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# Transferring Effects of CSR Strategy on Consumer Responses: The Synergistic Model of Corporate Communication Strategy

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This study proposes a synergistic model of corporate communication strategy (corporate ability strategy, corporate social responsibility strategy, and hybrid strategy) on consumer responses and tests the model using 2 Fortune 500 companies (Kellogg and Motorola). The study found that when a company is well-known to consumers as Motorola and Kellogg used in this study, a CSR strategy is more effective in influencing both consumer corporate ability (CAB) and CSR associations and in turn, company/product evaluations. Additionally, consumers tend to automatically assume a company is good at making reliable products when they associate the company with strong CSR, indicating transferring effects of CSR associations onto CAB associations, and onto company/product evaluations. The study results also suggest that the direct influences of CSR associations differ based on industry type. A company that produces high risk involved products such as Motorola, might not experience as strong CSR associations' effects on consumer responses as a company in other industry type like Kellogg.

Corporate social responsibility (CSR) has become a more prominent concern and activity for U.S. corporations, with many believing it has become essential for their survival (e.g., Esrock & Leichty, 1998; Sen & Bahattachrya, 2001). Businesses and their executives are also engaging in

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discourse on the subject with recent acknowledgment of CSR issues from top-level officers inside some of the world's largest corporations (e.g., Isdell, 2007). Due to this increased emphasis on CSR, it is important to ask if publics' perceptions toward organizations' CSR activities have changed over time as a result of CSR related climate changes.

Although academic research has addressed the growing focus on CSR, previous research has suggested mixed results especially regarding the general consequences of CSR on either financial performance of an organization or consumer responses. Some research found no associations (Page & Fearn, 2005), but other studies demonstrated some positive relationships between CSR and consumer responses (David, Kline, & Dai, 2005; Pava & Krausz, 1996; Kim, Haley, & Schumann, 2009; Wigley, 2008). The common thread among academic research is that still little is known as to how and when CSR initiatives work. This research attempts to answer these related questions such as "if there are, indeed, direct influences of CSR initiatives on publics' evaluations of an organization and its products" and "if consumer favorable reactions toward CSR initiatives are *industry specific*," by examining two Fortune 500 corporations (Motorola and Kellogg) from two different industries.

More specifically, the study examines the relationship between consumer perceptions toward corporations and three corporate communication strategies (corporate ability [Cab], CSR, and hybrid strategy) that are presently in use in the market based on the objectives of an organization (e.g., Kim & Rader, 2010). Further discussion of these three strategies will occur in a subsequent section of this paper.

To date, there has been little theoretical framework development in regard to how communication-based public relations efforts, such as the three corporate public relations strategies in this study, can manage publics' psychological associations with an organization, and their evaluation of the organization and its products. Given that corporate communication efforts are essential for the initial establishment of publics' expectations toward an organization–public relationship (Thomlison, 2000), the relationship between corporate strategy and types of public's CAB and CSR associations certainly deserves more academic attention in public relations. Thus, this study proposes a synergistic model addressing the relationships between corporate public relations efforts and their consequences. The study further attempts to illuminate the synergistic relationships between the CAB strategy route and the CSR strategy route (i.e., CAB strategy to consumer product/company evaluation, CSR strategy to consumer product/company evaluation).

Furthermore, despite the fact that CSR communication initiatives could fall within the purview of public relations, it is surprising that there has been a lack of emphasis on this topic in the public relations literature. Less than

3% of a total of 927 articles found in the databases of communication and business journals have been published in public relations related journals. This simple search suggests a lack of emphasis in public relations literature on corporate-level public relations efforts, especially related to CSR communication. This study attempts to fill this void by investigating relative effectiveness of CSR strategy compared to the two other strategies, CAb and hybrid.

Examining the process from three different strategies of corporate public relations efforts to publics' evaluations of an organization and its products as well as illuminating the routes of CSR initiatives therein would benefit public relations scholars, who have emphasized both tangible and intangible benefits of public relations practices (David et al., 2005; Hon & Grunig, 1999; Wang, 2007). Furthermore, this study will extend the body of knowledge in corporate-level public relations as it proposes and empirically examines the synergistic model of corporate communication strategy. The applied value of this research lies in providing more convincing and realistic insights and a valuable set of communicative directives to public relations practitioners who manage corporate-context communications as it tests the communication process employed by two Fortune 500 companies.

#### A THEORETICAL FRAMEWORK: SYNERGISTIC INFLUENCE MODEL OF CORPORATE STRATEGY

This study proposes and empirically tests a synergistic influence of corporate communications strategy reflecting corporate strategy's influences on consumer responses (see Figure 1). The primary consequences of the synergistic model address how, depending on the three corporate communication strategies, corporate communication-based public relations influences two consumer corporate associations (CAb associations and CSR associations) and in turn, influence product and company evaluations.

The typology of the three corporate communication strategies suggested in the framework (CAb, CSR, and hybrid strategies) reflects the typologies offered by previous research (i.e., Drumwright, 1996; Schumann, Hathcote, & West, 1991). For instance, Schumann et al. identified three different types of corporate-level campaigns: (a) sales-related campaigns, (b) good-will campaigns, and (c) hybrid or umbrella campaigns. Sales-related corporate campaigns focus on the benefits of products or services, whereas goodwill campaigns deal with a company's corporate social responsibility. Last, hybrid or umbrella campaigns combine the promotion of product sales and conveyance of corporate social responsibility. Similarly, Drumwright classified three different corporate campaigns in the marketplace: (a) economic campaigns, (b) noneconomic campaigns, and (c) mixed campaigns.

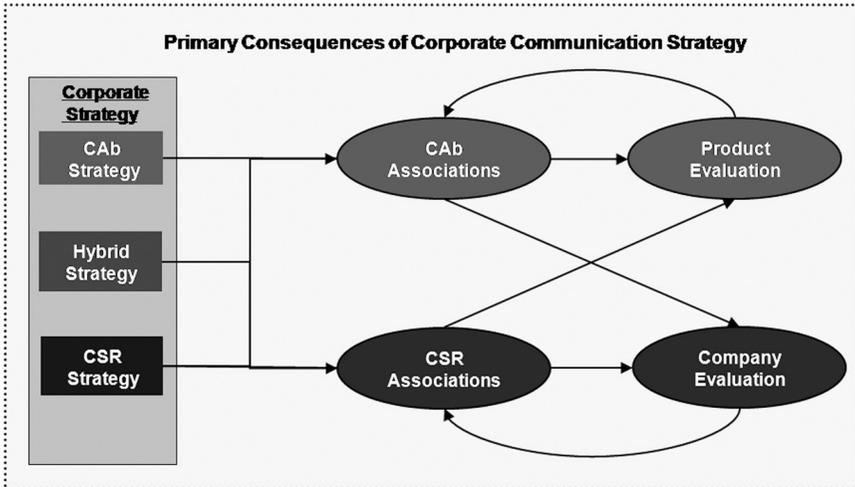


FIGURE 1 A synergistic influence model of corporate communication strategy on consumer responses.

Based on these previous typologies, this study suggests there are three different communication strategies in the market: (a) CAB strategy, (b) CSR strategy, and (c) hybrid strategy. A CAB strategy emphasizes the objectives of building publics' corporate associations related to an organization's expertise in terms of their products and services. A CSR strategy attempts to create corporate associations regarding an organization's social responsibility. Last, a hybrid strategy refers to the existence of both CAB strategy and CSR strategy. Depending on the objectives of an organization, different kinds of corporate communication strategies can be adopted. Findings from a recent study employing the classification and examining the websites of all the Fortune 500 companies reflected the dominance of these three basic corporate communication strategies in the market (Kim & Rader, 2010).

### CORPORATE PUBLIC RELATIONS STRATEGY AND PUBLICS' CORPORATE ASSOCIATIONS

Many researchers have argued that the purpose of public relations is to build, nurture, and enhance mutually beneficial relationships between an organization and its publics (Brunig & Ledingham, 2000; Ki & Hon, 2007; Ledingham, 2006). Some scholars have suggested that publics' perceptions, motives, and needs toward an organization are antecedents to the

organization-public relationships (Broom, Casey & Ritchey, 1997). In addition, Broom, Casey, and Ritchey (2000) suggested that the communication-centered patterns of how publics access and use corporate information and their communication engagement are important indicators regarding the state of their relationships with the organizations. Moreover, J. E. Grunig (1993) argued that when communication-based (i.e., symbolic) relationships are separated from behavioral relationships (i.e., grounded in actions and events), public relations functions can be relegated into the simplistic notion of image building. Thus, when it comes to relationship management as a role of public relations, both communication- and behavioral-based relationship building efforts should be considered. Ironically, there has been relatively little examination of communication-based public relations effectiveness on organization-public relationships in academia (e.g., how public relations message strategy influences publics' perception and evaluation). It might be due to the concerns that public relations functions might be degraded into the simplistic creator of symbols if focusing too much on communication-based (symbolic) relationships. In contrast, many practitioners tend to believe that managing reputation or perception is the single most important role of corporate communication in their organizations and they should be in charge of the organizations' reputation management or perception management (Hutton, Goodman, Alexander, & Genest, 2001). This is a gap that needs to be closed.

Thus, while acknowledging the importance of behavioral-based public relations efforts in building relationships, the suggested model primarily addresses how three communication-based relationship efforts (CAB, CSR, and hybrid) influence publics' corporate associations and their general judgments of the organizations. Investigating the relative effectiveness of different corporate communication strategies (communication-based public relations) could help practitioners better manage publics' perceptions toward organizations. In addition, better managed publics' perceptions are related to both the reputation management and the relationship management aspects of public relations. Again, it is important to note that an organization's communication efforts with its publics are still fundamental and an initial step for relationship building (Broom et al., 2000; Thomlison, 2000).

For example, when corporations conduct CSR practices (behavioral-based PR efforts) to build good relationships with their publics, the success of building such relationships relies on how well the organizations link their CSR practices with their publics' perceptions about their CSR practices (communication-based PR efforts). Thus, creating those perceptions is the role of corporate CSR communication strategy (communication-based PR efforts). Similarly, many researchers argue that CSR communication or

communicating an organization's CSR practices is one of the main factors that affect publics' judgments of corporate CSR practices (David et al., 2005; Epstein & Roy, 2001; Maignan & Ferrell, 2001).

As to publics' perceptions toward an organization, there are two different types of corporate associations identified: CAB and CSR associations (e.g., Brown & Dacin, 1997). CAB associations refer to psychological associations with a company in terms of their ability and expertise to produce high-quality products or services, whereas CSR associations are related to the status of a company as a good member of society with regard to social, environmental, and/or political issues.

Thus, a target public's corporate associations can be engendered and cultivated by organizational communication-based public relations efforts adopting different corporate strategies. For instance, by adopting a CAB-focused communication strategy that promotes product attributes, benefits, or a company's ability to deliver high-quality products/services, a company will hopefully facilitate consumers' CAB associations. Similarly, CSR associations would most likely be facilitated by a CSR-focused strategy promoting the company's goodwill or commitment as a reliable member of society. For example, Sony Corporation's corporate communication efforts that focus on their product performance may facilitate consumers' CAB associations, and Ben & Jerry Ice Cream's corporate messages that advocate the protection of small family farms may create CSR associations. Two hypotheses to address these relationships between corporate strategies and corporate associations are offered:

- H1a:** Stronger CAB associations are likely to be created than CSR associations when a corporation focuses on a CAB strategy than hybrid or CSR strategies.
- H1b:** Stronger CSR associations are likely to be created than CAB associations when a corporation focuses on a CSR strategy than hybrid or CAB strategies.

### CAB AND CSR ASSOCIATIONS AND ORGANIZATION/PRODUCT EVALUATION

Research has shown different types of corporate associations result in different effects on consumers' evaluations of a company and its products (Biehal & Sheinin, 2007; David et al., 2005; Sen & Bhattacharya, 2001; Wigley, 2008). For instance, Brown and Dacin (1997) suggested that CAB associations have a greater influence on consumer attitudes through both product evaluation and the overall company evaluation than do CSR

associations. They suggest there are only indirect influences of CSR associations on product evaluation.

However, previous research has not reached consensus regarding the consequences of CSR; some researchers found direct relationships between CSR and product related evaluation (Kim et al., 2009), while others found indirect relationships between the two (David et al., 2005; Wigley, 2008). For example, Kim et al. (2009) found a direct influence of CSR associations on consumer product evaluation different from what was reported in previous studies (e.g., Brown & Dacin, 1997). As to consumer responses to a company's CSR efforts, Wigley's study found a positive relationship between consumer product purchase intention and knowledge about a company's CSR activities. On the other hand, David et al. found that CSR activities of a company influence corporate identity or image and in turn affect consumer purchase intention, implying indirect influences of CSR activities on purchase intention mediated by corporate identity.

Even though Brown and Dacin (1997) found that the influence of CSR on product evaluation could happen only when mediated by company evaluation, the relationship between CSR associations and company/product evaluations could have changed since the time they conducted the research. In fact, Kim et al.'s (2009) study supports this contention. They found both direct influences of CSR associations on product evaluation and indirect influences of CSR associations on product evaluation mediated by company evaluation. However, because their study employed a fictitious company in a pen manufacturer industry, the relationship needs to be further examined in the cases of real companies and in the cases of different industry types.

Therefore, this study proposes both direct and indirect influences of CSR and CAb associations on company and product evaluations as a result of communication-based corporate public relations efforts. However, the influences of CAb associations on product evaluation created by corporate public relations will be greater than the influences of CAb associations on company evaluation, whereas the influences of CSR associations on company evaluation will be greater than on product evaluation. The following hypotheses are posited based on the discussion:

- H2a:** CAb associations have a direct influence on consumer company evaluation.
- H2b:** CSR associations have a direct influence on consumer company evaluation.
- H2c:** CAb associations have a direct influence on consumer product evaluation.
- H2d:** CSR associations have a direct influence on consumer product evaluation.

- H3a:** CAb associations have a greater direct influence on product evaluation than on company evaluation.
- H3b:** CSR associations have a greater direct influence on company evaluation than on product evaluation.
- H4a:** CAb associations have an indirect influence on consumer product evaluation mediated by consumer company evaluation.
- H4b:** CSR associations have an indirect influence on consumer product evaluation mediated by consumer company evaluation.
- H5a:** CAb associations have an indirect influence on consumer company evaluation mediated by consumer product evaluation.
- H5b:** CSR associations have an indirect influence on consumer company evaluation mediated by consumer product evaluation.

Because the literature regarding corporate associations has mainly focused on their impact on consumer product purchase (Biehal & Sheinin, 2007; Brown & Dacin, 1997), the reciprocal relationships between CAB route and CSR route tend to be overlooked. For example, Biehal and Sheinin mainly focus on corporate messages' influence (corporate ability message and corporate social responsibility message) on new product evaluation. However, from a public relations perspective, a more heuristic approach including the relationship between CSR- and CAB-route consequences and between company evaluation and product evaluation should be taken into account to nurture long-term relationships between an organization and its publics.

Thus, our framework addresses how corporate associations as a result of corporate public relations efforts influence company evaluation and, in turn, how company evaluation mediate the influences of corporate associations on product evaluation. Finally, a consumer's product and company evaluations will, in turn, influence the degree of consumer CAB and CSR associations in a reciprocal way. This reciprocal relationship between product/company evaluation and corporate associations concerns longitudinal aspects. For example, once consumers evaluate a company and its products as a result of corporate associations created by either corporate communication efforts or experience with the company and its products, those evaluations are likely to again influence their corporate associations (i.e., either enhance the previous corporate associations or change their previous corporate associations as a result of their evaluation of the company and its products). The following hypotheses are proposed regarding reciprocal relationships between CAB and CSR routes.

- H6a:** Consumer product evaluation influences CAB associations in a reciprocal way.

**H6b:** Consumer company evaluation influences CSR associations in a reciprocal way.

## METHODOLOGY

A between-group experimental design was used for this study. To determine if there are any industry differences in the three corporate communication strategies' influences, Motorola and Kellogg, representing two different industry types were selected via three pretests (a paper-based test:  $N = 37$ , expert judge opinion, and an online survey pretest:  $N = 60$ : people between 25 and 65 years old). In the pretests, 18 real companies<sup>1</sup> from 9 different industries (e.g., soft beverage, food product, retailing, oil and gas, cell phone, computer, telecommunications, etc.) were provided to select the two companies from two different industries. Motorola and Kellogg were chosen due to their having enough variance in terms of consumer familiarity, product usage level, and overall opinion about the companies.

All six stimuli were created: three different strategies from each company: (a) CAb message strategy, (b) true hybrid strategy, and 3) CSR message strategy. True hybrid strategy indicates a corporate message strategy containing the same weight of attributes from both CAb and CSR message strategies. Each corporate message stimulus had identical execution and element locations such as company logo and name location, headline, and message copy. To test each message's strength, another pretest was conducted ( $N = 30$ , college students). The pretest results revealed that there were no significant differences in terms of message strength across the stimuli ( $N = 30$ ),  $F(7, 233) = .141, p = .995$ .

### Participants

The population of this study was defined as consumers between 25 and 65 years old. This study relied on a realistic sample of general consumers. Even though student samples have often been used in consumer-related public relations research because of their convenience, there has been criticism that they are atypical consumers due to their restricted age range and limited consumption experience and might be an inappropriate sample to explore consumer-related research (Szymanski & Henard, 2001).

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<sup>1</sup>Provided 18 real companies: Coca-Cola, Pepsi-Co, General Mills, Kellogg, Proctor & Gamble, Johnson & Johnson, Anheuser-Busch, Exxon Mobil, Chevron, Yum Brands, Target, Kroger, Motorola, Samsung, Apple, Microsoft, Spring, and Verizon.

Thus, the sampling frame was constructed from the list of consumer panels managed by e-Rewards,<sup>2</sup> a US marketing research firm specializing in consumer surveys. The total sample size was 301. Age of respondents ranged from 25 to 65 years old with 50.5% of the respondents aged between 36 and 55. Slightly more than half of the total respondents were women (55.4%). With respect to ethnicity, 84.5% (256) were Caucasian. About 46.5% of the sample represented income of \$50,000 or more. Additionally, 86.4% of the respondents had an education level greater than “some college.”

### Data Collection and Procedures

An online self-administered experimental survey methodology was employed to collect the data. A total of 600 panel members were systematically selected to represent the demographic profiles of the general US population. E-mail invitations were sent to the selected panel members asking for their participation in the survey. Among the invited members, 301 members completed the survey. Respondents with incomplete survey answers were excluded (20 responses). Of the total 301 respondents, 149 (49.5%) viewed Motorola corporate stimuli, and 152 (50.5%) were exposed to Kellogg corporate stimuli.

After viewing a randomly assigned corporate message strategy from the two companies, respondents were asked to answer questions regarding their corporate associations, product and company evaluations. Precorporate associations and precompany/product evaluations were also measured before respondents being exposed to the stimuli. The survey took 15 min to complete on average. Respondents were reimbursed for their participation through e-Rewards currency that can be used to purchase items/services through the company’s redemption partners.

### Measures and Pretests

The measures of both CAB and CSR associations were adapted based on the previous literature (Brown & Dacin, 1997; Kim & Rader, 2010; Sen & Bhattacharya, 2001). Six items for both corporate associations were included (See Table 1). For both product and company evaluations, the study adopted items that focus on an overall impression of a company and its products from previous studies (e.g., Brown & Dacin, 1997;

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<sup>2</sup>The e-Rewards panel is composed of three million members that represent the US population. All of the consumer panels acknowledge that they will be approached for multiple studies and agree to be the company’s consumer panels. E-Rewards uses a *by-invitation only* approach for recruiting consumers.

TABLE 1  
Measures for Each Variable Tested

<i>Variables</i>	<i>Measure items</i>
CAB associations	I associate this company with innovative products. I associate this company with market leaderships. I associate this company with good quality products. I associate this company with efficient manufacturing facilities. I associate this company with expertise in the manufacturing of products. I associate this company with global success.
CSR associations	I associate this company with environmental responsibility. I associate this company with philanthropic giving. I associate this company with social diversity. I associate this company with a great care for communities. I associate this company with educational commitment. I associate this company with commitment to public health.
Company evaluation	I think this company is attractive. I think this company is reliable. I think this company is trustworthy. I like this company. My overall impression about the company is favorable.
Product evaluation	I am interested in this company's product. I assume this company's product is reliable. I think this company's product is trustworthy. I think this company's product has good quality. My overall expectation about the company's products is favorable.

Kim, Haley, & Lee, 2008) and developed four more items including respondents' evaluations about a company's or products' reliability, trustworthiness, attractiveness, and likeability (see Table 1). All items were measured by a seven point Likert scale anchored by 1 (*strongly disagree*) and 7 (*strongly agree*). A total of 63 consumers between 25 and 65 years of age participated in the online pretest using the same setting as this study. Cronbach's alpha coefficient was examined to assess reliability and internal consistency of each scale. Scale reliabilities for all measures (CAB associations = .859; CSR associations = .825; company evaluation = .964; product evaluation = .931) exceeded the .70 threshold of an acceptable level of reliability (Nunnally, 1978).

## RESULTS

Because the research adopts two real Fortune 500 corporations, it is impossible to absolutely control possible contamination from previous consumer

knowledge about the companies. Thus, before examining the first hypotheses regarding the paths from CAB and CSR strategies to CAB and CSR associations, the differences between pre-CAB associations/pre-CSR associations and CAB/CSR associations (measured after respondents viewed corporate message stimuli) were examined. The results indicate that there are significant mean differences between pre-CAB/CSR associations and post-CAB/CSR associations for both companies (for CAB associations:  $\chi^2 = 2040.7$ ,  $df = 1023$ ,  $p < .000$ ; for CSR associations:  $\chi^2 = 1563.4$ ,  $df = 1088$ ,  $p < .000$ ). The same results were also found when the analyses were run separately by company (for CAB associations, Motorola  $\chi^2 = 1343.7$ ,  $df = 812$ ,  $p < .000$ ; Kellogg  $\chi^2 = 1413.3$ ,  $df = 930$ ,  $p < .000$ , for CSR associations, Motorola  $\chi^2 = 1012.4$ ,  $df = 783$ ,  $p < .000$ ; Kellogg  $\chi^2 = 1197.0$ ,  $df = 992$ ,  $p < .000$ ). Both CAB/CSR associations significantly increased after respondents viewed the corporate strategy stimuli. The descriptive statistics for both pre-CAB/CSR and after-CAB/CSR associations are presented in Table 2.

The first two hypotheses (H1a and H1b) examine the relationship between CAB/CSR strategy and CAB/CSR associations. A series of analysis of variance (ANOVA) tests were performed. Interestingly, the results suggest that consumer CAB associations are not stronger when corporate messages focuses on a CAB strategy ( $M = 5.12$ ) than either a CSR strategy ( $M = 5.11$ ) or a hybrid strategy ( $M = 5.10$ ). The mean differences of CAB associations are not statistically significant among the corporate strategies;  $F(2, 299) = .003$ ,  $p = .997$  for the total sample,  $F(2, 147) = .717$ ,  $p = .490$  for Motorola,  $F(2, 150) = .651$ ,  $p = .523$  for Kellogg; not supporting H1a. The level of CAB associations by corporate strategy is presented in Table 3. On the other hand, regarding H1b, the results support that the levels of CSR associations are significantly higher when the corporations employ a CSR strategy than a CAB strategy or a hybrid strategy, supporting H1b;  $F(2, 299) = 7.87$ ,  $p < .000$ . As seen in Table 3, in the cases of both Motorola

TABLE 2  
Descriptive Statistics for Pre-CAB/CSR Associations and CAB/CSR Associations

	<i>Motorola</i>		<i>Kellogg</i>		<i>Total</i>	
	<i>Mean</i>	<i>SD</i>	<i>Mean</i>	<i>SD</i>	<i>Mean</i>	<i>SD</i>
Pre-CAB Associations	4.51	1.25	4.76	1.22	4.64	1.24
CAB Associations	5.01	1.22	5.20	1.26	5.11	1.24
Pre-CSR Associations	3.76	1.20	4.07	1.32	3.91	1.27
CSR Associations	4.56	1.44	4.74	1.49	4.65	1.47
Total N		149		152		301

TABLE 3  
Descriptive Statistics for Corporate Associations by Corporate Strategy

Strategy	CAB associations		CSR associations		N
	Mean	SD	Mean	SD	
Kellogg					152
CAB strategy	5.35	1.28	4.38	1.52	
CSR strategy	5.04	1.09	5.05	1.24	
Hybrid strategy	5.19	1.38	4.81	1.60	
Motorola					149
CAB strategy	4.92	1.32	3.99	1.52	
CSR strategy	5.11	1.20	5.01	1.44	
Hybrid strategy	5.00	1.15	4.64	1.20	
Total					301
CAB strategy	5.12	1.32	4.20	1.54	
CSR strategy	5.11	1.14	5.00	1.34	
Hybrid strategy	5.10	1.27	4.72	1.41	

and Kellogg, CSR associations are higher in a CSR strategy ( $M = 5.0$ ) than in a CAB strategy ( $M = 4.2$ ) or a hybrid strategy ( $M = 4.72$ ). In addition, the results suggest that respondents who view a Hybrid strategy for both companies showed relatively high CAB and CSR associations at the same time (see Table 3).

Prior to testing the hypotheses H2a to H2d, the measurement model was examined by a confirmatory factor analysis (CFA), which allows for an evaluation of convergent and discriminant validity. The results of the CFA indicated that the measures had acceptable construct and discriminant validity. All the factor loadings to their respective constructs were higher than 0.69 for Kellogg and higher than .86 for Motorola.

The average variance extracted (AVE) estimates ranged from .68 to .91 for all latent constructs for both Kellogg and Motorola. AVE estimates greater than the common target of .50 are considered to exhibit satisfactory convergent validity (Fornell & Larcker, 1981; Hair, Black, Babin, Anderson, & Tatham, 2006). The composite reliability for all constructs exceeded .93 for both Kellogg and Motorola. In addition, discriminant validity was assessed by comparing the average variance extracted (AVE) with the square of the correlation ( $\phi^2$ ) between the factor and each of the other constructs. The AVE for each construct excluding CAB associations for Kellogg's case was greater than the squared correlations coefficients for all latent constructs, thereby indicating adequate discriminant validity except CAB associations for Kellogg (Lichtenstein, Netemeyer, & Burton, 1990). All constructs were also more strongly correlated with their own measures than with any of the other constructs. The overall fit statistics

suggested that the measurement model had a good fit (Motorola:  $\chi^2/df=2.50$ , CFI=.947, NNFI or TLI=.936, NFI=.915, and RMSEA=.090; Kellogg:  $\chi^2/df=2.49$ , CFI=.942, NNFI or TLI=.931, NFI=.908, and RMSEA=.088). The fit indexes for all scales exceeded the minimum threshold value of 0.90 suggested by Kelloway (1998). Consequently, all variables were subjected to further path analysis.

A path analysis via structural equation modeling (SEM) was conducted to test the directional relations among CAB associations, CSR associations, company evaluation (CE), and product evaluation (PE) for both Kellogg and Motorola. Results of the path analysis support H2a~H2b, suggesting direct influences of both CAB and CSR associations on company evaluation for both companies. In addition, direct influences of CAB associations on product evaluation are significant for both companies, thus supporting H2c. However, the results of CSR associations' direct influences on product evaluation revealed mixed findings; CSR associations did not reveal direct effects on product evaluations in Motorola's case (thus not supporting H2d), whereas the direct influences of CSR associations on product evaluation were significant in the case of Kellogg (thus supporting H2d). Estimated standardized direct effects among each construct for Motorola and Kellogg are presented in Figure 2a and 2b. Paths denoted by solid lines in the Figures are significant at  $p < .001$  or better directional test.

The results also revealed that direct influences of CAB associations are not greater on PE than on CE, not supporting H3a. The direct effects of CAB associations on company evaluations are greater than on product evaluations in both company cases. However, the direct influences of CSR associations are significantly greater on CE than on PE, supporting H3b (see Table 4). As seen in Table 4, support for H4a and H4b is indicated by the significant indirect influence of CAB and CSR associations on PE mediated by CE. Approximately 79.3% of the variance of CE is explained by the causal relations with CAB and CSR associations, whereas 80% of the variance of PE is explained by CAB/CSR associations and CE in Motorola. For Kellogg, approximately 77.8% of the variance of CE is explained by the causal relations with CAB and CSR associations, whereas 73% of the variance of PE is explained by CAB/CSR associations and CE.

To examine H5a and H5b, the possible indirect effects of CAB/CSR associations on CE mediated by PE (CAB/CSR associations  $\rightarrow$  PE  $\rightarrow$  CE) were examined. The results also support H5a and H5b for both companies. The results of path analysis reveal that the path of CAB associations  $\rightarrow$  PE  $\rightarrow$  CE is significant at .001 level (Motorola:  $t=4.93$ ,  $p < .001$ ; Kellogg:  $t=9.96$ ,  $p < .001$ ), and the path of CSR associations  $\rightarrow$  PE  $\rightarrow$  CE is also significant at .001 level (Motorola:  $t=4.95$ ,  $p < .001$ ; Kellogg:  $t=5.42$ ,  $p < .001$ ), supporting H5a and H5b.

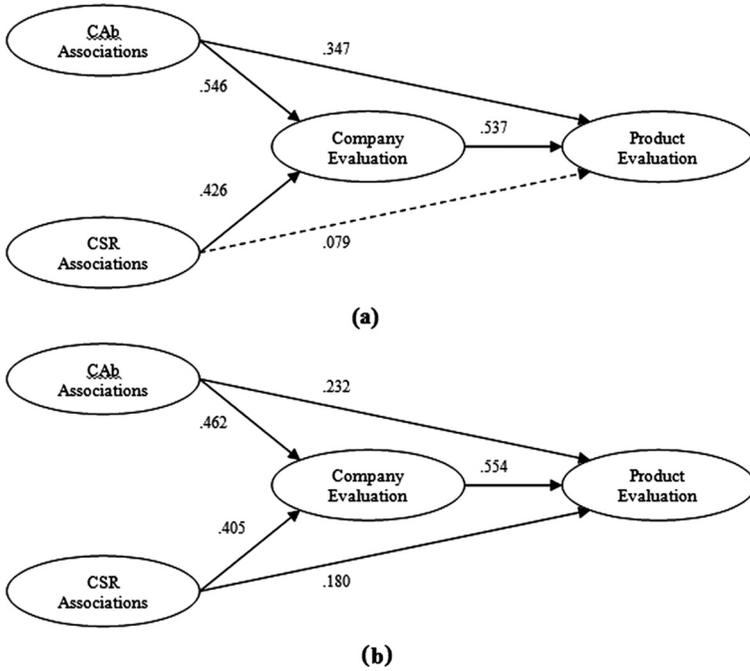


FIGURE 2 (a) Motorola: Estimated standardized direct effects; (b) Kellogg: estimated standardized direct effects. \*Paths denoted by solid lines in the Figures are significant at  $p < .001$  or better directional test.

TABLE 4  
Standard Causal Effects of Corporate Associations on Company/Product Evaluation for Both Motorola and Kellogg

Determinant	Outcome	Causal effects		
		Direct	Indirect	Total
<b>Motorola</b>				
CAb associations	CE ( $R^2 = .793$ )	.546		.546
CSR associations		.426		.426
CAb associations	PE ( $R^2 = .809$ )	.347	.293	.640
CSR associations		.079	.229	.308
CE		.537		.537
<b>Kellogg</b>				
CAb associations	CE ( $R^2 = .676$ )	.462		.462
CSR associations		.405		.405
CAb associations	PE ( $R^2 = .842$ )	.232	.256	.488
CSR associations		.180	.225	.405
CE		.554		.554

To test the influences of PE and CE on corporate associations in a longitudinal way (i.e., H6a and H6b), the relationship between pre-PE, pre-CE and CAb/CSR associations was examined. First, chi-square tests between preproduct/company evaluation and post-PE/CE suggest that there are significant mean differences between them (i.e., for Motorola: pre- and post- CEs:  $\chi^2 = 855.7$   $df = 588$ ,  $p < .000$ , pre- and post-PEs:  $\chi^2 = 1126$   $df = 675$ ,  $p < .000$ ; for Kellogg: pre- and post-CEs:  $\chi^2 = 872.9$   $df = 713$ ,  $p < .000$ , pre- and post-PEs:  $\chi^2 = 1112$   $df = 672$ ,  $p < .000$ ). Before examining directional relationships between pre-product/company

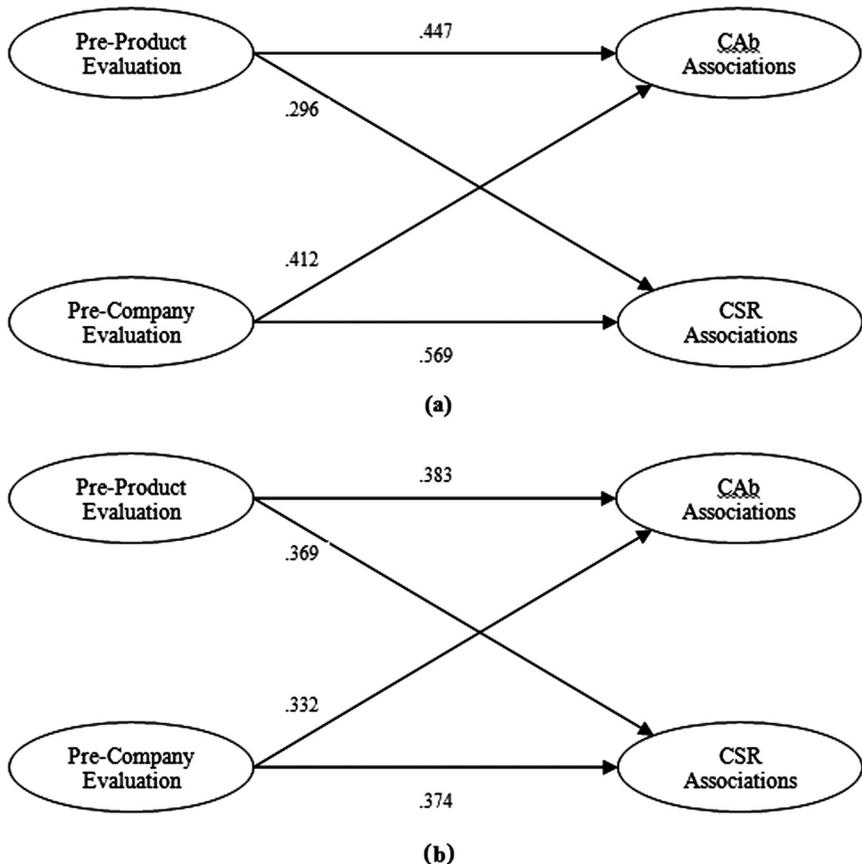


FIGURE 3 (a) Motorola: Estimated standardized effects between preproduct/precompany evaluation and corporate associations; (b) Kellogg: Estimated standardized effects between pre-product/precompany evaluation and corporate associations. \*Paths denoted by solid lines in the figures are significant at  $p < .001$  or better directional test.

evaluation and corporate associations, CFA were also performed for both companies. Assessments for the validities were also satisfactory (Fornell & Larcker, 1981; Hair et al., 2006; Lichtenstein et al., 1990).

Results of the path analysis support H6a and H6b, suggesting that pre-product/company evaluations have direct influences on both CAB and CSR associations. The path diagrams for both companies indicated that the path coefficients were significant at the .001 level. Estimated standardized effects among each construct for both Motorola and Kellogg are presented in Figure 3a and 3b.

## DISCUSSION

All the path relationships proposed in the synergistic influence model except the relationships regarding the route of CAB associations (H1a and H3a) are supported in this study, and mixed results are found in relation to the direct impact of CSR associations on product evaluation (H2b). First, with regard to the CAB associations, stronger CAB associations were not found when a CAB strategy was used even though stronger CSR associations were found when a CSR strategy was employed. More specifically, both CAB and CSR associations tend to be strong in the case of a CSR strategy, whereas only CAB associations are likely to be strong when the CAB strategy is used. In other words, in the case of the Fortune 500 companies used in this study, in addition to the expected creation of CSR associations, CAB associations are also quite prominent when corporation adopts a CSR strategy. These findings imply that when a company is especially well known among consumers, such as the companies used in this study, a CSR strategy may be more effective in influencing both consumer CAB and CSR associations. This indicates that when consumers see the CSR related messages of a company with positive previous reputation, they not only associate the company with CSR but also associate it with CAB.

In addition, because a hybrid strategy tends to create relatively strong CAB and CSR associations at the same time in this study, it seems to be safe for corporations to employ a hybrid strategy for their corporate communication-based public relations efforts. However, it should be noted that even though a hybrid strategy can create relatively high CAB and CSR associations at the same time, a CSR strategy seems to be much more effective in creating both CAB and CSR associations in this study. This particular result is quite different from the findings of a previous study (Kim et al., 2009) that employed a fictitious company. In their study, a CSR strategy did not create both strong CSR and CAB associations. Instead, only CSR associations tended to be strong when a company adopts

a CSR strategy, but a hybrid strategy seemed to be more effective for creating both relatively strong CSR and CAB associations compared to other CSR or CAB strategy. Considering that, our findings indicate that depending on whether a company has previously strong positive reputation or not, an effective strategy to influence consumer corporate associations could differ.

One explanation of why a CSR strategy could be more effective in influencing corporate associations and company/product evaluation in the two Fortune 500 companies than any other strategies is that people employ their prior knowledge about a company to enhance their current corporate associations and to evaluate the company and its products. Cognitive dissonance theory (Festinger, 1962) would suggest that publics' perceptions toward CSR may influence their perceptions toward the CAB-related aspects of a company. That is, consumers may feel that a company that is socially responsible and helps society using its own profit would also have a strong ability to make good products. So, if consumers associate a company with having strong CSR, they tend to associate the company with having corporate ability to achieve an image of a balanced company. This suggests that there are transferring effects of CSR associations onto CAB associations in the case of real companies with positive previous reputation.

However, it does not seem to work the other way around in this study. That is, if consumers associate a company with a strong CAB, consumers do not tend to associate the company with CSR. Even if consumers feel a company makes high quality products, it does not necessarily lead them to feel that the company would also help society by engaging in philanthropic activities or by being socially responsible. It could be a result of perceptions about how business works in society or from their own experiences with companies (i.e., a company that makes good products does not necessarily focus on CSR activities; a company that does CSR activities usually makes good products).

It might also be related to consumer expectations toward companies. Consumers' basic expectations toward companies could be on an economic basis. In other words, the basic expectations of consumers toward companies are to make good products. Thus, if companies go beyond the economic basis as companies do CSR activities, then it is beyond their expectations. When it is beyond their expectations, consumers are more likely to be satisfied with the companies (Matzler, Hinterhuber, Bailom, & Sauerwein, 1996), resulting in positive evaluation of the companies.

Regarding the paths from CSR associations to product/company evaluation, the study found mixed results: significant direct influences of CSR associations on product evaluation were found in the case of Kellogg, but

not in the case of Motorola. This particular result suggests that there could be some differences in the influences of CSR associations depending on the company's industry type. Because Motorola is in an information and technology (IT) industry that requires high innovativeness, R&D, and technology commitment, consumers might expect a high level of corporate ability from the company. Due to high expectations of corporate ability, CSR associations might not reveal significant direct influences on product evaluation in the case of Motorola.

However, in the case of Kellogg, a consumer staples industry, CSR associations did reveal significant direct influences on product evaluation. Consumers might not expect as high corporate ability from a consumer staple industry as they do from a member of the IT industry. There is some related evidence of this industry difference regarding CSR influences on product evaluation in previous research. For instance, David et al.'s (2005) research indicates that the impact of corporate expertise on consumer purchase intention differ depending on companies. They found no influence of corporate expertise on purchase intention in the case of Philip Morris, whereas they found significant corporate expertise influence on purchase intention in the case of Microsoft.

One possible explanation for the differences among industries found in this study is that because Motorola is an IT company, consumers might perceive higher risk in the product purchase so that CAb associations are greater with the company, and hence weaker influences of CSR associations on product evaluations. This implies that public relations practitioners should know what kinds of expectations their stakeholders have toward an organization. This certainly needs further investigation in future research. Based on the discussion, the study concludes that even though CSR associations can influence product evaluation both directly and indirectly, those influences can differ depending on a company's industry type.

Last, the study confirmed the reciprocal relationship between corporate associations and company/product evaluation. Once consumers evaluate a company and its products as a result of corporate associations created by corporate level public relations efforts, those evaluations are likely to enhance their previous corporate associations. Both pre-product/company evaluations tend to influence CAb and CSR associations, and, in turn, the created or enhanced post-CAb and CSR associations tend to influence post-product/company evaluations. This implies that consumer corporate associations and evaluations of a company and its products are not static constructs but continuous and synergistic in nature and can be built and enhanced by consistent corporate communication strategy over time.

## THEORETICAL AND MANAGERIAL IMPLICATIONS

This study provides additional insights for public relations theory and practice. First, there has been little theoretical framework that addresses how to manage publics' perceptions using communication-based public relations efforts from the relationship management perspective. The study can serve as a feasible stepping stone to ignite future research that fills the void in this understudied area of public relations. In addition, the findings of this study may offer the links between perception or reputation management and the relationship management functions of public relations. In spite of the increased emphasis that practitioners place on perception or reputation management (Hutton et al., 2001), public relations scholars tend to neglect testing relative effectiveness of communication-based public relations efforts on organization-public relationships. This result indicates a clear gap between what academics and practitioners emphasize. Our study fills the void by providing practitioners suggestions about how to manage publics' perceptions and by calling for more attentions in academia to communication-based public relations roles in influencing organization-public relationships.

In addition, the study addresses subtle conflicts between reputation management and relationship management that are prevalent in both academia and businesses. The confusion seems to be created by misconceptions of *reputation* and *relationship*. For instance, Hutton et al. (2001) asserted that public relations seems to be abandoning the relationship management function of public relations in favor of reputation management or perception management when marketing and other fields are moving their focuses to relationship marketing. The assertion was based on their findings of practitioners' increased emphasis on reputation or image management. However, different from what Hutton et al. (2001) defined, a reputation is "a concept far more relevant to people who have no direct ties to an organization (p. 258)," relationship is "a concept far more relevant to people who are direct stakeholders of the organization" (p. 258). These narrowly defined reputation and relationship management concepts tend to cause conflicts between reputation and relationship management perspectives of public relations. Reputation is not some image shared among people with no direct ties to the organization. Instead, a reputation is a reflection of the organization-public relationships and is formed as publics evaluate the organization based on both direct and indirect interactions. Due to the narrow views of reputation and relationship, a reputation management perspective tends to ignore the aspects of performance management that deals with direct interactions with publics, whereas relationship management perspective tends to neglect the aspects of communication-based

relationship building efforts that are related to indirect interactions with publics.

Thus, as reputation management should include both aspects of performance and perception management, relationship management should also emphasize both communication-based relationships and behavioral-based relationships management. Based on this contention, this study emphasizes a relatively neglected area of testing communication-based public relations in the relationship management perspective. Further, the study suggests that when investigating organization–public relationships, academics should explore “the consequences of communication-based public relations” versus “the consequences of behavioral-based public relations” separately to provide specific management insights in each situation for practitioners.

Because this study primarily explores the consequences of communication-based public relations strategy, future research investigating the consequences of behavioral-based public relations strategy should be encouraged. For example, this study found the transferring effects of CSR communication strategy, which begs the questions: What would be the case for a behavior-based CSR strategy? How is a communication-based CSR strategy related to a behavioral-based CSR strategy? What would happen when there are discrepancies between the communication-based CSR strategy and the behavior-based CSR strategy? Publics often have skepticism toward organizations’ CSR when they perceive discrepancies between what organizations say about CSR and what the organization really do about CSR. Because CSR from a public relations perspective should include both quality of CSR communications and CSR behaviors, exploring the relationship between the two would offer a holistic view of an organization’s CSR strategy.

Some scholars argue that public relations departments should not claim that they are in charge of perception management or reputation management, because practitioners often fail to manage and measure public perceptions (e.g., Hutton et al., 2001). However, by testing the paths from three corporate communication strategies to public perceptions and evaluations, this study offers several managerial implications regarding how to manage publics’ perceptions via communication-based strategy.

When adopting an effective corporate communication strategy for positive corporate associations and to influence favorable company and product evaluations, practitioners should consider the current status of the company in the marketplace. If a company has already established significant competence or a good reputation in the marketplace as the companies used in this study, a CSR strategy could be more effective than a hybrid strategy or a CAB strategy due to transferring effects of CSR associations on CAB

associations. If the company does not have strong preexisting associations, a hybrid strategy could be a good choice. It seems that a hybrid strategy should be a safe choice for adoption by a company to create both strong CAb and CSR associations and favorable product/company evaluations, regardless of a company's current status, whereas a CSR strategy could be a better choice for a company that is already well-known to consumers. Future research that explores relative effectiveness of three strategies when a company is well known but does not necessarily have positive reputation (e.g., Wal-Mart) should be encouraged.

In addition, managers should keep in mind that there could be direct effects of CSR associations even on product evaluations, let alone on company evaluations as a result of communication-based public relations efforts. Despite the skepticism regarding CSR's impact on financial performance of a company, the study supports that there could be direct influences of CSR associations on product evaluation (directionally supported even in the case of Motorola). It might imply that the climate surrounding CSR has changed.

Regarding the influences of CSR associations on product evaluation, practitioners should also consider a company's industry type due to the differences in consumer expectations toward different industries. In an industry with a high learning curve and risk-related offerings, such as information and technology related products, there might not be as strong CSR associations' effects on product evaluations as other industry types. Thus, managers should consider that although CSR associations can influence product evaluation both directly and indirectly, those influences could differ depending on a company's industry type. More important, public relations practitioners should understand the expectations of their companies' stakeholders in order to choose a better corporate strategy. The industry differences still need more attentions in future research.

Last, managers should also consider previous corporate associations that consumers have toward a company. This study finds reciprocal relationships between corporate associations and product/company evaluations. Once consumers evaluate a company and its products as a result of corporate associations created by corporate public relations, those evaluations are likely to enhance their previous corporate associations. Depending on organization's objectives, managers should consider a corporate communication strategy to either enhance previous corporate associations or to change them. In addition, managers should consider corporate associations not as static constructs but rather as continuous and synergistic in nature, which can be built or enhanced by a consistent corporate communication strategy over time.

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