CSR COMMUNICATION IN STIGMATIZED INDUSTRIES

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Introduction

Firms in stigmatized industries that provide harmful products or services, for example, tobacco, alcohol, or gambling, confront significant social and economic sanctions because stakeholders negatively evaluate these industries due to their harmful effect on society (Devers et al., 2009). As one of the strategies to address stakeholders’ negative evaluations, stigmatized industries have increasingly adopted CSR communication (Grougious et al., 2015; Wolfe & Blithe, 2015), resulting in the higher CSR advertising expenditures than their non-stigmatized peers (Oh et al., 2017). However, the strategic value of stigmatized industries’ CSR communication has been debated because it can actually highlight these industries’ negative characteristics (Du et al., 2010; Schuler & Cording, 2006; Servaes & Tamayo, 2013), thereby making stakeholders more doubtful of the firms’ motives and increasing negative evaluations (Vanhamme & Grobben, 2009; Yoon et al., 2006).

Tobacco companies, for example, have increasingly adopted CSR programs to improve their public image under the circumstances where the harmful influence of their products has garnered more social attention and criticism (World Health Organization, 2013). However, this has been significantly criticized as an inherent contradiction and misleading, as seen in the World Health Organization’s response to tobacco industries’ CSR programs for youth smoking prevention and health advocacy (World Health Organization, 2004). In the same vein, some countries have even started to regulate tobacco companies’ CSR activities, focusing on the potential deception of these programs (Chugh et al., 2020), which suggests the increasing hardship in communicating CSR activities in stigmatized industries. Focusing on the unique challenging situation stigmatized industries face due to their negative characteristics, communication scholars have mainly explored how to strategically communicate CSR initiatives in stigmatized industries.

Several research topics have drawn special interest, including congruency between a firm and its social messages (high vs. low congruency) (Gaither & Austin, 2016) and motive attributions (firm serving vs. public serving) (S. Kim & Lee, 2012). Most research in communication scholarship has focused on a few retail industries, including tobacco, alcohol, and fast food (Austin & Gaither, 2016; S. Kim & Lee, 2012; Lee & Comello, 2019). Stigmatized industries have sometimes been explored by focusing on the harmful influence of a certain industry, often without discussing the theoretical background of stigmatized industries. Though there has been a gradual increase in relevant studies over time, communication research on CSR in stigmatized industries has remained relatively underdeveloped, leaving ample opportunities to engage with diverse research topics, methodologies,
theoretical backgrounds, and scope of industries. This chapter introduces a conceptual foundation on which to situate the study of stigmatized industries’ CSR communication, some of the recent communication research in this area, and desired topics for future research.

**Conceptual Foundation: Individual Stigma and Organizational Application**

The concept of industry stigmatization draws from Goffman’s (1963) seminal work on individual stigma and its subsequent application to and development in organizational stigma (Devers & Mishina, 2019; Devers et al., 2009). Individual stigma explains how certain individuals are negatively categorized based on specific individual or group characteristics involving, for example, physical attributes, race, religion, or national origin when they are deemed as deviating from social norms (Goffman, 1963). Individual stigma is a “deeply discrediting” mark that classifies certain individuals as not only “different” but also of a “less desirable kind” (Goffman, 1963). Individual stigma in general does not implicate any tangible negative influence on society, but rather evaluators’ subjective and arbitrary identification and interpretation of certain individual traits as deviating and undesirable (Kitsuse, 1962).

Organizational stigma similarly provides “a label that evokes a collective stakeholder group-specific perception that an organization possesses a fundamental, deep-seated flaw that deindividuates and discredits the organization” (Devers et al., 2009, p. 155). When stakeholders associate a group of organizations with “values that are expressly counter” to their own, the category of organizations becomes stigmatized (Devers et al., 2009, p. 157). Significantly, organizational stigma deindividuates the focal organizations through negative stereotyping and categorically discrediting them despite differences among individual organizations, which ultimately invokes various social and economic sanctions across stigmatized organizations (Devers et al., 2009). In comparison to individual stigma, organizations have a higher chance of controlling, preventing, and removing stigma because it is their own actions and choices that make them stigmatized (Devers et al., 2009, p. 158).

**Industry Stigmatization: Terminologies, Criteria, Affected Industries, and Changes**

Several terminologies, including sin, vice, and controversy, have been used to describe stigmatized industries (see Oh et al., 2017 for a list of examples). Discussions of stigmatized industries using these terminologies, however, have rarely substantiated the criteria to define industry stigma, often only referring to the presumed harmful impact on society from specific industries (Oh et al., 2017). The industries of tobacco, gambling, defense/weapons, and liquor (Waxler, 2004), or gaming, tobacco, alcohol, and adult entertainment, are often mentioned (Hong & Kacperczyk, 2009) as typical stigmatized industries, and described as vice or sin stocks. Similarly, the industries of alcohol, firearms, gambling, military, nuclear power, and tobacco are referenced as representative stigmatized industries, and described as sin firms (Heal, 2008; Leventis et al., 2013). However, these terms have rarely designated specific criteria for determining stigmatized industries. While a few have mentioned largely abstract criteria, they show significant disparity, as shown in the examples of “political incorrectness” (in four sectors of tobacco, gambling, defense, and liquor) (Waxler, 2004), “religious or moral principle” (Fabozzi et al., 2008), and “delicacy, decency, [and] morality” (Cai et al., 2012).

It is noted that two categories of industry stigma have been advanced, namely core and event stigma, focusing on where the stigma originates: either the fundamental characteristics of an industry or temporal events (Hudson, 2008; Hudson & Okhuysen, 2009). Core stigma involves the fundamental characteristics of an industry in terms of business outputs or operational routines, as in the cases of arms dealers (Vergne, 2012), brothels (Wolfe & Blithe, 2015), and pornography producers (Voss, 2015). In contrast, event stigma implicates “anomalous or episodic negative event(s)” (Hudson, 2008, p. 253), which include bankruptcies and product recalls. While event stigma is
relatively isolated from an industry’s core characteristics and is thus temporary and more easily curable (e.g., decoupling) (Devers et al., 2009; Elsbach & Sutton, 1992), core stigma is fundamentally more challenging because it cannot easily be altered or removed (Hudson, 2008). Event stigma has often been addressed in communication scholarship through the conceptual lens of crisis (Coombs, 2007, 2014) by focusing on the situational context, while other communication research has mainly addressed the concept of core stigma when approaching stigmatized industries (Lee & Comello, 2019).

Earlier in conceptualizations, the negative influence on individuals with regards to health, such as addiction and increased medical costs, was the main consideration in designating stigmatized industries (e.g., tobacco, alcohol, and gambling) (Fabozzi et al., 2008). Subsequently, more social-level perspectives implicating larger-scale concepts such as environmental influences (e.g., gas) or human rights violations (e.g., fair-trade sourcing) have increasingly been integrated into designating stigmatized industries (Fabozzi et al., 2008; Hong & Kacperczyk, 2009). While the concept of stigma is often distinguished from legitimacy (Devers et al., 2009; Devers & Mishina, 2019), industry stigmatization in light of the dynamic changes over time has also been approached as a volatile concept with varying degrees (Lee & Comello, 2019) that benefits from categorizations of legitimacy implicating the different stages of accepted, proper, debated, and illegitimate (Deephouse & Suchman, 2008; Deephouse et al., 2017).

The category of stigmatized industry has constantly been expanded from the industries of the “triumvirate of sins”, namely, tobacco, alcohol, and gambling (Cai et al., 2012; Hong & Kacperczyk, 2009; Jo & Na, 2012; S. Kim & Lee, 2012), to include diverse industries encompassing such things as weapons and defense (Fabozzi et al., 2008; Vergne, 2012), nuclear energy (Beelitz & Merkl-Davies, 2012), gay bathhouses (Hudson & Okhuysen, 2009), mixed-martial arts leagues (Helms & Patterson, 2014), travel agencies (Hampel & Tracey, 2017), brothels (Blithe & Wolfe, 2017), and fast-food chains and soda producers (Gaither & Austin, 2016; Lee & Comello, 2019).

The changes in the composition of stigmatized industries seem to reflect social changes and the corresponding dynamics in the way stakeholders perceive certain industries as deviating from social norms. For example, changes in the law, as a manifestation of the socio-political legitimation of an industry from the governmental perspective (Khessina et al., 2020), have created the now legalized yet still socially stigmatized industry of medical cannabis in the United States (Khessina et al., 2020; Lashley & Pollock, 2020). This industry is described as being situated in the early phase of legitimization from stigma, as similarly observed in the history of legalizations of alcohol, lottery, and abortion (Khessina et al., 2020; Lashley & Pollock, 2020). Technological changes also have created new stigmatized industries, such as that of e-cigarettes, which continues to struggle unsuccessfully to distance itself from the traditional tobacco industries that remains deeply stigmatized (Hsu & Grodal, 2021). Rapid changes in all aspects of society, including laws and technologies, will continue to affect how certain industries are stigmatized and de-stigmatized, thus warranting more scholarly attention.

**Strategies for Overcoming Industry Stigmatization and CSR Communication**

Firms in stigmatized industries confront significant social and economic sanctions, which include heightened risk of litigation, stricter governmental regulations, and more exposure to consumer boycotts and media scrutiny (Grougious et al., 2015; Lashley & Pollock, 2020), in addition to challenges in the routine business practices of hiring employees, attracting customers, and securing finance (Hudson, 2008; Vergne, 2012). In short, stigmatized industries face fundamental challenges in maintaining social legitimacy and survival (Deephouse et al., 2017; Hudson, 2008; Vergne, 2012). To address these challenges from industry stigmatization, several strategies have been suggested, which include shielding and concealing a firm’s stigmatized business (Wolfe & Blithe, 2015), decoupling a firm’s stigmatized aspect from its legitimate side (Elsbach & Sutton, 1992), straddling
stigmatized and non-stigmatized businesses (e.g., Playboy’s opening of nightclubs) (Voss, 2015), and exiting the stigmatized category entirely when the firm has multiple lines of business (Piazza & Perretti, 2015).

CSR communication has been adopted in this context in stigmatized industries as one of the strategies to improve stakeholders’ negative evaluations toward them that originate from the fundamentally negative characteristics embedded in their products or services (Wolfe & Blüth, 2015). Research suggests that stigmatized industries are more likely to communicate CSR activities to show their compliance with social norms (Grougious et al., 2015), as shown in their higher CSR advertising expenditures compared to non-stigmatized peers (Oh et al., 2017). The strategic value of stigmatized industries’ CSR communication, however, has been often contested because CSR communication can make these industries’ negative characteristics based on their products or services more pronounced (Du et al., 2010; Schuler & Cording, 2006; Servaes & Tamayo, 2013), thereby increasing stakeholders’ skepticism and negative evaluations (Vanhamme & Grobben, 2009; Yoon et al., 2006).

CSR communication of stigmatized industries provides a useful platform to investigate CSR communication in general because their uniquely controversial nature presents a clear case on which to test the effects of CSR in the context of high skepticism and low trust toward these companies, a social trend that has become increasingly prevalent in most industries (e.g., Banerjee & Bonnefous, 2011; Byrne, 2010; Cai et al., 2012; Jo & Na, 2012; Palazzo & Richter, 2005; Yoon et al., 2006). Grougious et al. (2016) also noted that any organization can become stigmatized due to unexpected events or ongoing business operations in this world of increased likelihood of social stigma. The endless corporate scandals that accompany the declining trust and deepening skepticism toward organizations (Edelman Trust Barometer, 2017) clearly point to the increasing risk of stigmatization of more companies and industries at a general level.

Main Research Themes: Firm and Message Congruency and Attribution of Motives

Research has focused on how to craft CSR communication in stigmatized industries so it can address stakeholders’ negative evaluations instead of worsening them, and ultimately generate positive stakeholder reactions. Specifically, the subjects of congruency (often referenced as fit) between a firm’s products or services and the social causes addressed in their CSR communication (Austin & Gaither, 2017; Gaither & Austin, 2016) and stakeholders’ motive attributions (S. Kim & Lee, 2012) have been researched extensively, in that they relate to the purpose of addressing stakeholders’ fundamentally negative evaluations of stigmatized industries. Significantly, many studies have approached congruency and motive attributions simultaneously, presuming that congruency affects attribution of motives, which can ultimately explain stakeholders’ positive or negative responses to CSR messages from stigmatized industries (Austin & Gaither, 2017; Gaither & Austin, 2016; Y. S. Kim & Choi, 2012). Emphasizing the role of motive attribution, Yoon et al. (2006) stated that CSR activities can improve a firm’s image when consumers attribute sincere motives, but not when they perceive the motive as unclear or insincere (p. 377). However, the relationship between congruency, motive attribution, and stakeholders’ responses has also been challenged, with some studies negating both the conventional view of the prevailing role of congruency and the dichotomous view (e.g., firm serving vs. public serving) toward motive attribution (Ellen et al., 2006; S. Kim & Lee, 2012). Research has indicated the distinctiveness of the challenges in communicating CSR in stigmatized industries, sometimes directly contradicting the findings from non-stigmatized industries’ CSR communication (Austin & Gaither, 2017; Gaither & Austin, 2016; S. Kim & Lee, 2012; Y. S. Kim & Choi, 2012).

In terms of congruency, research in general has suggested that high congruency between a sponsoring firm of CSR in terms of its products, services, or market, and the social causes that are
addressed through the CSR can enhance stakeholders’ positive evaluations (Bhattacharya & Sen, 2004; H.-S. Kim, 2011; Nan & Heo, 2007). The strategic value of high congruency can be inferred because it causes stakeholders to view the sponsoring firm as an expert in the referenced social causes (Bloom et al., 2006; Hoeffler & Keller, 2002). Also, high congruency “is less likely to raise [stakeholders’] suspicions because a firm is not acting out of character with its prime directive thus … value-driven attributions are more likely” (Ellen et al., 2006, p. 151).

In contrast, research about stigmatized industries has shown that CSR communication with high congruency can instead backfire, increasing stakeholders’ negative evaluations because it draws attention to their negative characteristics (Ellen et al., 2006; Forehand & Grier, 2003). For example, stigmatized industries’ efforts to cure the wrongs which they themselves created or contributed to via their products or services (e.g., youth tobacco prevention campaign) (Y. S. Kim & Choi, 2012) demonstrate how high congruency can make their negative characteristics (e.g., tobacco products’ harmful influence on health) more pronounced, inducing stakeholders to question their motives and sincerity (e.g., their CSR campaigning against their own products and profits), thereby diminishing the strategic value of CSR communication.

Several studies have suggested that CSR communication with high congruency in stigmatized industries can worsen stakeholders’ negative evaluations toward them (Austin & Gaither, 2017; Gaither & Austin, 2016; Y. S. Kim & Choi, 2012). Content analyzing Coca-Cola’s Twitter feed CSR content, Gaither and Austin (2016) found that messages with high congruency between Coca-Cola and the social causes in the CSR campaign relating to water scarcity and well-being resulted in more criticism and skepticism. The CSR sponsoring firm, Coca-Cola, negatively contributed to these social causes by heavily consuming water and producing sugary soda products, and thus the CSR communication to preserve water and address obesity directly contradicted the impact of its business, making stakeholders question the firm’s motives and sincerity (Gaither & Austin, 2016). In contrast, Coca-Cola’s support of empowering women, which was not directly congruent with the firm’s products, elicited more positive evaluations (Gaither & Austin, 2016). In a similar context, Austin and Gaither’s (2017) experiment using a hypothetical soda manufacturer showed that a CSR initiative relating to literacy enhancement, with low congruency, generated more positive attributions of the firm’s motives as public-serving than the CSR initiative relating to obesity, with high congruency, regardless of what the fictitious firm expressed about its CSR motives by acknowledging its firm-serving motives. In the same vein, Y. S. Kim and Choi’s (2012) experiment using Phillip Morris and college students in the United States and South Korea showed that the CSR initiative of donating for hunger relief, with low congruency, generated more positive evaluations from stakeholders than the CSR initiative of youth smoking prevention, with high congruency. However, the negative impact of high congruency has not always been found. For example, Tao and Ferguson (2015) showed that Phillip Morris USA’s CSR initiative relating to youth smoking cessation, with high congruency, did not result in more negative evaluations of stakeholders when compared to its CSR initiative relating to child obesity, with low congruency.

S. Kim and Lee (2012) advanced significant propositions regarding the relationship among congruency, motive attribution, and stakeholders’ evaluations of CSR communication in stigmatized industries. S. Kim and Lee (2012) experimented with how congruency between a firm (e.g., McDonald’s and Miller Brewing Company) and a social cause in CSR messages (e.g., relating to obesity and binge drinking, respectively) influenced consumers’ attribution of CSR motives and consumers’ evaluations of the firm’s CSR activities. Importantly, consumers evaluated a firm as more trustworthy when they attributed both high public-serving and firm-serving motives, suggesting consumers’ perception of a firm’s CSR motives are not “zero-sum” (p. 170). They explained that consumers are “smart enough to acknowledge” firms’ self-serving CSR motives, but still supporting CSR activities if they are also sincere (S. Kim & Lee, 2012, p. 170). Additionally, the research provided a useful theoretical implication that congruency between a firm and supported...
social causes “does not exclusively determine the salience of firm-serving motives among companies in stigmatized industries” (S. Kim & Lee, 2012, p. 170).

Additional Research Contexts

Several additional topics, including prior reputation, on whom the burden for cure or improvement is to be placed, message source and social cues in social media, and the role of transparency, have been explored for CSR communication in stigmatized industries, based on a strategic viewpoint (Austin & Gaither, 2016; H. Kim & Xu, 2019; S. Kim & Lee, 2012; Lee & Comello, 2019). Findings on these topics in stigmatized industries have generally echoed those involving non-stigmatized industries, thereby providing points of commonality for strategic CSR communication across stigmatized and non-stigmatized industries (Austin & Gaither, 2016; H. Kim & Xu, 2019; S. Kim & Lee, 2012; Lee & Comello, 2019). Several studies have shown that firms in stigmatized industries with positive prior reputation are more likely to be deemed sincere when they attempt to address the very wrongs that they created (Bae & Cameron, 2006; Gaither & Austin, 2016; S. Kim & Lee, 2012; Yoon et al., 2006). An interesting exploration in message construction has been made regarding to whom the responsibility for cure or improvement should be assigned in CSR messages (Austin & Gaither, 2016). When Coca-Cola placed the responsibility for cure or improvement on individuals, for example, in relation to individuals’ behavioral change to burn calories or preserve water, or to spread messages about larger social causes, in order to address the very wrongs the firm contributed (e.g., water depletion, or obesity), it received the most negative evaluations (Austin & Gaither, 2016). In contrast, Coca-Cola received the most favorable evaluations when it admitted its own responsibility to take an action for improvement, emphasizing socially responsible business practices (Austin & Gaither, 2016). Focusing on social media communication, Kim & Xu (2019) found that message source (e.g., a friend’s post vs. sponsored ads) and the presence of positive social cues as measured by the number of “likes” and “shares” on a posting can be useful for generating more positive evaluations toward CSR messages that discourage the consumption of products from a firm in a stigmatized industry. Lee and Comello’s (2019) experiment on transparent CSR communication from stigmatized industries found that more transparent CSR messages reduced skepticism when a more stigmatized industry was involved (e.g., a fictitious hamburger chain vs. a cereal company). As transparency in CSR communication implicates a sincere commitment in terms of providing substantial information, a higher level of accountability of the firm, and stakeholder participation in the process (Rawlins, 2009), the positive influence of more transparent CSR messages in stigmatized industries echoes the significance of sincerity as shown in other studies (H. S. Kim & Lee, 2018).

Future Research Directions

It is desirable for future research to address a broader scope of stigmatized industries beyond a few consumer industries, how firms in stigmatized industries communicate CSR, how diverse types of stakeholders other than consumers react to CSR messages from stigmatized industries, and overtime changes of which industries are stigmatized and on what rationale, as more fully described next.

By mainly drawing on a strategic viewpoint, the communication scholarship on CSR in stigmatized industries has thus far concentrated on a few consumer-related industries involving tobacco, alcohol, and fast-food (Austin & Gaither, 2016; S. Kim & Lee, 2012; Lee & Comello, 2019). CSR communication in many non-consumer stigmatized industries, such as weapons and defense (Fabozzi et al., 2008; Vergne, 2012) and nuclear energy (Beelitz & Merkl-Davies, 2012), thus remain unexplored in communication scholarship. Additionally, the scope of stigmatized industries is constantly changing, now including the rather new industries of medical cannabis with its legalization (Khessina et al., 2020),...
and e-cigarettes based on technological and legal developments (Hsu & Grodal, 2021), which also remain to be explored. Future research addressing a broad range of stigmatized industries, including the newly developed ones, is thus warranted, given the rapid changes in nearly all aspects of society.

The strategic exploration of how to construct CSR messages in stigmatized industries has given insights in various communicative contexts of congruency (Gaither & Austin, 2016) and motive attributions (S. Kim & Lee, 2012), to name a few. In contrast, descriptive approaches investigating actual companies for a more nuanced understanding of CSR communication in stigmatized industries have been rare (c.f., Ban, 2016; Coombs, 2017), limiting our understanding of how these industries communicate CSR. As shown in Ban’s (2016) research, how a firm in a stigmatized industry communicates through its CSR messages can provide significant insights into what firms in a specific stigmatized industry are attempting to hide, emphasize, and dispute concerning the negative characteristics of their products or services (Ban, 2016). This can shed light on the underlying dynamics in social-level arrangements surrounding stigmatized industries, including laws, politics, and economy. In light of the conceptual ambiguity and constant changes in the scope of industry stigmatization deriving from the difficulty of defining deviating behaviors from social norms (Cai et al., 2012; Fabozzi et al., 2008; Oh et al., 2017; Waxler, 2004), more descriptive explorations of stigmatized industries’ CSR communication would be especially useful for understanding how industry stigma communicatively manifests and is thereby constructed, contested, and transformed by stigmatized industries, as suggested in communicative institutionalism (Cornelissen et al., 2015).

It is notable that one specific stakeholder group, namely consumers, has been primarily addressed in communication scholarship, which has largely approached CSR communication in stigmatized industries from a strategic viewpoint. While consumers indeed deliver significant voice to the discussion of industry stigma, many other types of stakeholders also exist that influence stigmatized industries and their CSR communication, including the news media, governmental entities, and civic groups (Beelitz & Merkl-Davies, 2012; Piazza & Perretti, 2015). As the concept of industry stigma and the actual industries included are constantly changing, it is imperative to understand the process of how the concept of industry stigma is communicated among diverse stakeholders, and thereby created, maintained, and changed (Cornelissen et al., 2015). For the nuclear energy industry, for example, the perspective of media exposure has been found to be especially critical to how a firm determines its reaction to stakeholders’ negative evaluations (Piazza & Perretti, 2015). Similarly, discourse analysis following an accident in a German nuclear power plant showed how the top management considered the perspectives of diverse stakeholders, which included the media, the public, and politicians, in determining their coping discursive strategy (Beelitz & Merkl-Davies, 2012).

The longitudinal aspect of the changes surrounding stigmatized industries and CSR communication, namely, what defines industry stigma (e.g., direct impacts on individuals such as health, or larger societal implications such as environment and human rights violations), which industries emerge as additionally stigmatized, and which aspects of social changes wield influence (e.g., legal and regulatory changes, technological advancements, etc.), warrants special attention. How different actors communicate surrounding CSR over time can be especially indicative of the related overtime changes and our understanding of stigmatized industries (Cornelissen et al., 2015).

Discussion Questions

1. Why do people criticize and evaluate certain industries more negatively, for example, those relating to tobacco, alcohol, or gambling?
2. How does an industry’s stigmatization based on its products or services differ from when a group of individuals is stigmatized due to certain individual characteristics such as physical attributes, race, religion, or national origin?
3. The World Health Organization (WHO) negatively evaluated a certain industry’s CSR programs. Which industry was it, and why did the WHO criticize the industry’s CSR programs?

4. Some tobacco companies advanced CSR campaigns to reduce youth smoking. Discuss the effectiveness of the campaign in consideration of company and social cause congruency, and consumers’ attribution of motives.

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