magnitude always greater than CORE. These results are represented below in Figure 9.

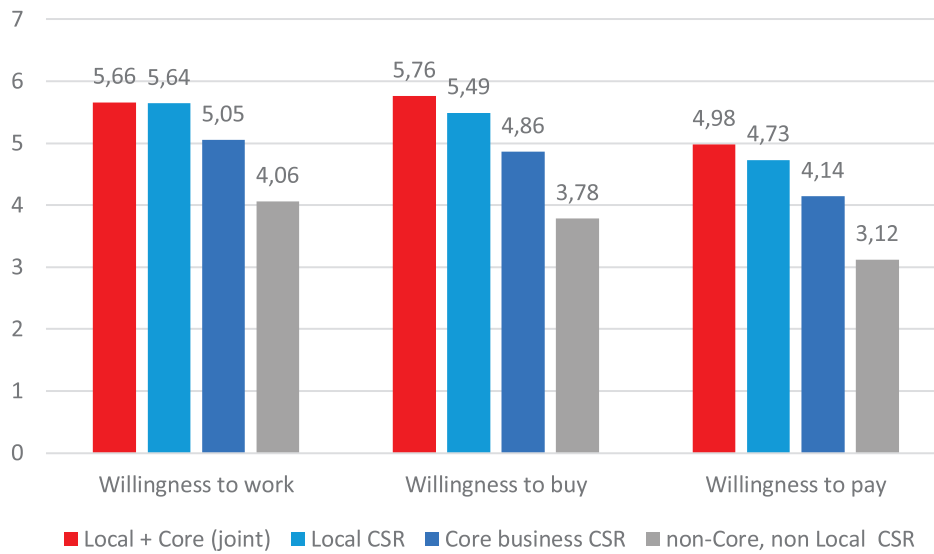


FIGURE 9. Interaction Effect with two-step model.

Testing Generational Effects

Another important question is whether these results are affected by a generation effect. To test this, we rerun the regression according to the two subsample, Millennials and Generation X and then confront with a Chi-Square test if the parameter are different. The results are in Table 9.

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	EMPLOYER BRANDING	CONSUMER BRANDING	WTPAY	WTBUY	WTWORK
Prob > Chi-square					
Core x Local	0.624	0.2	0.096*	0.971	0.212
Core	0.915	0.65	0.0024***	0.493	0.31
Local	0.146	0.17	0.0057***	0.3	0.035**

TABLE 9. Testing Differences between Millennials and Generation X^{ers}.

The results show that there are not main significant differences due to the generation shift except for the willingness to pay. Millennials are less sensible to CSR actions in terms of their effect of the higher willingness to pay compared to Generation X. Also, they seem to appreciate more in case of willingness to work the fact that CSR are driven in the local vicinity of the respondent. Our conclusion that most of the differences could be explained in terms of age and wage heterogeneity, while the generation shift highlights only a less elasticity of Millennials towards CSR actions. One interpretation would call for a higher scepticism and criticisms of greenwashing and instrumental CSR about Millennials.

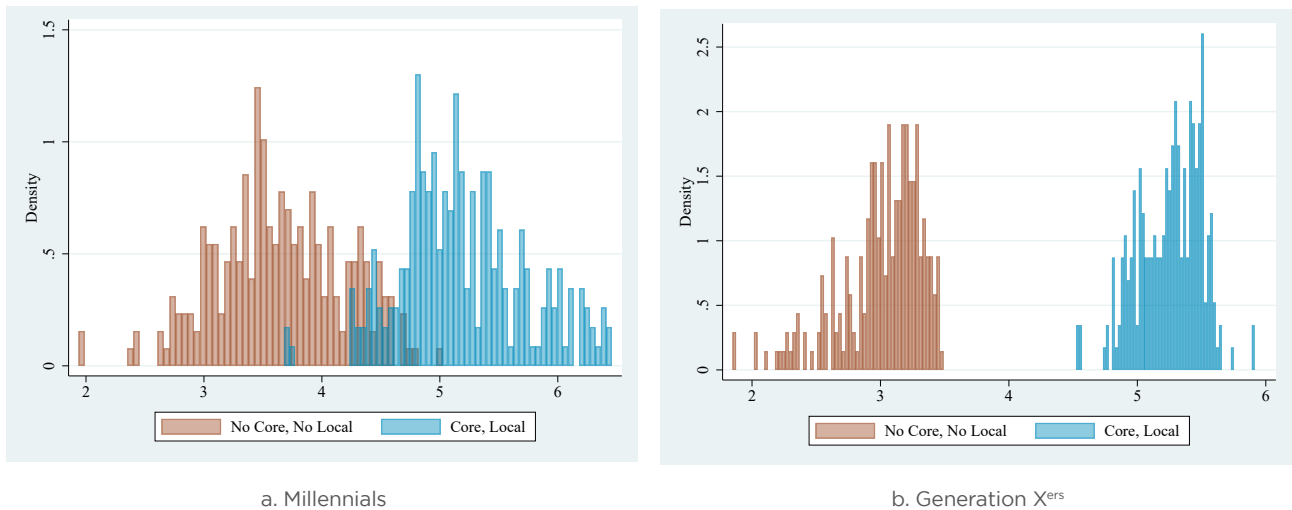


FIGURE 9. Testing Differences between Millennials and Generation X^{ers}.

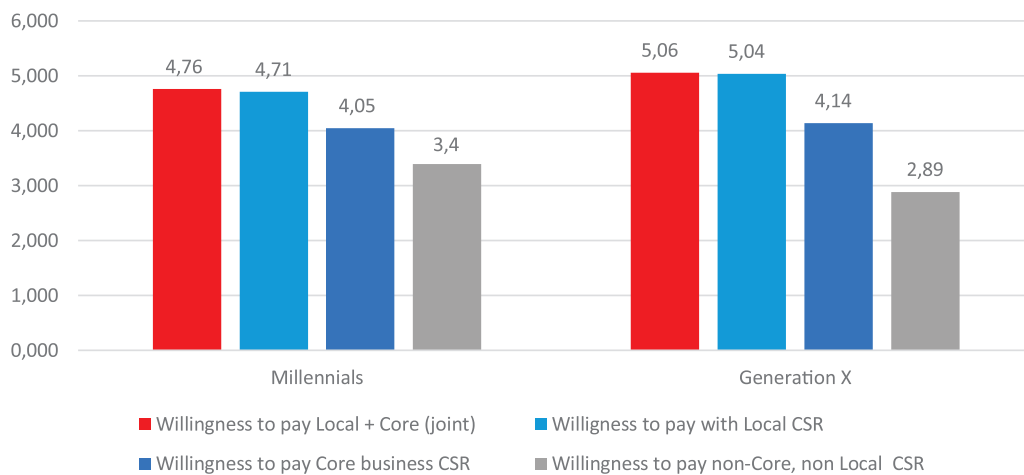


FIGURE 10. WTPAY Evaluation with different CSR actions between Millennials and Generation X^{ers}

In this respect, it was interesting analysing the 40 in-depth interviews to Millennials that were conducted as part of this project in a student LAB of IE Master of Communications. 40. From one interviews, it was clear that the subject, after visualizing the CSR action of the company, he/she perceive a sort of responsive/insurance approach in terms of stakeholder theory: *“I do not think that the company could cause any problem, if it do it, it will not have much trouble fixing it”*. Several other quotes are also quite emblematic when they speak of the potential spillovers that CSR actions could have on employer and consumer branding. For example, one respondent states that *“bio products are truly important for me. I tend to associate them with products, which are healthier to consume. I only buy the best and the finest as far as natural goes”*, or another *“it entangles to a dream job, an ambition, an aspiration, that goes*

beyond the product itself. Believe that what you are doing can change the world for the better.” A last interesting contribution speaks more toward the idea on the importance of focus and of going deeper in a particular social action: “they could do more thing about plastics and they do a lot of things of climate but I do not see anything about pollution”.

Testing Regional Difference

A final question is to what extent our results are subject to any regional cultural characteristics. In this respect, each respondent is classified inside his or her region of residence separated in four main region: North, South, East, and West. In Table 10, we perform several test to see if there are statistically significant different between North vs. South, and West vs. East sample. NO major difference is emerging from data, meaning that the effects that we have highlighted in the previous sections tend to be homogeneously diffused across Spain. In sum, cultural regional differences do not have a major impact on our investigation.

NORTH VS. SOUTH					
	EMPLOYER BRANDING	CONSUMER BRANDING	WTPAY	WTBUY	WTWORK
Prob > Chi-square					
Core x Local	0.66	0.64	0.33	0.08*	0.76
Core	0.43	0.30	0.82	0.42	0.73
Local	0.86	0.15	0.09*	0.87	0.80
WEST VS. EAST					
	EMPLOYER BRANDING	CONSUMER BRANDING	WTPAY	WTBUY	WTWORK
Prob > Chi-square					
Core x Local	0.72	0.11	0.42	0.39	0.06*
Core	0.64	0.20	0.48	0.19	0.10
Local	0.94	0.46	0.90	0.04	0.43

TABLE 10. Testing Geographical Differences.

We replicated the experiment with the same design to a different sample of consumers of the two generations residents in Spain by mentioning explicitly the brand Coca Cola to detail the company. The significance of the results are consistent with this study and we do not register any difference.

There are the significant conclusions to the study with follow-ups for strategic implications at the company level.

Local CSR and Core Business CSR activities have a positive impact on firm valuable competitive variables. Social actions implemented by companies have a higher effect on the Consumer and Employer Branding, and on Willingness to Work for a social involved company, to Buy and Pay more for one of its product if the CSR actions are local or related to the core business of the company. This can be explained through arguments of visibility and authenticity respectively. Social actions with higher geographical proximity are perceived closer and with higher impact, while social actions related to the core business of the company are perceived more authentic and less as a form of green washing.

Local CSR always has a stronger positive impact than Core Business CSR except for in terms of Willingness to Work. If we compare the effects of Local CSR and Core Business CSR activities, we notice that the positive effect of Local CSR is greater in Employer Branding by about 13%, Consumer Branding (about 16%), Willingness to Buy (about 14% higher) and Willingness to Pay (about 17% higher). Conversely, the Core Business CSR has a slightly stronger effect only on the Willingness to Work (effect of 9%). Thus, at the managerial level, opting for one of the two investments depends on firm strategies and the costs of these actions. If a company wants to increase its employer and consumer branding along with the reservation price and the purchase intention of a consumer, managerial attention should be shifted to initiatives that promote local CSR actions. Conversely, if the object of the company is to increase the propensity to work, managers must invest more in social actions related to the core business.

Simultaneously doing Local CSR and Core Business CSR is the best choice to maximize Consumer and Employer Branding. Also rather interesting are other findings that jointly consider Local and Core Business CSR Actions. Pursuing a Local Action that at the same time is also related to the Core Business seems to be the optimal choice (i.e. with the highest impact) to increase both Employer Branding and Consumer Branding (with all estimation models). In this respect, we notice that Local CSR actions increase the Employer Branding by about 35%, while Core CSR actions increase the same Employer Branding evaluation by about 25%. Conversely, together Local + Core business CSR increase the Employer Branding Evaluation by about 36%. The effect on Consumer Branding is greater: Local CSR actions increases it of about 44%, Core Business CSR actions have an impact on it of about 33%, while their joint effect increases the Consumer Branding by 48%.

Simultaneously doing Local CSR and Core Business CSR is the best choice to maximize Willingness to Work, Buy, and Pay only in a two-step model. This joint additive effect also impact the Willingness to Work, Buy, and Pay (in the two-staged model). Thus, the maximization of these variables and the highest impact is achieved through investments in social actions that have both features at the same time the two features. More specifically, the

additive effect of Local + Core on the Willingness to Work is about 29% (while the direct effect of only Local is 28% and only Core is about 19%); the additive effect of Local + Core on the Willingness to Buy is about 35% (while the direct effect of only Local is 31% and only Core is about 22%). Finally, the additive effect of Local + Core on the Willingness to Buy is about 37% (while the direct effect of only Local is 34% and only Core is about 25%).

Millennials and Generation X^{ers} do not differ except for Willingness to Pay. Our results do not reveal any different behavior or perception between generations. Millennials and Generation X respondents have the same pattern of decisions and the magnitude of the effects is not significantly different except for the willingness to pay. Any kind of CSR action (Local or Core) positively affects their willingness to pay although with a lower effect. This might be due to the fact that Millennials are said to be more skeptical and cynical, and as customers, they could look at higher prices related to products infused with social meaning with suspicion compared to the previous Generation X.

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