Corporate social irresponsibility: Which cases are critically reported—and which aren't?

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Print media do not report corporate misconduct—such as environmental offences, corruption, or the violation of social standards—consistently and independently. Instead, the media are often influenced by their own interests, such as advertising revenues. That is the result of a new study by Dr. Marc Fischer, Professor of Marketing at the University of Cologne (Germany), and Dr. Samuel Stäbler, Assistant Professor of Marketing at Tilburg University (Netherlands). It will appear in the May issue of the *Journal of Marketing*, the world's leading academic journal in marketing.

Cases of corporate misconduct, summarized in the term Corporate Social Irresponsibility (CSI), are usually newsworthy events with high news value for the media. For the companies and shareholders concerned, such negative reporting can have significant financial consequences.

For the current study, the two marketing experts examined media coverage of 1,054 CSI events in 77 leading media from five countries (USA, Mexico, Germany, Great Britain and France). They wanted to find out when corporate misconduct is reported—and when it is not. To this end, they read, coded and assessed over 50,000 articles.

The results are explosive because, according to the authors, the extent of the reporting is by no means impartial: in general, the examined newspapers and magazines frequently report on the ethical misconduct of popular companies with well-known brands, as well as misconduct by foreign companies. However, if they have close advertising partnerships with a company, for example, they will report significantly less often on its CSI events. In cases where there is a close advertising partnership, the probability of reporting falls to less than 10 percent. However, almost twice as many newspapers report on the misconduct if it involves a foreign brand with misconduct in their country. According to the authors, liberal media moreover report more frequently on CSI than conservative media.

Interestingly, the media seem to be unaware of this distortion. Interviews with editors of leading media in Germany confirmed many findings even before the actual study was conducted. The editors claimed that neither advertising revenues nor the political orientation of the newspaper influenced reporting. However, the statistical results of the Cologne study, which are based on the evaluation of actual reporting on corporate misconduct, show the opposite.

Critical reporting has economic consequences: According to the study, the average financial loss on the U.S. stock exchange due to a CSI event amounts to around 321 million US dollars. The extent of the damage a CSI event does to a company strongly depends on how much media attention it gets. For example, the market only reacted to CSI cases if four or more U.S. media reported on them.

Therefore, it is important for companies to understand the underlying mechanisms by which news media select events in order to predict bad press and find ways to prevent it.

Professor Dr. Marc Fischer remarked: "Our results call into question the self-proclaimed independence of the media. Among other things, it was astonishing how much more frequently the misconduct of foreign companies is reported, while in comparison, domestic companies are less frequently the subject of CSI reporting. Besides politicians, who sometimes behave opportunistically, the media exert a great deal of pressure and demand compliance with the highest ethical standards and social norms from public figures and companies. Our research on CSI reporting shows that media companies themselves do not always adhere to the high ethical standards they demand of others."

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