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The Realities of Corporate Social Responsibility. Case Study: Patagonia and Volkswagen Companies

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Abstract: *This study delves into the intricacies of Corporate Social Responsibility (CSR) by conducting a comparative analysis of two prominent companies, Patagonia and Volkswagen. Through an examination of their CSR practices, the research investigates corporate engagement with stakeholders, approaches to addressing social and environmental challenges, and ethical decision-making processes. Employing a mixed-method approach, including qualitative case studies and quantitative data analysis, the study evaluates the effectiveness and impact of CSR initiatives. Key themes explored encompass sustainability, business ethics, stakeholder involvement, and corporate governance. The findings highlight the various CSR strategies employed*

by Patagonia and Volkswagen, offering valuable perspectives on factors influencing CSR implementation and outcomes. This research contributes to a deeper understanding of CSR practices and their implications for corporate conduct and societal advancement.

Keywords: *Corporate Social Responsibility, environmental impact, CSR communication, CSR strategy, business ethics, sustainability*

1. Introduction

Corporate social responsibility (CSR) encompasses a range of interpretations that have evolved over time. The World Business Council for Sustainable Development offers a succinct and memorable definition: "CSR involves businesses continuously committing to enhance economic development while simultaneously enhancing the well-being of their employees, their families, and the broader community and society" (Anca et al., 2011, p. 8).

A shift in corporate mindset emerged post-World War II, as businesses recognised the imperative to contribute to post-war recovery and community welfare (Carroll & Shabana, 2010). This era laid the groundwork for the integration of philanthropy and ethics into corporate strategies.

The 1970s to 1990s marked a period of regulation and activism, catalyzed by rising environmental and social concerns. Events like Milton Friedman's influential book spurred debates on corporate societal roles (Friedman, 1970).

From the 1990s onwards, globalisation ushered in new challenges. Stakeholder Theory gained prominence, advocating for businesses to consider diverse stakeholder interests (Freeman, 1993). This paradigm shift has reshaped CSR, prioritising sustained relationships with employees, customers, communities, and the environment.

Although CSR is associated with positive outcomes, assessing its impact is not without challenges. This section will discuss common challenges and criticisms related to measuring CSR impact. For example, in their attempt to present themselves as responsible organisations, some companies engage in greenwashing, i.e. the exaggerated or misleading promotion of their CSR practices. This phenomenon complicates accurate impact assessment and increases skepticism among consumers and other stakeholders (Delmas & Toffel, 2008).

CSR is a multi-faceted concept encompassing voluntary actions undertaken by enterprises to address social, environmental, and economic concerns beyond legal and regulatory requirements (Gond, Kang & Moon, 2011). In the realm of the environment, companies increasingly recognise the need to adopt sustainable practices, reduce their ecological footprint, and contribute to broader environmental conservation efforts.

Environmental responsibility is a critical component of CSR, acknowledging the impact businesses can have on the natural world. This dimension involves minimizing negative environmental externalities and actively contributing to environmental conservation (Elkington, 1997). Companies embracing environmental responsibility seek to integrate sustainable practices into their operations, reduce resource consumption, and mitigate the environmental footprint associated with their products and services. Within Corporate Social Responsibility, ethics becomes a fundamental aspect as it pertains to how organizations consider and take responsibility for their impact on society and the environment in which they operate.

In CSR, ethics is applied in several ways:

- **Morality:** Here, morality refers to adhering to moral norms and principles in organisational activities and decisions. Companies must be careful not to cause harm to society or the environment in their pursuit of financial objectives.
- **Responsibility:** Ethics is closely linked to the concept of responsibility. Organisations have a moral responsibility to act in ways

that enhance or do not harm society and the environment. This involves considering the impact on employees, local communities, the environment, customers, and other stakeholders.

- Integrity: Integrity refers to the consistency and correctness of organizational actions and values. In the context of CSR, integrity involves honesty and transparency in communication and action. Organisations must uphold their promises and fulfill their commitments without compromising their ethical values.

The ethical principles underlying CSR initiatives are fundamental to guiding organisations toward responsible and sustainable actions. Here are some of these principles:

- Transparency: Transparency involves open and honest communication with all stakeholders about the organisation's actions and impact. Companies embracing CSR should be transparent about their business practices, environmental policy, employment policy, contributions to the community, and other relevant aspects.

- Fairness: Fairness refers to treating all stakeholders fairly and impartially, without discrimination or unfair favoritism. In the context of CSR, this may include ensuring fair working conditions, fair wages, equal access to opportunities and resources for employees and communities.

- Respect for diversity: Respect for diversity involves recognizing and appreciating cultural, social, economic, and individual differences. Companies should promote an inclusive work environment and commit to diversity within their teams, respecting and valuing the contributions of all members.

This study explores the landscape of Corporate Social Responsibility (CSR) initiatives, with a particular focus on the actions of renowned companies, including Patagonia and Volkswagen.

2. Research methods

To conduct an effective analysis of Patagonia's "Worn Wear" and Volkswagen's "Clean Diesel" campaigns, a combination of qualitative and quantitative research methods was employed. Both questionnaire results and the Delphi method were integrated into the analysis to gain a comprehensive perspective and relevant insights.

The questionnaire analysed the opinions and perceptions of 80 respondents on CSR practices and moral awareness in the business environment. Its primary objective was to determine whether, if owning a company, respondents would prefer to conduct CSR activities directly with their target audience or to fund institutions without knowing specific investment details. Additionally, it aimed to assess respondents' awareness of moral and immoral actions in the business environment or whether this awareness was limited by a lack of information.

The Delphi method was chosen for the research on Patagonia and Volkswagen campaigns, engaging a group of five experts in corporate social responsibility and business ethics. This method involves repeated consultations with a select group of experts to achieve consensus on complex or uncertain topics. Given the complexity of the subject and the need to evaluate the ethical commitments of companies in these campaigns, involving a small group of experts was anticipated to provide a more detailed and objective perspective. Their diverse and recognised expertise in CSR and business ethics aids in identifying and validating trends and conclusions, thereby enhancing the credibility and depth of the analysis. Through the Delphi method and expert discussions, a clearer understanding emerged of how the Patagonia and Volkswagen campaigns are perceived and evaluated in terms of CSR and business ethics.

This approach enabled a deeper and more informative analysis, facilitating an understanding of key aspects and identifying potential directions for future research and action.

3. Results

Following the analysis of the questionnaire, it was found that the majority of the participants demonstrated an appropriate understanding of the concept of Corporate Social Responsibility. 49% of the respondents said that they possess knowledge about CSR to a moderate extent, while 34% stated that they have a considerable amount of knowledge about this concept.

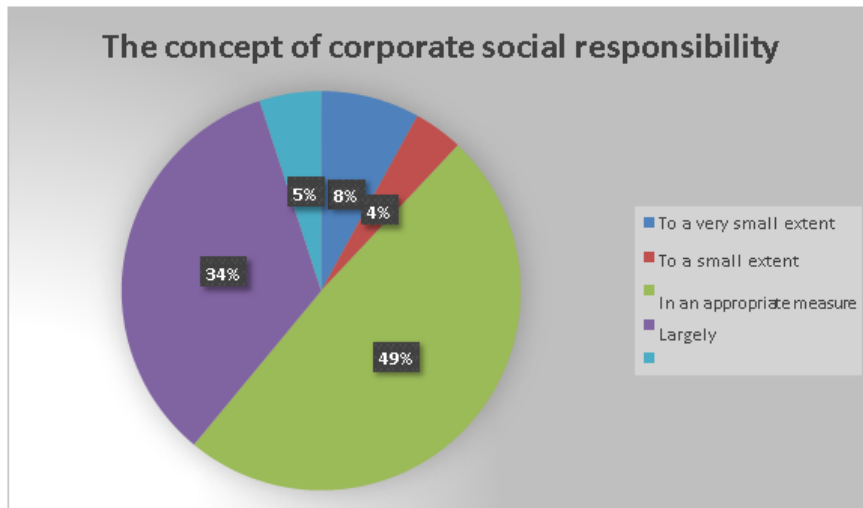


Fig. 1. The concept of corporate social responsibility

It is interesting to note that nearly half of the respondents (47%) consider a company's commitment to Corporate Social Responsibility to be significantly important in their decision to purchase products or services from that company.

This suggests that consumers are becoming increasingly aware of the impact their consumption choices have on the community and the environment, and are willing to support companies that adopt responsible practices. Conversely, 38% of the respondents stated that commitment to CSR is neither important nor unimportant in their purchasing decision. This segment of the population may be less influenced by social and environmental aspects when making purchase decisions, but this should not be overlooked, as there is still potential for raising

awareness and education in this area.

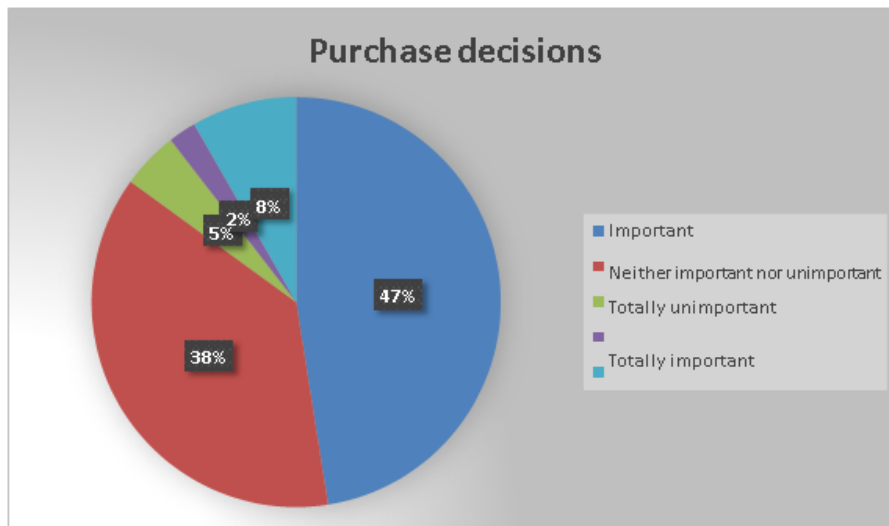


Fig. 2. Purchase decisions

Approximately 50% of the respondents believe that between 6% and 10% of a company's profit should be invested in CSR initiatives. This range reflects a balanced approach, where a significant portion of the profit is invested in CSR projects and programs without being excessive or jeopardising the financial sustainability of the company. Additionally, 28% of the respondents think that a 1% to 5% of the profit would be appropriate for CSR. This can be seen as a more conservative approach, where a smaller portion of the profit is invested in CSR initiatives, maintaining a balance between social responsibility and the need to maintain profitability and financial viability.

However, there is also a segment of 13% of the respondents who believe that more than 10% of the profit should be invested in CSR. This attitude reflects a more generous and committed vision regarding social responsibility, suggesting that these respondents believe in a stronger commitment to the community and the environment, and are willing to allocate more substantial financial resources for these purposes.

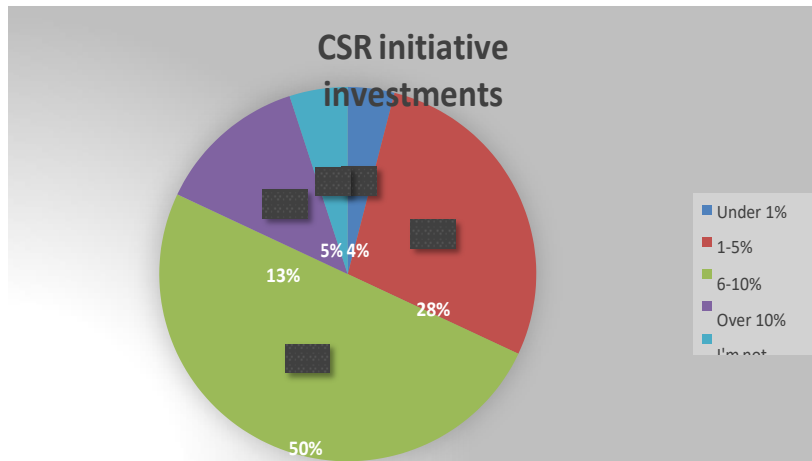


Fig. 3. CSR initiative investments

The results of the questionnaire also point to the increased awareness among respondents regarding the importance of investments in various areas within Corporate Social Responsibility. For environmental conservation, 28 respondents said that investments should be largely directed toward this goal. This underscores their concern for the protection and preservation of the environment, highlighting the desire to contribute to combating climate change and preserving biodiversity.

Regarding support for education and healthcare, 30 respondents consider that investments should be made to a moderate extent. This reflects an understanding of the importance of access to quality education and healthcare services for both individual and collective community development.

For the development of local communities, 42 respondents answered that investments should be made to a moderate extent. This approach suggests a deep concern for supporting and improving the quality of life at the local level through projects and initiatives that address community needs.

In terms of promoting gender equality and diversity, 29 respondents consider that investments should be made to a moderate extent. This highlights the importance of supporting diversity and inclusion within

organisations and communities.

Regarding innovation and technology for social good, 28 respondents believe that investments should be made to a moderate extent. This acknowledges the potential of innovation and technology to bring about positive changes in society and to address various social issues.

Overall, these responses reflect a broad and integrated vision of CSR, where investments are directed toward multiple key areas to contribute to sustainable growth and improve quality of life in communities. It was encouraging to see such awareness and commitment among the participants.

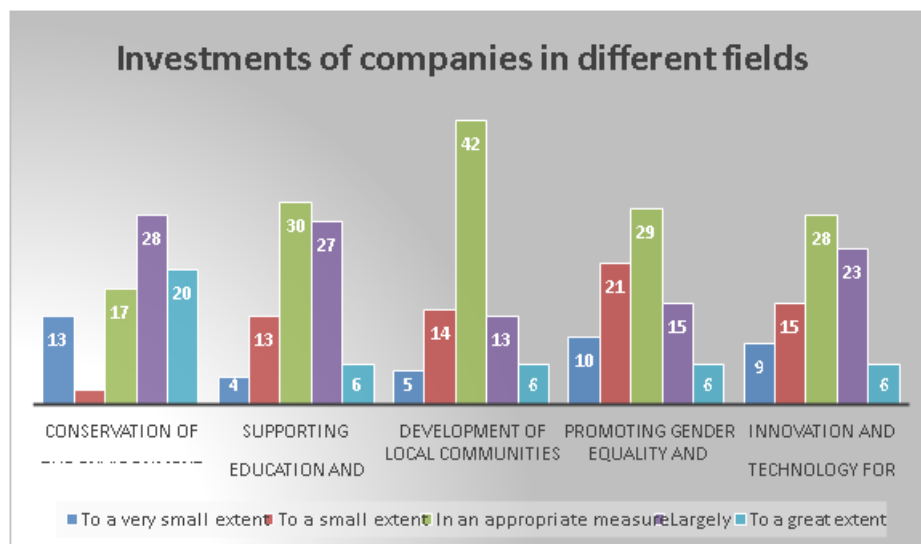


Fig. 4. Investments of companies in different fields

A significant number of respondents (39) consider it important to know exactly how the money they invest in campaigns is spent. This reflects a strong desire for transparency and accountability from companies or organisations conducting these campaigns. For these respondents, transparency regarding the use of their funds is essential in the decision-making process and in building trust in the brand or

organisation in question. Additionally, 30 respondents stated that it is neither important nor unimportant for them to know exactly how the money invested in campaigns is spent. This segment of the population may be less concerned with financial details and less influenced by transparency in this regard. In contrast, 6 respondents consider it extremely important to know exactly how the money invested in campaigns is spent. This attitude shows a very high concern for financial transparency and accountability, suggesting that these respondents attach particular importance to how their money is used.

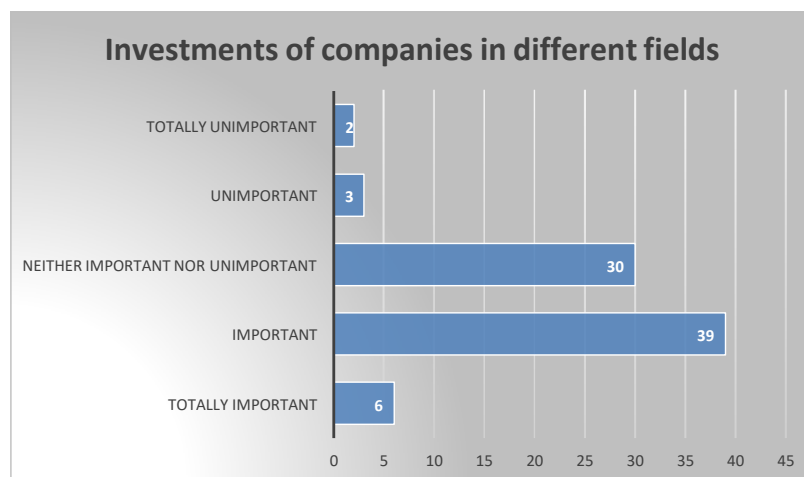


Fig. 5. Investments of companies in different fields

It was interesting to note the diversity of opinions regarding trust in non- governmental organisations (NGOs) when it comes to spending money for moral purposes. 38% of the respondents said that they have very little trust in NGOs to spend money for moral purposes. This suggests a certain lack of trust or skepticism regarding the transparency and financial ethics of such organisations.

At the same time, 35 respondents stated that they have a moderate level of trust in NGOs to spend money for moral purposes. This group

of respondents may consider that most non-governmental organizations are responsible and transparent in managing funds and achieving moral objectives.

Finally, 18% of the respondents mentioned that they have little trust in NGOs to spend money for moral purposes. This smaller percentage may reflect a higher level of skepticism or distrust in the ability of some NGOs to ethically and responsibly manage financial resources.

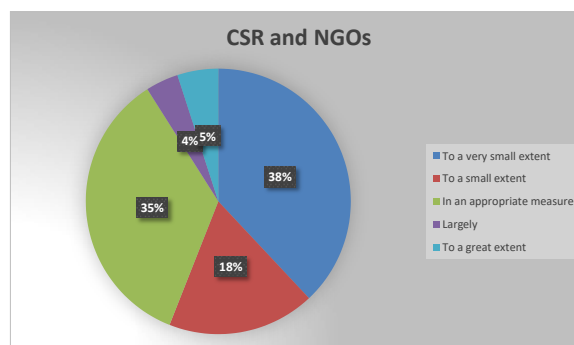


Fig. 6. CSR and NGOs

A significant number of the respondents agree to invest in CSR campaigns targeting the publics that have helped them develop. Here are the results:

- 45% of the respondents stated that they strongly agree with investments in CSR campaigns targeting these publics;
- 31.3% of the respondents indicated that they moderately agree with such investments;
- 17.5% of the respondents mentioned that they strongly agree with such investments.

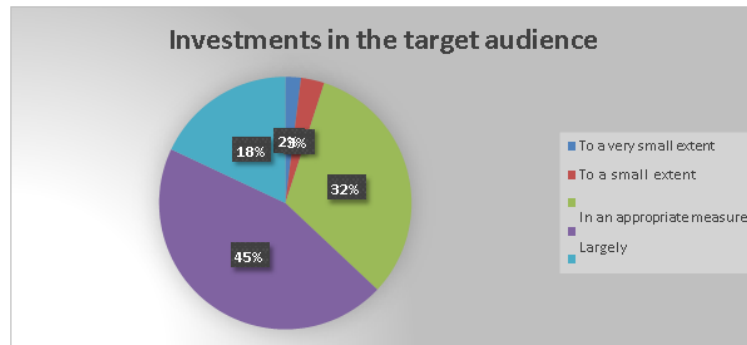


Fig. 7. Investments in the target audience

It is noteworthy that a significant number of respondents are willing to redistribute a part of the CSR investments to other non-governmental or non-profit organisations in need. Consider the results below:

- 43% of the respondents said that they are moderately willing to redistribute a part of the CSR investments to other organizations in need. This suggests that these respondents recognize the importance of solidarity and support among non-profit organizations and are willing to contribute to their efforts proportionally.
- 25% of the respondents mentioned that they strongly agree to redistribute CSR investments. This segment of the population reveals a high level of generosity and commitment to supporting other organizations in need and is ready to allocate considerable resources accordingly.
- 17% of the respondents stated that they strongly agree to redistribute CSR investments. These respondents are open to the idea of contributing to other non-profit organizations but may be more reserved about the level of involvement or resources allocated.
- 14% of the respondents only slightly agree to redistribute CSR investments. This segment of the population may be less willing to share resources with other non-profit organizations or may be more focused on the direct impact of investments on their own projects or initiatives.

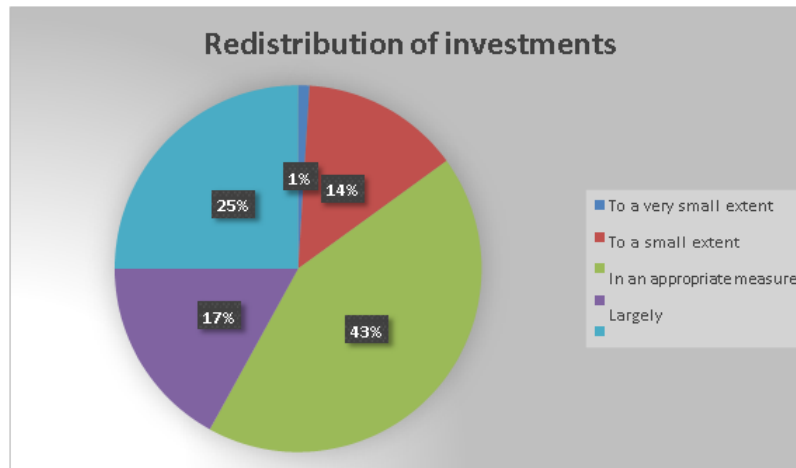


Fig. 8. Redistribution of investments

The Delphi analysis is particularly valuable in situations characterised by uncertainty or varying opinions on a topic where achieving a shared understanding or consensus is essential. This method provides a structured, systematic framework for gathering and synthesizing expert opinions, thereby supporting more informed decision-making and identifying future directions for development.

The following outlines the process undertaken in the Delphi analysis of the "Clean Diesel" and "Worn Wear" campaigns:

Defining Objectives and Developing the Analysis Grid

Initial steps involved outlining the objectives and clearly establishing the intended outcomes of the evaluation of the "Clean Diesel" and "Worn Wear" campaigns. A comprehensive evaluation grid was then developed, covering key criteria for assessing the success and impact of these campaigns, including campaign description, key points, context, purpose, objectives, authenticity, communication, transparency, social and environmental impacts, performance measurement and evaluation, lessons learned, and insights.

Selecting and Engaging Specialists

With objectives set and the analysis grid in place, a group of five specialists with expertise in CSR, marketing, or sustainability was identified and invited to participate. Selecting specialists with relevant knowledge and experience ensured a robust and relevant evaluation process.

Distributing the Analysis Grid and Collecting Initial Feedback

The analysis grid was distributed to the specialists, allowing them to assess it and suggest modifications or add details. Specialists were encouraged to provide open and honest feedback to enable a broad perspective on both the campaigns and the evaluation grid.

Refining the Grid Based on Feedback

After collecting feedback from the specialists, their comments and suggestions were analysed, and the grid was revised accordingly to better reflect their viewpoints and expertise.

Repeating Feedback Collection and Revising the Grid

The revised analysis grid was then re-sent to the specialists for additional feedback. Specialists were able to provide further details and suggestions based on the updated version.

Finalising the Grid and Achieving Consensus

Following several rounds of feedback and adjustments, a final version of the analysis grid was shared with the specialists. With no further comments or suggestions, consensus was reached regarding the content of the evaluation grid and the assessment criteria for the campaigns.

At the end of this process, a comprehensive and validated evaluation grid for the "Clean Diesel" and "Worn Wear" campaigns was developed. This grid was prepared to be utilized in assessing and comparing the effectiveness and impact of these campaigns within the industry. The Delphi analysis process ensured that the assessment was objective, thoroughly validated, and grounded in expert insights.

4. Conclusions

Following the thorough analysis of Patagonia's "Worn Wear" and Volkswagen's "Clean Diesel" campaigns, significant differences in ethics and responsibility emerge.

Patagonia's "Worn Wear" campaign stands out for its deep commitment to sustainability, engaging customers in clothing reuse and recycling while investing in environmental and social initiatives. In contrast, Volkswagen's "Clean Diesel" campaign was marred by the unethical promotion of diesel engines that failed to meet environmental standards, resulting in public disappointment and environmental damage.

To conclude, it can be argued that the need for consumer education is evident, as many may unknowingly support unethical practices. Companies must also prioritize transparency and ethical conduct to foster a more responsible business environment. Ultimately, both companies and consumers must share the responsibility for promoting ethical and sustainable practices.

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