This research proposal addresses the extent to which CSR activity has an impact on, and relevance to, corporate reputation – specifically looking at the role of innovation in CSR practice within reputation formation.

A survey of European consumers found that 70% of consumers consider a company's commitment to social responsibility to be important when buying a product or service (MORI/CSR Europe 2000). Similarly, a survey of European fund managers, financial analysts and investor relation personnel showed that 92 percent think that a company with a clear CSR policy is better off in managing environmental and social risk (MORI/Deloitte 2003). Thus, there seems to be a strong empirical link between CSR and Corporate Reputation. However, several factors cast doubts on such a presumed link.

Firstly, the differentiating potential of CSR has been called into question due to an increasing homogeneity of CSR policies and the near standardization in CSR reporting (Basu & Palazzo 2008). It is hence unclear how important a role CSR could play in influencing long term Corporate Reputation, and if companies will be able to differentiate themselves from their competitors through their CSR policies.

Secondly, the credibility of CSR itself has been challenged given the often reported misalignment between rhetoric and action (Pava and Krausz 1995). Over the past years widespread public scepticism has developed over the genuineness of CSR programs. For example, BP is consistently criticized for not living up to its “beyond petroleum” slogan (Financial Times, 26 June 2009). In such cases a negative relationship between CSR and Corporate Reputation could even be envisaged.

Literature suggests that innovation is a powerful means for companies to adapt to changing environments and expectations, as well as to achieve differentiation (Miller 1986). Little research however, has examined how CSR innovation might impact on Corporate Reputation. This is despite the fact that CSR innovation has fast emerged as a significant phenomenon.

Our research aims to close this gap through rigorous examination of the potential impact of CSR innovation on Corporate Reputation. Research has shown that the diffusion and sophistication of CSR policies vary substantially across cultures, most significantly between those of developed and emerging economies (Baughn et al. 2007). This research seeks to explore differences in CSR innovation between Europe and selected emerging markets and to determine factors that might explain any observed differences. We will look to ENI, the international oil company, for examples of this innovation drawing on ENI's distinctive and innovative CSR approach to further develop our research in this area.

Theory Corporate Reputation/CSR/Innovation
Reputation is commonly regarded as arising from perceptions of how organizations will behave in the future based on information about past actions (Fombrun, 1996). This definition highlights three central elements of Corporate Reputation:
1. Reputation is behavioural.
2. Reputation arises on the basis of available information about the past and thus acts as a signal for the future.
3. Reputation stems from perceptions of stakeholders.

CSR can be regarded as comprising of two basic elements: Firstly, the CSR measurement literature highlights the historical dimension of CSR behaviour, measuring the past actions of a company in the social domain (Hopkins 2005). Secondly, the theoretical CSR literature highlights CSR’s role as signalling a social contract/promise regarding future behaviour (Moir 2001). It is often assumed that this signalling function with regard to the future might provide indications concerning a company’s ability to manage risk, and hence serve as a relevant aspect of Corporate Reputation.

Most definitions of innovation inherently imply a departure from the past through the adoption of something new (see e.g. Daft 1978). A number of different dimensions of innovation can be distinguished in the literature involving organizational as well as technical innovation (Daft 1978); process innovation and product innovation (Utterback and Abernathy 1975). CSR innovation can also be construed in terms of these existing categories. For example, CSR innovation can refer to product innovations (i.e., those with favourable social impact) or environmental innovations. CSR innovations can also imply improvements in CSR processes (Hockerts and Morsing 2007) such as reporting methods.

Innovations imply promises about future performance and thus, it would be conceptually and empirically relevant to analysing how CSR innovation, as a future oriented phenomenon, can influence Corporate Reputation.

The proposed CSR Innovation-Corporate Reputation linkage might be sensitive to cross-cultural differences as evidenced in related empirical studies. While no study has yet explicitly investigated such a contextual impact, several (Baskin 2005; Chahoud et al. 2007) have hinted at significant differences in terms of the foci of CSR activities across developed and developing countries.

Our research starts from the assumption that there is an important cross-cultural element to Corporate Reputation as influenced by CSR innovation thus far neglected in the literature.

Research methods
This research seeks to explore the following questions:
1. What is the relationship between CSR innovation and Corporate Reputation?
2. How do CSR innovation and its impact on Corporate Reputation vary across different cultures?

The research methodology will comprise of three parts:
I. Secondary research to identify instances of CSR innovations across two different cultures, using a variety of sources such as business and popular press reports; trade association reports; and CSR reporting and monitoring data bases.

II. Selected case studies (supported by a short questionnaire survey) of firms to understand the nature of CSR innovation along the framework elements. Case study protocols will include the description and analysis of both internal and stakeholder information on CSR and reputation.
III. Investigation (interviews; short surveys) of stakeholder perceptions with regard to the impact of CSR Innovation on Corporate Reputation.

Case study research is particularly applicable for exploratory studies of phenomena when the boundaries of phenomena and context are not easily demarcated. The nature of this study implies that existing knowledge will guide data collection without, however, excluding any variables from the outset. Due to the cross-cultural focus of this study and the complexity of factors contributing to the occurrence of CSR innovation, a comparative case analysis is regarded as most appropriate.

The framework that we propose to use is aimed at developing a generic approach and methodology to study differences in CSR innovation and social reputation across cultures/geographies, it will be applied to studying the likely differences between European firms engaged in CSR innovations in Europe, and selected emerging market companies engaged in similar activities in their home markets.

The research will be undertaken by Principal Investigator: Dr Kunal Basu, University Reader in Marketing and Programme Director for Reputation and Marketing, Oxford University Centre for Corporate Reputation Doctoral student: Milena Mueller, Said Business School, doctoral affiliation with Oxford University Centre for Corporate Reputation

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Research Timeline
September 2009 – June 2012