

REFLECTION PAPERS / DEBATES

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(1-22)

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Corporate Citizenship: Case study of Coca-Cola Beverages Hrvatska¹

Summary

The aim of this research was to investigate whether the corporate social responsibility (CSR) strategy implemented by Coca-Cola Beverages Croatia during the past four years has had a positive impact on the reputation of this company and on the overall business.

The researcher intended to explore attitudes of Coca-Cola Beverages employees about CSR and the mentioned community relations model in order to evaluate whether the CSR policy of the company has had an impact on internal stakeholders.

Key words: corporate social responsibility, public relations, community relations, cause related marketing

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¹ This text is the original shorter version of an unpublished research conducted within the author's postgraduate studies at the Chartered Institute of Public Relations in London, UK, and represents a reference work with the authority of the author's public presentation.

OGLEDI / RASPRAVE

UDK

(1-22)

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Korporacijsko građanstvo: studija slučaja tvrtke Coca-Cola Beverages Hrvatska²

Sažetak

Cilj istraživanja bio je ispitati je li strategija društveno odgovornog poslovanja koju je tijekom četiri godine primjenjivala *Coca-Cola Beverages Hrvatska* imala pozitivan učinak na ovu kompaniju te na njezinu cjelokupnu djelatnost.

Namjera istraživača bila je istražiti stavove zaposlenih u Coca-Coli Beverages o modelu društveno odgovornog poslovanja te o spomenutom modelu odnosa sa zajednicom, kako bi se procijenilo da li je politika društveno odgovornog poslovanja koju kompanija provodi imala utjecaja na zainteresirane strane unutar same kompanije.

Ključne riječi: društveno odgovorno poslovanje, odnosi s javnostima, odnosi sa zajednicom, svrhoviti marketing

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Background and Literature Research

In 1992-1995, Croatia, small Mediterranean country with approximately 4,5 million inhabitants, turbulent history and rich social and cultural fabric, was caught in a half war-half peace situation. It seemed that the country had two types of lives. In big cities people lived in, what might be called peace. At the border of the occupied territory population of smaller towns spent a lot of their time in shelters. To survive, people developed networks of self-help. NGOs mushroomed and an enormous positive energy, coloured with local values and patriotism, pulsed in towns under siege. Strong xenophobia and lack of trust dominated. To launch advocacy programmes for child rights or any similar, non-political theme, was mission impossible. What was United Nations Children Fund, UNICEF, the organisation mainly dealing with the assistance in developing countries, to do in such situation?

The local initiatives needed some seed money, endorsement by the government, and support to expand the networks. UNICEF launched a programme called “Mayors, Defenders of Children” in ten cities on the front line which proved to be successful regarding its impact on target audience, its advocacy effect, its multiplying effect on the local networking and the bottom up initiatives. UNICEF managed to reach with non-political advocacy messages a great number of people in highly unfavourable circumstances also, because, according to an evaluation, it communicated universal and global messages adapted to local needs.

Ten years later, a case study which is the subject of this research, aims to illustrate how in Croatia, in one case at least, the same logic applies for business. The circumstances are different but the dichotomy global-local is similar. Coca-Cola as a global company carries strong symbolic value for Croatian people, not necessarily positive. Dubrovnik-Coca-Cola local community partnership, based on CCBH CSR strategy, proved to be the successful strategy and this justified the need to explore it more.

The literature review attempted to critically examine the importance and position of CSR in company policy, the relationship between the corporate reputation and the partnership of companies with local community, nature of this relationship and communication involved.

Titles dealing with the concept and practice of corporate responsibility and relevant communication and PR titles were selected, focusing on community relations.

One of the main questions related to CSR is whether it adds value to the business. The growing number of titles speak in favour of the conclusion that there is a link between the profitability of a company and its pursuit of social goals. One could, however, agree with three modern gurus of sustainable development, C.O. Holliday, S. Schmidheiny and P. Wats (2002) who warn that, so far, no study could “prove” that pursuing responsibility makes companies more profitable: there are too many variables to trace, and, it is difficult to prove which was first: did a company become profitable and could then afford to be responsible, or the other way around?

The effect on reputation, on the other hand, seems to be beyond the dispute. The three authors draw the attention to the research by SustainAbility showing that the impact of CSR on shareholder value was neutral, at worst, and in some instances has been shown to add considerable value. (SustainAbility/UNEP 2001). Since the shareholder value is driven by brand value and reputation, the “intangible assets”, they conclude that the impact on shareholders value is beyond doubt and probably, long-term.

Generally speaking, advocates of CSR claim that CSR pays off, providing it is a constitutive element of company policy. Thus Epstein and Birchard (2000) believe that social accountability derived from corporate responsible behaviour can be turned into the competitive advantage. Advocating the alignment of social dimension in the modern company, they stress that three threads of accountable management – financial, operational and social – intertwine “like the three strands of a rope”.

This leads to an apparent strong need for ethical dimension in company’s social performance, a belief that business should be an instrument of humanity. Costa (1998) lists the benefits of ethical business. He is in favour of what he titles “relational equity”, which recognises that value increasingly involves a return on relationship, where conventional equity is based on return on investment. According to him, the relations with customers, employees, suppliers, strategic partners and global brand reputation are critically important, they are getting more complex and involve satisfactions that are not just functional but also emotional and

moral. It would be difficult not to agree with him that “the point is no longer that ethics must provide a return on investment, but that return of investment without ethics is much riskier and often unachievable.”

There is growing evidence around us, indeed, that the power of ethical consumer movement is growing and business needs to meet this new demand for different message and different stories, for that matter. One of those who thrive on ethical consumer movement, charismatic Anita Roddick (2000), raises strong voice against the greed of business, which, she claims, has become culturally acceptable in the business. Think what one may of this, perceptions of greedy business undermine trust, the main pillar of community-business partnership. What appears relevant here is the fact that she grew a successful business with, what appear to be, anti-business slogans. That might be considered to show that: a) vigilante consumer movements are powerful and request ethical business, and b) ethical consumers needs ethical stories.

That the ethical stories sell, is also illustrated by sharp raise of Cause Related Marketing (CRM). Business evidently realises the need to nourish just, trustworthy and equal relationships with consumers. The shift in consumer preferences is significantly illustrated in a drawing “Antropomorphy in Branding” printed in *Brand Spirit* by Pringle &Thompson (1999). They show that nowadays consumer requirements go beyond the practical issues of product performance and even the more emotional aspects of brand personality. Consumers ask questions about ethical performance. The relationship between business and NGOs in CRM is based on equality. Pringle and Thomson claim that consumers are looking for new sorts of brand values while moving towards the top of Maslow’s Hierarchy of Needs and seeking “self-realisation.”

Key success factors of CRM, according to them, are shared “territory” between the brand and the cause, simple mechanism, motivating consumer involvement, top management commitment, an open and mutually beneficial relationship with the NGO, volunteering by the employees, engagement of suppliers and strategic partners, significant advertising and communications budget, creativity and synergy between CRM campaign and other brand advertising, celebrity endorsement and PR events, depth of commitment and measurable results. Unlike charity promotion which is a quick fix, by nature – tactical, CRM, as the whole company CSR policy, is long-term, strategic, vision based. No doubt, only companies with true social vision succeed in creating long term trust in

local community through local programs. Not many titles in current literature on CSR, though, develop in details the idea of company social vision.

One of the books with most developed conceptual framework for community relations is *Corporate Community Relations* (1999), where Burke explains that the social vision needs to have eight elements: Purpose statement in the mission; CEO commitment; Vision as part of corporate culture; Vision tailored to the company needs; Sufficient resources; Decentralised implementation; Increased expectations of community relations; Responsibility of entire management.

The elements point to the need for mutual trust as crucial in building relationship between company and local community which contribute to company reputation. Perception management, according to Burke, based on consistent community relations, can insulate business against potential risks. The precondition for functioning of this relationship which Burke describes as psychological contract, and means trust based relationship is needs assessment on both sides. These needs should be key indicator in choosing the community programmes. Often companies favour functions that add immediate value in palpable ways to their image. The main criteria, however, should be the real impact on the community as well as company needs.

We could agree that corporations are, as pointed out by Himmelsten (1997), likely to support highly visible projects that clearly boost the company image. This, however, should not be taken as a sign of their doubtful social devotion. It is logical that companies choose an area of support which can be related to their brand territory.

Consulting main PR theory titles would, in this context, select a stakeholder-oriented strategy as a precondition of any social vision of a company and its social policy. Additionally, the communication with the local community would need to be based on Grunig Model of Excellence, which mean that both sides in the communication process would need to be ready to adapt their initial positions in order to reach a win-win zone. When planning communication strategies, global companies should, as indicated in the literature, be matching a global approach to national cultural differences and local values in community relations as part of public relations strategy. Numerous titles can be found on the subject of relation between corporate culture and national cultures. Closest to

detailed analysis of this issue, the researcher, examining “national culture-corporate culture” area, came in the second edition of *Riding the Waves of Culture* (1998) by Trompenaars and Hampden-Turner. The authors advocate as the principal implication for business strategy, a healthy respect for the “founding beliefs” of foreign culture and the images *they* have chosen to create coherence.

How does it reflect in global-local dichotomy? In their powerful corporate umbrella text titled by metaphor (*Raising the Corporate Umbrella, 2001*), Kitchen and Schultz List eight key features of corporate umbrella in 21 century: interactivity, process, global, intangible, customer value, alliances and affiliations, leading with communications and corporate brand. Global, as they imply it, means open way to the innovative methodologies. The established communication system must give way to ones that not only span the globe but allow the manager to drill down into local situations as needed or required.

These situations require building longer-term relationships between the business and the community. In Ledingham and Bruning (2000) consider community relations an instrumental part of responsibilities of PR practitioners who are called upon to define their corporations policies. Creedon (1996) takes reference to what she calls “strategic ethics”, relationship building from a mutually defined set of values. She argues that strategic PR must be built upon relationships based on mutual respect and honesty about each other’s values. A foundation of shared values establishes trust in the relationship, which in turn facilitates corporations’ objective to achieve a strategic objective.

In short, the following issues emerge from literature review: CSR adds value; CSR part of corporate management; Business with human face; Ethical consumer; Cause Related Marketing; Social vision; Trust based community relations; Impact as criteria for selecting programmes; Stakeholder strategy and excellence model of communication, Sensitivity to local cultural values

The researcher found it worth testing all these issues in a “real life research” of a particular case of local community relations of a global company, believing it might have relevance in a geographical context wider than the area covered by the case.

Methodology:

In methodology development issues selected by Robson (2002), were carefully considered, and particularly relevant ones further elaborated. Focus of this research is within wider area of corporate social responsibility and the PR practitioner role, particular light being shed on corporate community relations and their impact on the target population and the intangible corporate assets. This choice is led by the personal interest of the researcher who has created and implemented community relations programmes. Motivating as it can be, this interest should by no means be mistaken for pre-judged view, or the foreseen outcomes. These would affect the objectivity and trustworthiness of the research. The researcher has, to the best of her abilities, minimised the potential for bias.

The process of generating the research was prompted by new insights into selected literature. The researcher attempted to relate good research questions (clear, specific, answerable, interconnected, substantively relevant) to the purpose of the research. In Robson's classification of the purpose of the enquiry (exploratory, descriptive, explanatory, emancipatory) the purpose of this research would be a mixture of a) explanatory (seeks an explanation necessarily in the form of causal relationship; seeks to explain patterns; seeks to identify relationships between aspects); b) emancipatory (seeks to create opportunities and the will to engage in social action).

As a result of this process, following the issues emerged in literature review, three following research questions were formulated:

1. Has the overall corporate social responsibility strategy as designed and implemented by Coca-Cola Beverages (CCBH) in the last four years added value to CCBH overall reputation in Croatia? ; 2. What are the main characteristics of community relations programme shaped in Dubrovnik model of business-local community partnership and how do participants in the programme assess it? What has been the impact of CCBH Dubrovnik model implementation on CCBH reputation and its business? ; 3. In what way and to what extent, if at all, has corporate social responsibility strategy as implemented by CCBH affected the attitudes of CCBH employees towards CSR in general and CCBH CSR policy?

The design of this research evolved during the research. What started as a pure qualitative investigation based on interviews, was to be enriched with other elements from different methodologies. This does not come as a surprise. The rich material that one gets in qualitative research, in interviews, for example leads to ideas, questions, for quantitative surveys, give leads to documents the contents of which need to be analysed. This research strategy is of flexible design, a qualitative strategy including also quantitative strategies, therefore methodological triangulation (use of multiple methods to study a single problem) included. The basic element is a case study of CCBH social responsibility in Croatia, more particularly its Dubrovnik project. Robson defines case study as development of detailed intensive knowledge about a single case, or of a small number of related cases. Why is case study so interesting to the researcher? Stake (1995) quoted in Patton (2002) arguments that we study a case when it itself is of very special interest. We look for the detail of interaction with its context. Case study is the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances.

Selecting the research methods depends on what kind of information is sought, and even in flexible designs like the design of this research it is recommended some initial decision be made about how to collect the data. Researcher adopted the method of collecting the data in primary and secondary research. Primary research methods were interviews, participant observation, two CCBH employee quantitative surveys and secondary research were media output evaluation, research on reputation of companies, and content analysis of projects documents.

To prompt the choice of methods following rules of the thumb as listed by Robson were used: To find out what people do in public – use direct observation; To find out what they do in private – use interviews or questionnaires; To find out what they think, feel and or believe, use interviews, questionnaires or attitude scales; To determine their abilities or measure their intelligence or personality, use standardised tests.

The following methods are here described in some details as they were used. Ten interviews were held with partners from local community and rich data obtained. The representative sample was chosen to cover caretakers, officials of the local government and media, in order to cover three main categories: civil society, administration, and public opinion. Interviews were announced in advance and interviews received list of

issues that would be discussed. Interviews were taped and later key points transcribed. Interviews were a choice based on their advantage for explanatory purpose. As Patton stresses, at the root of in-depth interviewing is an interest in understanding the experience of other people. Additionally, easy access and willingness of partners to be interviewed in their setting added value for the researcher (observing setting, body language etc.). Questions were open-ended, prompting discussions, the list of issues sent in advance.

Since the researcher was the designer and participant of Dubrovnik project (also the one launched in Vinkovci and in Split) and was constantly taking notes during the programme, this material was used to deduct data for participant observation. Recommendations by Stacks (2002) who stresses that participant-observation is a method that provides true environmental scanning or motivating data, were considered (understand the expected rule, roles and routines for the environment; participate in the daily activities and take notes; compare the observations noted to those expected).

The researcher was additionally interested to find out what was, if any, the impact of Dubrovnik project and other CCBH CSR programmes on employee attitudes. To investigate this, the researcher decided to use a survey. The E-mail questionnaire consisted of twenty questions aiming to investigate attitudes of 170 employees. It was a convenience sample: in the company of 750, those 170 have access to E-mail and represent more literate part of CCBH employees. Most common five fixed-alternative expressions response categorisation system was used (from strongly agree to strongly disagree). The questionnaire was pre-tested on members of PA&C departments. Additionally, to find out the attitudes of senior management about CSR a simple three response survey was designed and sent by E-mail to thirteen senior managers. That was not only a convenience sample – this entire employee population is particularly relevant for the status of community relations and CSR in general in a company. Simply: if they would not believe it adds value, it would not be worth implementing it.

In future, it might be interesting, though, to check their knowledge of facts behind the attitudes. It might, perhaps, be argued, that they would be positively biased in favour of the researcher who is their colleague and have only some vague idea about CSR. Particularly worth investigating would be to investigate how they see their own role in CSR

implementation: do they understand it as “something PR does” or something entire management needs to do.

Findings and analysis

Results of primary and secondary research were triangulated in CCBH case study with particular focus on community relations (explanatory purpose), with the need to use findings about community relations programme for future improvement of these programmes (explanatory and emancipatory purpose) and, finally, the intention to assess level of potential opportunities and will to involve employees (emancipatory purpose). With full consideration of the risk to draw general conclusions on the basis of case study of one organisation, the research results and conclusions indicate some possible generalisations regarding CSR and community relations in Croatian context in three areas.

Investigation of the overall CSR area showed that CCBH CSR policy has added value to its reputation which was confirmed by opinions of CCBH social partners (all interviewees) and majority of employees (0,91 % strongly agree and 55,45% agree), Probably the main argument comes from senior management that has in high percentage (92,31%) agreed with the statement that CSR programmes have added value to both reputation and business. Additionally, the research by EMRA on representative sample of 1000 inhabitants proves this positive reputation in the population: 42 % considers CCBH as most desired employer, and 89 % gives CCBH highest reputation marks. Sure, it cannot be claimed this is caused only by CSR policy. High reputation value of the brand itself has no doubt merit for this. Yet, it is by no means accident, that all of ten interviewees answered positively to this question. Some of them elaborated the bottom-up approach as innovative Coke contribution which a government partner in Dubrovnik, for example, called a “CSR leadership position in Croatia”. The content analysis and the participant observation show that there are substantial facts and figures to support this finding. CCBH CSR programmes contain following elements in corresponding areas: business ethics: core values integrated, compliance with the legal standards/regulations; community involvement/corporate citizenship:

maximising impact of donations to communities; environment: waste management, waste water treatment, environmental education; governance: accountability/responsibility subject to increased attention; human rights: compliance, risk management; marketplace: quality/environmental issues, reducing risk and liability, attracting and retaining consumers; mission, vision, values: social vision; workplace: personnel policies, high standards of recruiting, transparency.

The issues emerging from literature research, particularly PR role in CSR, stakeholder dialogue and the importance of 2ws communication, and ethical consumer were discussed with all interviewees. As Vinkovci representative put it special value was attributed to the fact that the company had initiated community needs assessment together with local community leaders. This respect instead of patronising, “only because the company brought cash”, as one of the interviewees put it, was highly appreciated by all. This indicates also to possible overall low level of CSR climate and practice in the country.

The rise of ethical consumer in Croatian context was proved by the very success of CRM campaign which contributed to raise of sales volume. As six interviewed partners explained, they noted positive consumer reaction. Small bottle profits for the Duke’s palace was a unique activity, and consumers appreciated it. It additionally contributed to the image of Dubrovnik, said deputy mayor, as “Cosmopolitan City”.

To sum it up, the research has proved that social partners and employees view CCBH overall CSR policy positively, believe it justly contributes to its positive reputation. Senior management, in addition, believes CSR adds value to business, which, when compared to, in literature review mentioned lack of solid proof, speaks in favour of overall social awareness of CCBH senior management which might partly be attributed to the interaction with Public Affairs&Communication function.

Area of research of Dubrovnik project bring findings based on direct participants observations of the researcher during three years and on interviews with participants from Dubrovnik. A new small Coca-Cola bottle with a unique label combining a characteristic view of Dubrovnik with Coca-Cola’s logotype had been officially presented at the Dubrovnik Town Hall in summer 2002. Dubrovnik is the only town ever to have its picture displayed on Coke bottle. The money raised through the sales during the summer was donated to restoration of Knežev dvor (the

Rector's Palace). The bottle, designed by a young Dubrovnik designer, is a culmination of a year-long partnership between the municipality and CCBH. The agreement on long-term co-operation was reached after the New Year's millennium celebration in Dubrovnik sponsored by CCBH. The symbolism of their partnership lies in the traits they share; they are equally "ageless, unique and unrepeatable". In today's global world, as one of the interviewees explained, the unique value of the programme in a monument-town like Dubrovnik is that it thus spread beyond the state boundaries, became global. Not only is this cause marketing best practice news for CCBH, it is also a novelty for the citizens of Dubrovnik. In "Dubrovnik and Coca-Cola" exhibition, which displayed visions of various local artists on the unity of these two entities, the citizens were given the chance to vote and thus also contribute to the reconstruction of the Duke's palace. Each vote thrown into the voting box was additional kuna (local currency) in the sum which Coca-Cola Beverages Croatia would donate to the city. That is how a year before the launch of small bottle the winning solution for the label had been chosen.

The other subprojects within Dubrovnik project are: *Coca-Cola Environmental Classrooms* (involving two young scientists from an environmental NGO); *Pre-school Ecological Kit* designed by local teachers and tested in local kindergartens, *The Breeding of Oysters*, project by ecological workshop involving students of Dubrovnik gymnasium who are measuring key indicators in Ston bay needed for breeding of oysters and the level of cleanliness of the sea; environmental education focusing on value of water for primary school *Marin Držić* and the reconstruction of old fountain in the garden of this school, which was subsequently, thanks to these ecological activities, awarded the national ecological award "Green flag", (the only such school with this award in the south of the country); regular co-operation with the art workshop *Lažareti* hosting alternative art programs and various other national and international events for young people.

Local media intensively covered the one week cruise of the educational scientific ship "Naše More" ("Our sea") owned by the Ministry of Science. Following the contract of CCBH and Dubrovnik university, CCBH donated some education equipment to the ship and the university "paid" back giving CCBH the five days cruising which the company then donated to the children ecological workshops. This co-operation of an education and scientific institution with a company for the

benefit of children from the local community has been a pioneering initiative in Croatia and the media.

Impact on local population, government relations and networking in the community with particular accent on local versus national orientation of the programme was in depth discussed with government officials from Dubrovnik and other partners.

Local government in Dubrovnik, having experience in local community programmes, particularly appreciates that all the necessary elements were planned together with CCBH in community and company assessments prior to programme planning: impact; needs addressed; equity value; participation, interaction of perspectives; trust and partnership; integration in the mainstream; sustainability and people based approach and cost effectiveness. These elements were selected by eight out of ten interviewees as crucial in co-operation with CCBH!

“Business with human face” was explored in three interviews in the context of domino effect of CCBH initiative. CCBH PA/C Manager had presented on the conference of local branch of WBCSD the need to donate children playgrounds in eastern heavily mined area of the country. CCBH gave example by donating a playground and in a month, a leading Croatian bank decided to follow the example donating seven playgrounds crediting CCBH for initiative.

The analysis of the interviews match with results of the employee survey where a high percentage of employees (7, 27 % strongly agrees and 49,09% agrees) believe that Dubrovnik project had a good impact in sales in Dubrovnik region.

Also in very high percentage (more than 80%) employees believe the model implemented in Dubrovnik was as much beneficial for CCBH as it was for the local community. Additionally, media evaluation showed that 65% of the coverage (in general all positive) was on other community programmes supported by CCBH in the area of education and the protection of the environment.

To sum it up, the research has proved success of Dubrovnik project which is attributed to careful planning, focus on impact, sustainability value, relationship based on trust and partnership, socially responsible behaviour of “business with human face” and innovative CRM initiatives. Appreciation of local values is highly ranked.

In the area of research of employee attitudes, in CCBH, employing 750 people in two plants and five distribution centres, is currently undergoing changes of corporate culture. Employees are regularly informed about main CSR policies in the internal magazine, which might be related to high response rate (64,71 %). Agreement of both employee and senior management with the claim that CCBH has a reputation of a socially responsible company (86,36%) speaks of awareness of internal customers about the relevance of social reputation and CCBH social performance. This questionnaire, which focused only on general attitudes about CSR and community relations, did not explore other CSR areas (human and employee rights, market place, governance, and environment protection). It would be interesting, though, to check the awareness of the employees about these, less “soft” business responsibility areas.

It could be concluded, that, as it is often the case with general population, CCBH employees identify CSR policy with community relations. This is double-checked with two questions. Particularly encouraging is employee attitude that profitability of CCBH also means that it is socially responsible company, which is the implied message in company’s social vision. Through internal communication this message has been consistently repeated, apparently, contributing to awareness of employees about the social importance of profitable business. Another accent was put on national versus local. Majority agrees that Croatia is a country of national culture, but disagrees that Croatia would be a country of *unique* national culture, which confirms that national culture is understood by Croatian inhabitants as a sum of preserved local cultures. They also agree that Croatia is country of regionalisms, but would disagree that regional affiliation would be stronger than national. This was to be expected and should be considered when planning national campaigns. Ambivalence regarding relation national-local is present in preferences regarding sponsoring events: almost the same percentage of employees, app. 70% believe that CCBH should sponsor both big national and smaller local programmes and events. Senior management is clearer here, majority is in favour of sponsoring local programmes, which might speak of their positive experience with Dubrovnik project.

For the preference of local programmes speaks the fact that majority (70%) is in favour of sponsoring local programmes and believes it raises sales. Regarding Dubrovnik, slightly more than half believe it did raise sales (56,36%), slightly high percentage (33,64) is undecided. This

might account for the fact that sales figures of small bottle were not publicised for internal or external stakeholders.

The criteria of selecting some programmes primarily because they have strong impact on target population is not implicitly accepted by employees. That is the conclusion that could be drawn from the fact that 65,45 % do not agree that CCBH should not use community programmes to raise sales. It could be also, that the question was misunderstood as forcing them to choose between philanthropy and business. Their choice for profitability was reconfirmed by answers to another question: 83.64 % believe benefit from CSR should be for both business and the community.

Finally, surprise is the answer to the question would they be willing to donate voluntary work to the local community: 74.54% answered positively. This opens a whole new page in the development of community relations programmes of CCBH.

Shortly, the survey showed that majority of CCBH employees believed in the social vision of CCBH and that it added value to business and reputation, and had preference to local programmes but not at the expense of national programmes, and are willing to volunteer in the community.

Conclusions and Recommendations

The aim of this research was to investigate whether CCBH CSR strategy has had impact on reputation and on overall business and to explain Dubrovnik model. It was not to prove that this model could be relevant for other regions of Europe because that would not be possible with one single case study. It was implied, though, that, if the research would show that appreciating (micro) local values would add value to community relations thus adding value to reputation and business, some relevance to other European countries that also had strong micro-local cultures might be worth further exploration. Additional aim was to value CCBH CSR policy from employee point of view.

The findings matched the aims of the research as shown below.

The research gave additional arguments to the judgement that CSR programmes did add value to the company's reputation. In this period company became most desired employer. This finding confirms that CSR adds value to the reputation of a company, as it had been found in literature survey. The proof that CSR programmes contributes to reputation is normally expected by PR function in business.

The research has not proved directly, on company level, that CSR also adds value to the business profitability. Neither have hundreds of studies implemented so far, literature research tells us. But the main findings do show that CSR added value on the project level (increased sales in Dubrovnik region and in summer months) and that there is prevailing attitude among participants and employees, that the programme did add value to business.

Interviews proved that stakeholder strategy and two-way symmetrical communication as main features of CCBH social strategy were most appreciated. The company made assessments, adapted strategy to stakeholder needs, engaged in a process of mutual communication altering its initial positions. Does this exhaust the characteristics of corporate socially responsibly interaction with stakeholders? Definitely not. But the research proves these are necessary elements of responsible business behaviour. It would be worth investigating further what are the other strategic and communication elements of CSR policy.

The research proved the rise of ethical consumer in Croatia. The particular focus on local cultural value of national significance (The Duke Palace) proved particularly relevant. Coke consumers are showed as ethical consumers.

Case of Dubrovnik showed the relevance of choosing cause with high emotional and ethical value for the consumers of the region, but also for the whole nation. One such choice is donating for mine awareness in heavily mined area of Slavonia, another local programme which has been successfully launched recently.

The aim of new research could be to further explore possibilities of this micro-local value building as well as national and universal charity. Another additional point to investigate would be the alignment between brand and cause and what would be consumer preferences in that respect.

The literature reviews were not particularly helpful in providing arguments for the relevance of micro-local model in general. The research of literature on Croatian language not included here gave only simple known argument that Croatia is a small country with strong local cultural values, and this was reconfirmed by employee survey. The research, however, proved that the model which included impact based community relations combined with strengthened sales activities and CRM, strongly boosted the reputation on local level and added value to business through increased sales.

The model now being replicated in two other areas it would be worth pursuing research of its value. The bottom up approach, inter-localities networking and excellence model based relationship building has proved to add value by this programme and by here mentioned UNICEF programme in Croatian context.

How about European? Not easy to say. But the dilemma would be worth pursuing in further research. The concept of *glocalisation* has already been accepted by many global companies as the only valid model of functioning on different markets. They would need to explore further how deep “local” goes.

This research shows in Croatia it goes deeper than national. In that country, local, as implied by global companies does not mean national, but sub-national.

Findings show that employees believe that CCBH CSR policy as comprised in social vision, mission and values adds value to reputation and business. They also believe that local community programmes add value to the business, affect sales positively, and are preferred activity, but national programmes should also be pursued. This is very important indication about future CSR programmes. In this case the finding about awareness is of high value to future strategic planning of the company and so is the finding about willingness to contribute to the community.

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