

The Wolf Dons its Fleece: Corporate Social Responsibility by the Tobacco Industry

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Business as usual

The key word in the phrase Corporate Social Responsibility (CSR) is ‘corporate’ because the aim is to benefit the standing and success of the corporate sponsor. However good the cause, therefore, it is vital to identify the inevitable quid pro quo. In the case of the tobacco industry, the payback for CSR comes in respectability, legitimacy and the right to continue doing – and growing – its business. In other words the cost is more tobacco users, more addiction and more premature death.

CSR (also known as Stakeholder or Cause-related Marketing), covers all the activities corporations – including multinational tobacco companies – engage in to manage their relationship with wider society. An Economist special report (Franklin 2008) divides these activities into three layers: corporate philanthropy (giving to good causes of one sort or another); risk management (generosity after some reputation damaging event such as a lawsuit for smuggling or causing harm to consumers) and value creation (the strategic use of good behaviour to build competitive advantage).

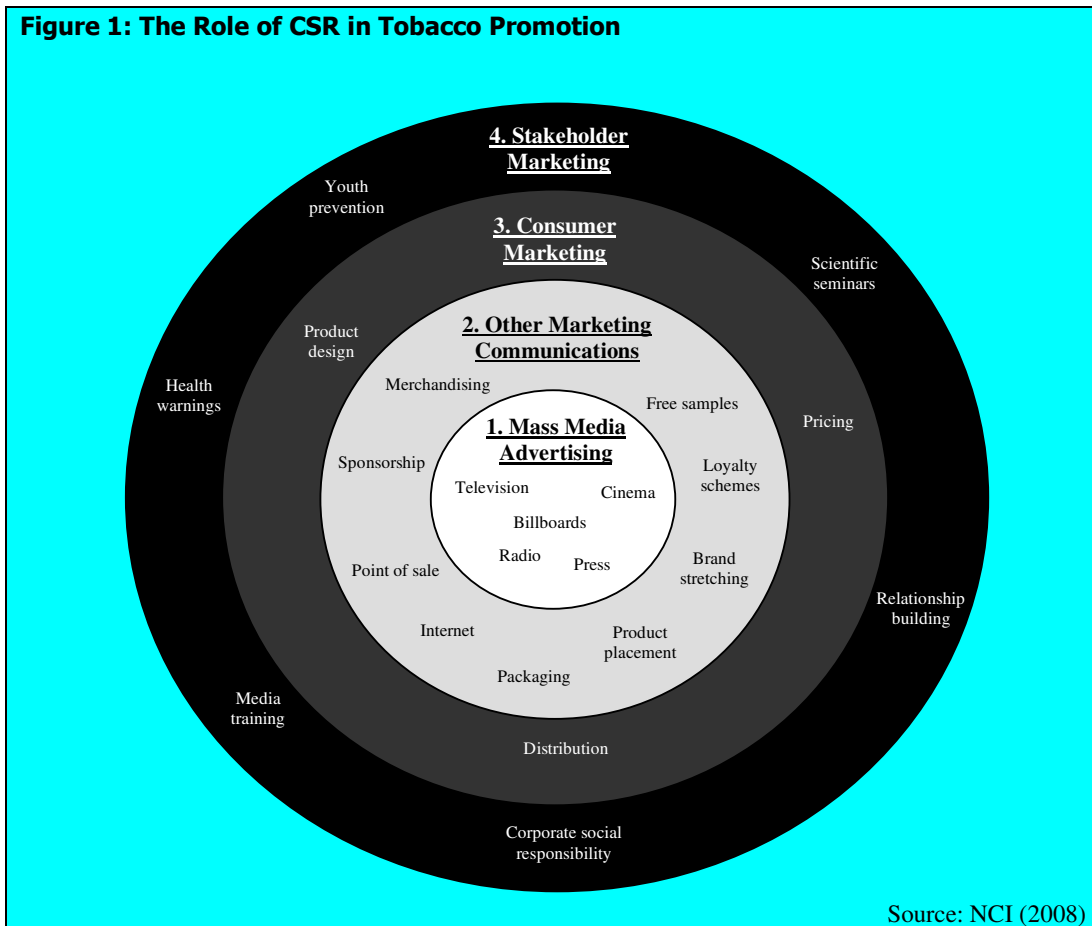
The same report goes on to specify the benefits of CSR, which include enhanced reputation, better staff recruitment and the avoidance of “*heavy handed Government regulation*” (Franklin 2008). Noreena Hertz confirms that “*cause-related marketing enhances corporate image, builds brands, generates PR and increases sales*” (2001). The benefits then are considerable, but crucially they accrue to the corporation not society; the shareholder not the citizen.

The deployment of CSR is simply a recognition by business that it operates in a social context comprising political, regulatory, economic, technological and competitive forces and that there is much to be gained from making this environment as supportive as possible (Jobber 2003). “*Corporate social responsiveness*”, therefore, “*refers to the capacity of a corporation to respond to social pressure*” (Frederick 2006), not its capacity to do good. CSR is then a core part of the business process, which like all the other components, is deliberately designed to benefit the company and maximise shareholder value. Niall Fitzgerald, former CEO of Unilever, leaves no doubt about this: “*Corporate social responsibility is a hard-edged business decision*”. [We do it] “*not because it is a nice thing to do or because people are forcing us to do it...*” [but] “*because it is good for our business*” (Elliott 2003). This fits with the fiduciary responsibility of the corporation, which gives paramount importance to the shareholder. When Milton Friedman famously maintained that “*the social responsibility of business is to increase its profits*” he was not making a debating point, he was stating a truism.



The National Cancer Institute

It is easy to forget these 'hard-edged' realities when considering individual examples of CSR. Supporting literacy programmes in Brazil (Philip Morris), biodiversity in Bangladesh (BAT) and recycling in Burkina Faso (Imperial Tobacco) all seem to be self evidently desirable activities; how could anyone object to them? The latest National Cancer Institute (NCI) monograph (see fig 1), however, shows how tobacco companies use these activities, just as they use advertising and new product development, to promote tobacco.



At the centre of the figure is mass media advertising, the most obvious of tobacco promotion tools. This is nested in a range of other communications activities such as PR and sports sponsorship, and the core consumer marketing functions of product development, pricing and distribution. These in turn mesh with stakeholder marketing and CSR - whether tobacco related such as youth prevention work, or more general as with literacy or recycling. The only difference between the conventional marketing at the centre of figure 1 and CSR is that the former targets potential customers, the latter stakeholders and potential regulators. Furthermore, consumer and stakeholder

marketing combine to form a synergistic and carefully honed strategy whose core purpose is, again, to promote tobacco and enhance the success and profitability of the tobacco company.

The impact of the three inner layers of tobacco promotion depicted in figure 1 is well understood and much of the FCTC is devoted to protecting people in general, and the young in particular, from its effects. The same thinking and rigorous control now has to be applied to stakeholder marketing. The FCTC recognises the need for such breadth of vision by defining 'tobacco advertising and promotion' as "*any form of commercial communication, recommendation or action with the aim, effect or likely effect of promoting a tobacco product or tobacco use either directly or indirectly*" and 'tobacco sponsorship' as '*any form of contribution to any event, activity or individual with the aim, effect or likely effect of promoting a tobacco product or tobacco use either directly or indirectly*' (Article 1).

Conclusion

CSR and stakeholder marketing are part of standard business practice, used to make the operating environment more supportive. Whilst there may be apparent benefits for society, therefore, the real purpose is to benefit the business. This is as true for the tobacco industry as any other sector. As a recent BMA report (Hastings and Angus 2008) points out this means that "*tobacco industry corporate social responsibility is a form of marketing, and as such it should be prohibited under the terms of the tobacco advertising ban*". The FCTC was broadly conceived to cover exactly this kind of loophole; it should be used to eliminate tobacco CSR.

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