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Branding the Corporation: Cause-Related Marketing (CRM) in the Financial Services Industry in Cyprus

Abstract

The reputation of the corporation is often the most important asset it possesses in gaining a competitive advantage as well as building both financial and social successes. Corporate reputation depends on how the company conducts or is perceived as conducting its business. Today the ability to build a sustainable corporate reputation is more important than ever before as stakeholders are more educated, more knowledgeable, and more demanding. More and more corporations are focusing their efforts on gaining a competitive advantage and a strong positive reputation by demonstrating a commitment to their responsibilities towards the society. In the financial services industry in which differentiation is difficult to achieve, creating an image for being different without necessarily creating a real difference in the product or service on offer, can be achieved through branding. Cause Related Marketing has become one of the hottest forms of corporate giving and it is used by firms in order to build a strong corporate brand. The paper discusses the efforts of two of the largest financial service organisations in Cyprus, the Cyprus Popular Bank and Ernst and Young, to build a sustainable corporate reputation through an emphasis on Cause-Related Marketing. The Cyprus Popular Bank, supports 'Radiomathon' a charity working in support of children with special needs. Ernst and Young, has also been involved in activities of charitable giving one of which is the Annual Fiesta of Young Volunteers in aid of children suffering from Leukemia.

Key Words: Cause Related Marketing, Corporate Branding, Financial Services, Corporate Reputation

Introduction: Corporate Reputation

This paper tackles a topic of increasing importance – that of corporate reputation. The end of the twentieth century creates a new challenge for corporations – realising the potential of their corporate brands. In today's markets organisations focus on intangible factors in order to compete and differentiate their services/products in an environment, which is characterised by rapid changes. The reputation of the corporation is often the most important factor in gaining a competitive advantage as well as building financial and social success. Kitchen and Lawrence

(2003) stipulate that even though corporations have always valued corporate reputation it is only in the latter part of the twentieth century that it became a topic of major importance. Morley (2002) suggests that corporate reputation is founded on the following elements: public affairs, philanthropy, employee relations, community relations, investor relations, sponsorship, and media relations. More and more corporations today are realizing that finding ways to be more responsive to society can help them influence their corporate image (corporate reputation). Van Riel (1995: 27) defines: ‘corporate image’ as the picture that people have of a company, and “through which people describe, remember, and relate to it.” (Dowling 1986).

A positive image that people share about an organisation can yield positive influence on the quality of the relationships. Chajet (1989) postulates that a company with a good image can more easily attract audiences that influence the success of the organisation such as: investors, partners, employees, and customers. Muckiewicz (1993) supports that research studies indicate that 9 out of 10 consumers use the reputation of an organisation in order to decide which product or service they will buy from those that are similar in price and quality. Poiesz (1986) stipulates that without the existence of images, it will not be easy for consumers to decide which products to buy. Bernstein (1986) claims that image affects attitudes, which in turn affect behaviour. The Reputation Institute indicated that the best corporate reputations in the USA – the world’s major market – also perform significantly better than others in terms of market share and share value (Wall St. Journal 1999). The reputation of a company needs to be protected as it can ensure the growth and long-term survival of the company. Building and maintaining a strong positive reputation depends on establishing strong relationships with the corporate stakeholders.

Among the benefits of a good corporate reputation are:

- 1 Improvement of shareholder value: a strong corporate reputation inspires confidence in investors, which in turn leads to a higher stock price for a company. The Opinion Research Corporation (ORC), which conducts “Corperceptions”, a periodic caravan survey of more than 4,000 business executives in several of the world’s major markets concludes that the better the corporate reputation, the higher the stock price (Morley 2002: 13).

- 2 Increased customer loyalty to the products of the company. A positive customer perception of a company extends to its products.
- 3 A strong corporate reputation is an influential factor for forming partnerships and strategic alliances as the partner company has the potential to improve its own reputation by association.
- 4 Employee morale and commitment are higher at corporations with a good corporate reputation.
- 5 A company with a solid reputation is more influential on legislative and regulatory governmental decision-making.
- 6 At a time of a crisis a good corporate reputation can shield the company from criticism and even blame, and can help it communicate its own point of view more easily to audiences that are willing to listen to its point of view. A good example is the Pepsi Cola tampering case according to which products on sale were found to contain hypodermic syringes. Pepsi dealt effectively with the crisis by defusing public alarm with a public relations campaign that highlighted the integrity of its manufacturing process and its corporate credibility (Morley 2002).

An organisation's reputation is shaped by the 'signals' the organisation gives about its nature for example, the behaviour of its members, or the type of organisational activities performed. In fact, various businesses focus their efforts on gaining a competitive advantage and a strong positive reputation by demonstrating a commitment to their responsibilities towards the society. Social responsibility refers to the obligation of a firm, beyond that required by law or economics, to pursue long-term goals that are good for society (see for example Buchholz 1990; Robbins and Decenzo 2001). The EU's definition of CSR states that: "it is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." (Euroabstracts 2004, p. 10).

It can be argued that many organizations have been motivated to undertake social responsibility programs by the rise of consumerism, the heighten public awareness of environmental and ethical issues, the increased pressure of organized activist groups, and an increased understanding that a competitive advantage depends on reputation and not simply products or prices. Somerville

(2001) suggests that corporate social responsibility programs show a recognition of the duties and responsibilities that companies have to the wider community and contribute to the common good by benefiting both the company and the society. An organization's position in the marketplace depends on its acting in a socially responsible manner and also on how ethical its publics perceive it to be. The way in which organizations act, and the way they are perceived by their target publics and the general public is a fundamental factor in managing their reputation. Hence, a good reputation has to be earned. In a survey carried out by Loughborough University for the Economist in 1991, 1,800 business people were asked what qualities contributed to a good, positive reputation. The list devised included community and environmental responsibility (Harrison 1995 p. 72). In addition, in a survey carried out in 1993 among opinion leaders in the City of London, the top six qualities of what constitutes an 'ideal' company reflected corporate social responsibility (OLR 1993: 7). These qualities were: high standard of corporate ethics, being a good employer, committed to training, committed to equal opportunities, invest in R & D, and respect for community contribution (Harrison 1997).

The way organizations behave, talked about, reported and perceived by their publics, influences greatly the management of their reputation. By aligning charitable giving with the corporation's self-interest in which corporations select suitable recipients of funding not so much according to need, but according to their potential of adding brand value, improves corporate reputation. In today's complex and global society, organisations are not judged on their achievements but on their behaviour too. This is in fact an opportunity for corporations if they see CSR as an essential business strategy by corporations. Why? Because brand value and reputation are widely accepted as a company's most valuable assets and CSR can instil trust and brand loyalty. In principle CSR can be used to strengthen corporate reputation and profitability by signaling to the various stakeholders with whom the organization interacts that it is committed to meeting its moral obligations and expectations beyond common regulatory requirements.

Research has shown that corporations and the civil society have become more tightly interrelated. Business involvement in civil society focuses on charitable giving, corporate philanthropy, and community participation. More recently the focus has shifted on 'strategic philanthropy' (Smith 94) and 'cause-related' marketing (CRM) (Varadarajan and Menon 1988). In fact, more and

more corporations are motivated to engage in CRM as research has shown that CRM has significantly improved customer retention and a positive perception of the brand (Crane and Matten 2004).

The section that follows focuses on CRM, which has been adopted by firms in order to reflect this greater concern and interest on CSR.

Cause-Related Marketing (CRM): Aligning CSR with business motivations

An increasing number of corporations are attempting to align their CSR with business motivations. The effort is placed on ‘marrying’ the corporate strategy of community involvement with social issues related to their business. CRM is a prime example of the partnership formed between corporations and charities to raise both money and brand awareness. Business in the Community, defines CRM as “a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product, or service for mutual benefit.” (<http://www.bitc.org.uk>). It includes all the different ways in which businesses are benefiting charities and good causes through CRM partnerships that consist of donations, and additional support leveraged through customers, suppliers, or employees. Some of the key findings are:

- £ 58.2 million was raised by 67 businesses benefiting 64 charities and good causes through 82 CRM programs. This is a 15% increase compared to 2002.
- Over £ 9.5 million was raised for development causes through CRM in 2003. Comic Relief alone raised 99% of this total.
- Over £ 24 million of the total amount was leveraged funds through staff, customer and supplier fundraising.
- Over £ 10 million worth of staff time was devoted by 11 of these CRM programs.

‘Business in the community’ is a British organization with around 700 member companies that was established in order to improve the relationship between corporations and local communities as well as help them to recognize and accept the responsibility for improving the quality of life among their local stakeholders (Crane and Matten 2004).

Heightened criticism and the demand for more ethical and socially responsible behaviour has transformed stakeholder expectations of business' roles and responsibilities. CRM has the potential to provide the means to use the power of the brand to publicly demonstrate a firm's commitment to addressing the social issues of the day through providing resources and funding whilst addressing business marketing objectives.

American Express introduced the term 'cause-related marketing' in 1983 when it promised to make a donation to renovate the statue of Liberty each time someone used its charge card (Kleppner 2003, p.781). The end result was a contribution of \$ 1.7 million made by the corporation, but the cause-related campaign produced a 28 percent increase in card usage. Kotler (2003, p.27) believes that companies see cause related marketing as "an opportunity to enhance their corporate reputation, raise brand awareness, increase customer loyalty, build sales and increase press coverage". The Business in the Community Cause Related Marketing Tracker 2003 has found that £ 58.2 million was raised by over 60 businesses benefiting over 60 charities and good causes through over 80 CRM programs. The CRM tracker was launched by the BITC in 2003 with the aim of identifying CRM programs undertaken during 2003 in order to benefit the society. Well-implemented and promoted CRM programs have the potential to bring enormous benefits in the partnership whereas an ineffective CRM campaign can backfire and damage the reputation of the partner organizations and harm the work of the charity or cause involved.

The literature review revealed a number of recent examples of CRM some of which are presented in the table that follows:

- Johnson & Johnson formed a partnership with the Children's Hospital Medical center and the National Safety Council to sponsor a five-year cause-related marketing campaign to reduce preventable children's injuries. A total of 43 non profit groups for example the American Red Cross, National Parent Teachers Association, and the Boy and Girl Scouts of America helped to promote the campaign.
www.csr2004.nl/english/content/session/session5_1.html
- Procter and Gamble has sponsored many cause-related campaigns. For example, the corporation has mailed out billions of coupons on behalf of the Special Olympics for retarded children.
www.specialolympics.org/.../News_Archive/
- Levi Strauss learned through focus group studies that young parents were frustrated in their efforts to get

their young children dressed for school. So the corporation paid the Bank Street College of Education to create a booklet called “Let’s Get Dressed!” to provide tips for parents. The campaign received substantial publicity coverage on TV talk shows and in national women’s magazines. Sales of Levi’s children’s product range have tripled since the launch of the campaign (Kotler and Armstrong 1996, pp. 94-95).

- Tesco’s Computers for Schools scheme has become the benchmark for CRM programs in the UK. The initiative has led to the delivery of over 84 million pounds worth of information communications technology equipment to schools in the UK, through shoppers collecting vouchers that are then exchanged by their chosen schools for equipment. BitC’s research reveals that 89% of consumers are aware of the program (Ramrayka 2004, p. 9).
- BT and ChildLine – ‘Am I Listening?’ campaign (Winner of the Cause Related Marketing Award for Excellence 2004), which aims to ensure that the voice of every young person in the UK is heard. BT’s combination of technical and financial support for the ChildLine telephone counseling service has contributed 2.9 million pounds to help the charity increase the number of calls it can respond to each year and it has increased employee motivation and won the corporation many awards (Ramrayka 2004, p. 9).
- Debenhams Retail plc and Breast Cancer Campaign. The CRM campaign focused on heightening awareness of breast cancer and its symptoms by sharing timely information through a variety of forums. It also incorporated a wide variety of product promotions and staff and customer activity to raise funds towards finding a cure for the disease. The campaign’s impact was: it provided Debenhams with a competitive advantage over its competitors, over £225,000 raised for breast cancer, enhanced relationships with key suppliers and forged new commercial agreements.

http://www.bitc.org.uk/resources/case_studies/crmdebenhamsbcc.html

- Ford Motor company and Breakthrough breast cancer. Through the partnership, Ford’s objective was to raise £ 1.25 million over 5 years. The campaign’s impact was to raise Ford’s corporate reputation, sales and market share growth exceeded expectations, over £ 1 million donated to Breakthrough since 1999 and recognition of Breakthrough Breast Cancer increased from 28% to 34%. www.bitc.org.uk/resources/case_studies/crmforddrivecure.html
- Avon cosmetics Ltd and Avon breast cancer crusade has raised over £ 10 million for UK breast cancer charities. Over £ 8.4 million has been donated to their charity partner Breakthrough breast cancer. The campaign has enhanced Avon’s reputation, Avon acknowledged as a leading CRM practitioner, short listed at the Marketing Effectiveness Awards 2003, and 50 of Avon’s markets now support the breast cancer cause and global fundraising has now surpass \$ 300 million. <http://cancerweb.ncl.ac.uk/cancernet/400385.html>

In all the CRM campaigns the emphasis is placed on positioning the brand at the heart of the partnership and not on straightforward philanthropy. Van Yoder (2004) defines CRM as: “an activity in which businesses join with charities or causes to market an image, product, or service

for mutual benefit.” Baker (1999, p. 556) supports that giving donations is still the most common form of commercial organizations’ involvement with non-profit organizations, but this is different to cause-related campaigns. Pringle and Thompson (1999) view CRM as an activity by which a company with image, product or service to market builds a relationship with a “cause” or a number of “causes” for mutual benefit. More and more corporations are defining their CSR agenda with the aim of identifying initiatives that fit since finding the right charitable partner and forming a long-term relationship can deliver more benefits than make one-off donations.

Research findings provided by Business in the Community reveals that 58.2 million pounds was raised for charities in the UK through CRM programs during 2003, an increase of over 15% on 2002. This figure is inclusive of over 24 million pounds of leveraged funds through staff, customer, and supplier fundraising (Ramarayka 2004). Zummach (2002) underlines the value of CRM stating that the corporate partner benefits from its association with a charitable cause and the non-profit organisation benefits by receiving funds or other compensation from the corporation. Bearden et al (2003, p. 421) claim that the real objectives of CRM campaigns vary from solely economic to solely social where there is extraordinary commitment to the cause and not to the expected profits. Minette and Drumwright (1996) claim that irrespective of the objectives of the campaigns, economic or non-economic, there is a need to ensure that: a) there is a long-term focus, b) the cause should fit the company, and c) the employees should believe the issues’.

BITC Corporate Survey III (2001) shows that 96% of Marketing and Community Affairs Directors appreciate the beneficial role of CRM in addressing business and social issues whereas, 77% of Chief Executives, Marketing Directors and Community Affairs Directors believe that CRM can enhance corporate brand reputation. BITC 21st Century Giving (2002) indicates that 89% of consumers have purchased a product associated with a good cause and that a CRM product is bought every second in the UK.

Andreasen et al. (2000) support that: “If companies use their advertising and promotional budget for campaigns with social and commercial impact they will obtain greater effectiveness and efficiency than they would otherwise achieve”. Van Yoder (2004) claims that CRM has the

potential to positively differentiate the company that adopts this strategy from its competitors: “It’s a way to merge your profit center with your ‘passion center’ and build a business that mirrors your personal values, beliefs and integrity. If your cause also resonates with your target market, your activities will generate tremendous goodwill and media attention can be its side effect”. CRM can also provide the following benefits:

- Increased sales
- Increased visibility
- Increased customer loyalty
- Enhanced company image
- Positive media coverage

There seems to be a direct link between CRM and brand equity. Hailey Cavill, Managing Director of the CRM consultancy “Cavill + Co”, who has commissioned a big research on consumers’ attitudes reports: "The study strongly confirms that if a company aligns itself with a cause, and promotes that alignment, it will influence their consumers and more importantly, potential customers. From a pure marketing perspective, companies that are still writing out small cheques to a mass of charities each year are missing a huge opportunity to build their brand equity, gain more customers and motivate their staff"

(www.cavill.com.au). In a study carried out on CRM known as Brand Benefits 2003, (http://www.bitc.org.uk/resources/research/research_publications/brand_benefits.html) a number of related themes were explored shedding light onto the impact and benefits of CRM. The research explores the relationship between CRM, brand affinity and brand equity as well as consumer perceptions, loyalty and buying behaviour. The study, which was carried out in the UK and USA, showed that CRM has the potential to help businesses and charities build and enhance their brands:

- 98% of consumers in the UK and the USA are now aware of at least one Cause Related Marketing programme, as compared with 88% in 2000

Levels of consumer participation in CRM are high and growing:

- 83% of consumers have participated in at least one Cause Related Marketing program, compared with 68% in 2000 and 73% in the USA.
- 7 out of 10 consumers who had participated in a Cause Related Marketing program reporting a positive impact on their behaviour or perceptions.
- 48% of consumers showed an actual change in behaviour, saying that they switched brands, increased usage or tried or enquired about new products.
- 46% of consumers saying that it improved their perceptions by making them feel better about using the product, company or service. The study also revealed that:
- Awareness of CRM has a significant increase on brand affinity with consumers consistently rating businesses, brands and charities higher on brand affinity statements of trust, innovation, endorsement and bonding.
- Participation in CRM increases positive perception of businesses and brands.

Another consumer research study that was carried out in Australia showed that Australian consumers are increasingly likely to be influenced in their purchasing decisions by a company's association with a cause. The research was conducted by Worthington Di Marzio for Cavill + Co (www.cavill.com.au). The study surveyed 197 marketing managers from the top 500 companies in Australia. The research revealed that 42% of Australian corporations are currently involved in CRM, and 21% of those not involved plan to invest in CRM in the future. 93% of companies cite helping the cause as the main objective of CRM, although enhancing corporate reputation came a close second at 85%. Despite this, companies neglect to promote their activities with 53% relying on their cause partner. This was the first major study in four years (1997-2001) that explored the attitudes of Australian consumers to CRM. Some of the findings are summarized below:

- More than a third of consumers were influenced to buy a company's products or services in the last year because of its association with a charitable or community cause.
- A company's contribution to charitable or community causes ranked seventh on a scale of Consumer Purchasing Influence Factors, ahead of its media advertising, its customer loyalty programs and its sponsorship of sporting events or the arts.

- Considering similar products in terms of price and quality, 77% of consumers would prefer to purchase a product associated with a cause, and 54% would switch from their normal brand.

It seems that nowadays more and more companies look for non-profit organizations that they can form a partnership with for mutual benefit.

The research

Since the current literature is limited as to what CRM is or how it should be implemented by corporations, it was necessary to examine its nature and scope within a specific sector. This gave ground to adopting a case study research approach which allowed the researchers to use a combination of data collection method like personal interviews, employees' survey and secondary data. This combination of research methods helped the researchers to triangulate the research findings to uncover the CRM campaigns launched by two of the largest financial service organisations that operate in Cyprus; a retail bank and an auditing firm. Currently there is a limited number of journal papers and books that focus on CRM. The research study sought to explore the rationale for the implementation of CRM by the Cyprus Popular Bank, which is the second largest bank in Cyprus and Ernst and Young, one of the most reputable auditing organisations. The data related to CRM by the Cyprus Popular bank was collected through primary and secondary data sources. Secondary sources included an analysis of documents related to the 'Radiomathon' such as promotional leaflets, and its web site. Primary information was collected through carrying out in-depth personal interviews with members of the Charity, the Radiomathon Organising Committee, the Radiomathon 'Think Tank', and project managers of the Radiomathon Limassol Love Festival. The interviews, which were tape-recorded, lasted for approximately one hour. At the same time and in order to measure employees' feelings and attitudes regarding the practice of CRM, identifying employee involvement, and the employees' views regarding the effectiveness of the CRM program a short questionnaire with eight closed end questions was distributed to 20 employees of the Popular Bank. Five of those employees were from the marketing department at the Central Offices in Nicosia which is the department that undertakes the whole organization of the Radiomathon. Since the researchers tried to get feedback concerning the satisfaction of employees from different other departments that are not directly involved in the organization of the

Radiomathon, the questionnaire was distributed to five members of the Law department of the bank from the Nicosia headquarters, five from a retail outlet at the outskirts of Nicosia, and five from the Finance department in Nicosia.

The information regarding the CRM strategy of Ernst & Young was collected through primary and secondary research. The secondary data sources used were the company's web site and promotional leaflets. Primary data was collected by carrying out in-depth interviews with the HRM manager, the CEO of Ernst & Young, and the President of the board of Young Volunteers - Cyprus. The interviews lasted approximately 30-45 minutes. A questionnaire (similar o the one distributed to the employees of Popular Bank) with eight close-end questions was distributed to twenty of the employees of E &Y in order to reveal their attitudes and perceptions regarding the CRM campaign launched by the corporation, their role in this CRM strategy and the effects the above strategy has on the moral of the employees.

The case study approach was adopted because of its strength to reveal rich and in-depth data, which was essential in order to understand the concept of 'CRM' as applied by the organizations studied. The effort was to collect information from different stakeholders: the top management of the Financial Institutions, the employees and members of the Social Organizations. The need to proceed with a further research concerning the Public and Potential Customers was identified and was planned for an in-depth analysis in the near future. Since the current literature on CRM is limited as to what CRM is or how it is implemented, it was important to explore the experiences and views of different individuals in order to unveil its nature and scope within a specific context. This, in our view, provides sufficient ground for adopting a case study rather than a survey research approach. A number of criticisms have been targeted at case studies for example that they are time-consuming and difficult to manage due to the high volume of qualitative data that they generate, and that they provide little ground for scientific generalization. Yet the quantitative notion of generalizing is inappropriate for qualitative case study research because qualitative cases are not statistically selected to represent a larger population (Daymon and Holloway, 2002). Viewing a case study as a sample of one and then trying to generalize to other situations would tear the case's findings out of the particular cultural and social milieu and force it upon other. In order to compensate for this criticism we made references to other similar work and have shown how the research findings could apply beyond the boundaries of the actual cases.

The research process adopted in the study builds around Mason's (1996) view that theory is developed from and through data generation and analysis. According to this view, theoretical propositions or explanations of the data are developed in a process which is commonly seen as moving from the particular to the more general. Theory is developed through the interpretation of the empirical data, and is grounded in reality (experiences, interpretations, and actions of the interviewees regarding CRM). The actual analysis of the data was carried out by following a model developed by Strauss and Corbin (1990) known as grounded theory. The researchers used the three coding procedures, which are integral in developing a grounded theory, namely: open, axial, and selective. Open coding is the process of breaking down, examining, comparing, conceptualising, and categorizing data. Axial coding includes a set of procedures whereby data are put back together in new ways after open coding, by making connections between categories. Selective coding involves integrating and validating the emerged categories and relationships around one central concept i.e. CRM. The coding was carried out by one of the researchers, who is trained in qualitative research. In the specific study, codes were attached to the empirical material and concepts were developed as closely as possible to the text for example: social responsibility, and corporate reputation. Later, such concepts become increasingly abstract. The development of theory was based on the formulation of networks of categories or concepts and the relationships between them. Among the relationships and associations that emerged were: Radiomarathon and corporate reputation, Radiomarathon and competition, Radiomarathon and differentiation.

In order to enhance the knowledge built regarding the practice of CRM by Ernst and Young, an internal market survey was carried out. A questionnaire with eight close-end questions was distributed to internally to 20 employees working in different positions such as: Five to the Human Resource department, five to the secretarial staff, five to the top managers and five to the company's accountants. In order to encourage employee participation the researchers promised confidentiality and anonymity. All 20 employees responded to the survey and completed the questionnaire. Internal survey was aimed at measuring employees' feelings and attitudes regarding the practice of CRM, identifying employee involvement, and the employees' views regarding the effectiveness of the CRM program to the firm and the society. The analysis of the quantitative data was carried out by using SPSS and Excel programs.

The section that follows presents and discusses the research findings.

The Cyprus Popular Bank: An overview

The Cyprus Popular Bank was established in 1901 and today it has evolved into a vigorous banking group. It is the second largest financial group with 28% market share. The Cyprus Popular Bank has internationalised its operations in the following countries: Greece (36 branches), United Kingdom (6 branches), Australia (5 branches) and it has offices in S. Africa, Canada, U.S.A., Moscow, and Belgrade. The corporation attaches great importance to its contribution to the society of which it is an integral part. It has developed a social policy aimed at improving the quality of life on the island. The corporation's social responsibility policy involves sponsoring as well as organising events, which address the needs of various social groups. The culmination of the organisation's social activities and the leading social and charitable event on the island is the Radiomathon for children with special needs, which has completed 15 years of contribution. Radiomathon has had an undisputed contribution to the quality of life of children with special needs and their families. At the same time the corporation's social policy is complemented by a series of programmes that focus on sports sponsoring, arts, and education to which the organisation offers support and financial help.

'Radiomathon'

Radiomathon was launched in 1990 in Cyprus when the Cyprus Popular Bank, the second largest banking organisation, and one of the privately owned radio stations, Super, joint their forces in what was going to be the first and by far the biggest charity event in Cyprus. At the same time a non-profit making institution was established under the name Radiomathon, which is today the largest charitable institution in Cyprus. A close partnership has since been established between the bank and the charity in order to support the CRM campaign. In its first year the charitable event raised 332.374 Cy pounds in 36 hours, which was a remarkable amount for the time. In the last few years Radiomathon is jointly organised with the Cyprus Broadcasting Corporation as radio Super closed down. Radiomathon raises money in support of children with financial problems, illness, and mental disabilities. In 1991, the amount raised

was 160.000 Cy pounds, which was spent in creating the first institution for t the children with special needs on the island. In 1992 and 1993, Radiomathon raised 450.000 and 728.000 Cy pounds respectively. The amount reached 962.000 Cy pounds in 1994. In the last Radiomathon the amount raised was equivalent to 899.850 from which 169.750 was given to several charitable organisations and the remaining 730.100 were allocated to 1719 different cases. Every year a series of fund-raising events that begin a month prior to the two-day celebrations are organised. The fund raising events of Radiomathon have been accepted in an overwhelming manner by social associations, groups, and citizens of the local communities. The entire amount of money raised every year goes to a special committee that is responsible for the allocation of funds to those in need. In the period 2003-2004, almost 1 million CYP was raised and given to charitable organisations that care for children with special needs. 800,000 was given to 1874 different children. Over the last 15 years an amount of over 15 million Cy pounds has been raised and used to help children with special needs. This is quite impressive since the Greek-Cypriot population in the South part of the island is approximately 700,000.

Radiomathon focuses on:

- (1) Providing psychological and financial support to children with special needs.
- (2) Changing the attitude and the behaviour of the society towards children with special needs.
- (3) Opening new horizons by implementing new programs in aid of these children.
- (4) Becoming a pressure group to change legislation in relation to the rights and the quality of life for these children.

The Partnership between Popular Bank and Radiomathon:

The launch of Radiomathon demanded a substantial amount of effort, as it required the coordination of a significant number of volunteers and wide array of fund raising activities including: music and dancing events, sports events, marches, movie and theatre shows, art exhibitions, fairs, donation stands, blood donations, and ‘piggy-bank’ cars. Among the official sponsors are governmental, semi-governmental, public and private organisations specifically:

Cyprus Airways, the Cyprus Police Force, the Cyprus Telecommunications Authority, Louis Cruise Lines, and Fileleftheros Newspaper.

The leading role in organizing the event was undertaken by the marketing department of the Popular Bank in cooperation with the board members of Radiomathon. Among the volunteers were also many citizens of the local communities in which the events took place as well as a significant number of the personnel of the Cyprus Popular Bank. The personnel of the bank played a crucial role to the success of the event. Voluntarily they worked outside their normal work schedule, often months before the two-day charitable event. Responsibilities regarding the different projects/activities that are an integral part of Radiomathon were assigned to organisational members in order to motivate them to embrace the event and instil a spirit of teamwork. In total there are 70-80 individual projects. A project manager is responsible for each project and with a team of volunteers work towards the effective implementation of the project. Employee participation has been the primary and indeed an effective means for promoting the event to the internal market. All volunteers were united by the common cause, to raise money to support the children with special needs whilst the credibility of the bank added confidence and trust in the cause.

In the external market Radiomathon is promoted primarily through advertisements placed in the Cyprus Broadcasting Corporation (television and radio) as well as in newspapers and magazines that are circulated nationwide. At the same time emphasis is placed on the use of celebrities such as athletes, actors/actresses, singers, and artists in order to draw attention to the event.

What motivated the bank to launch Radiomathon was the strong belief that social responsibility is an integral part of corporate identity:

“It is unthinkable to be such a large corporation and ignore your social responsibilities. Unquestionably, CSR can differentiate corporate image. Studies have repeatedly showed that the general public shares the perception that our bank is a SR corporation, which in turn influences their purchase decision-making and of course differentiates us from our competitors.” (Manager, Cyprus Popular Bank).

The Cyprus Popular Bank is practicing what Lantos (2002) has termed strategic CSR that refers to fulfilling those philanthropic responsibilities, which will benefit the firm through positive publicity and goodwill. Studies carried out by the bank have shown that the Radiomarathon is directly linked with the Cyprus Popular Bank, and is widely perceived as the most successful charitable event on the island. Radiomarathon has in fact won a place in the Guinness World of Records as the most successful charitable event in the world on the basis of per capita contribution. The bank has also achieved higher favorable ratings than its competitors and of course has strengthened its corporate reputation. At the same time, internal research studies have shown that the bank's staff shares the view that the event has enriched their job, and has made them more motivated and productive. The benefits of Radiomarathon are double-sided. It did not only raise a significant amount of money in support of the children with special needs but it has created awareness regarding the children's needs and problems, it has addressed the prejudice towards these children and their families, and last but not least the government is now working on the development of new legislation for this group of people.

“Radiomarathon has played an important role in fighting the prejudice and the fear towards these children and their families. It has created a more positive attitude and a better understanding of the needs of these children. It has provided a forum for an open dialogue between the government and non-governmental bodies regarding the problems that these children and their families are faced with.” (Vice President of the Radiomarathon Foundation).

“Today, after many efforts we feel that we have covered a lot of ground in improving the quality of the life of these children. They are now given equal opportunities to education, and employment...Radiomarathon has helped them feel part of our society.” (Member of the Radiomarathon's organizing committee).

Ernst and Young: An overview

Ernst & Young (Cyprus) has its origins dating back to the 1930s. It is one of the leading professional services organizations on the island offering a full range of integrated services in assurance and advisory business services, business risk services, technology and security risk services, transaction advisory services, tax advisory and compliance services, corporate recovery

services, and company administration services. In 1997, Ernst & Young became part of Ernst & Young Southeast Europe. The firm provides services to clients in a wide range of industries including energy, chemicals and utilities; financial services; industrial products; real estate, hospitality and construction; retail and consumer products; services; technology, communications and entertainment; and transportation. The clients of Ernst & Young Cyprus range from major public companies and large multinationals to entrepreneurial businesses and sole traders. As a committed and responsible business, Ernst & Young expects to make a positive contribution to the community in which they work. They help a number of causes directly by contributing funds and resources to different organizations. In the last four years Ernst & Young has built a strong relationship with the “Young Volunteers”, a charity with which Ernst & Young has formed a partnership. This partnership is in fact part of the firm’s strategic plans.

Young Volunteers - Cyprus

“Young volunteers” is a registered charitable organization founded in 2001. All its members are young children between 4-16 years of age. The main objective of this organization is to encourage voluntarism with the involvement of the whole family and through this, to offer community service. With the slogan *"small in size BUT big at heart"* the charity supports the less fortunate children of Cyprus. Since 2001 the charity has raised over 50.000 Cyprus pounds. The amount has been allocated to children’s charities and associations, as well as individuals and families with sick and poor children. Charities that have received donations include the Cyprus Antileukemia Association, Europa Donna, the Cyprus Anticancer Association and the Alzheimer Patients Association. According to the president of the charity, the Young Volunteers **aim to:**

1. Involve children in volunteering activities from an early age
2. Become sensitive to the problems and misfortunes of others
3. Encourage children to vision a brighter future for all
4. Develop their personal talents and leadership skills
5. Create and encourage team spirit and self-esteem
6. Strengthen family ties and create lifelong friendships

“All above aims seem to be realized one after the other”, the president of the Young Volunteers continues, “and we see more and more children with their parents to join our organization with

new ideas and initiatives as well as more enthusiasm. All the feedback we get from the society is nothing else but an encouragement to us to continue our journey with the hope for a better world.”

The partnership between Ernst and Young and Young Volunteers:

The management of Ernst and Young realizing the potentials of the Young Volunteers in the Cyprus Society and believing in the causes that this organization strives for, decided that forming a partnership with the charity will strengthen their corporate reputation. As a result, Ernst and Young became the main sponsor of most of the activities organised by the charity since 2001. Members of the board of Directors of E&Y became members of the board of Young Volunteers. The children of the employees of E&Y also joined the charitable organization. In this way a special bond between the two partners was built. Among the activities that Ernst & Young has sponsored is the production and distribution of the first compact disc with the songs of the Young Volunteers’ choir. This compact disc became a “Platinum Disc” in Cyprus giving the partners all support in continuing with a second compact disc of the same choir. All the revenues from the sales of the two compact discs were given to children in need. In addition Ernst & Young sponsors the Annual Fiesta of Young Volunteers, one of the most reputable charitable events in Cyprus in order to raise money for children suffering from Leukemia. The sponsorship covers activities such as the promotional campaign of the event which includes a promotional 4-ply brochure which is distributed to every pupil of elementary and high school in Nicosia- the capital of Cyprus. The Brand name of E&Y appears on every page of the leaflet as the main sponsor of the event. At the same time members of the Young Volunteers and the management of E&Y participate in different “talk shows” in TV and radio channels promoting the activities of the partnership. The staff and management of E & Y works for days and even weeks outside their normal workload in planning, organising and managing the wide array of activities that are an integral part of the events organized. The satisfaction received from this joined effort was revealed in the primary quantitative research that was undertaken by the researchers among the employees of E & Y. The findings of the research are illustrated in the Bar Charts 1-8 below. The same charts indicate the data collected from the employees of Popular Bank in a comparative analysis.

The motivation of E&Y to form a partnership with the Social organization was tried to be identified with the in-depth interviews of the researchers to the CEO of E &Y as well as the Human Resource Manager. The interviews' duration was between 30 to 45 minutes each and they were all recorded after the permission of the interviewees.

The table that follows includes some verbatim quotations taken from the in-depth interviews with the CEO and the HRM managers of Ernst & Young, as well as the President of the Young Volunteers:

“Corporate Social Responsibility is now a determining factor in consumer and client choice which companies cannot afford to ignore. Companies which fail to maximise their adoption of a CSR strategy will be left behind. Ernst & Young, as a committed and responsible business, expects to make a positive contribution to our community. Thus we have chosen to make a “social alliance” with Young Volunteers since we strongly believe in the cause they strive for. The publicity and the success of the events we organized together do not allow space for doubts!...the event has given us the differentiation we need and indeed a competitive advantage.”
(CEO –Ernst & Young)

The Human Resource Manager of Ernst & Young added with pride:

“Many of our people play an active role in contributing their time to help the Young Volunteers and we are proud to support them.”

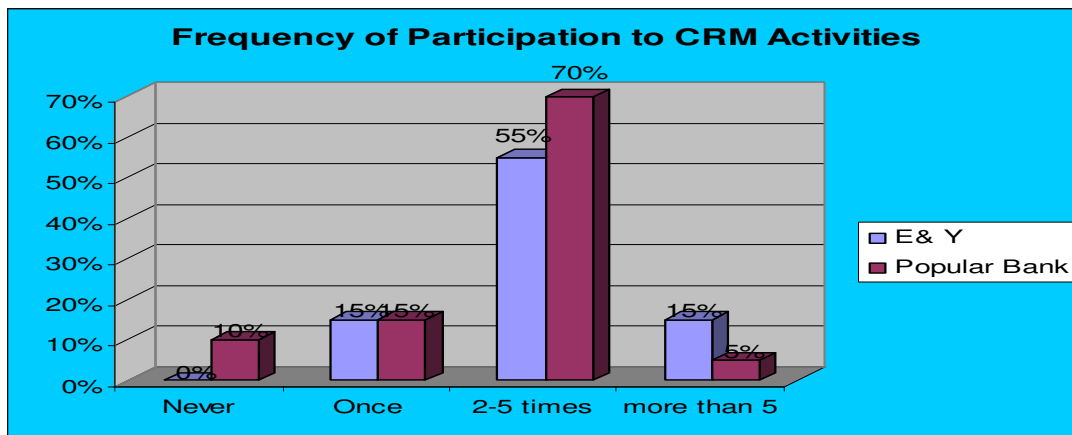
The President of the “Young Volunteers – the Social partner” in order to indicate the value of this partnership stated:

“Ernst & Young is a ‘valuable’ friend...supporting us in every step we make. Without their support we could have been steps behind.”

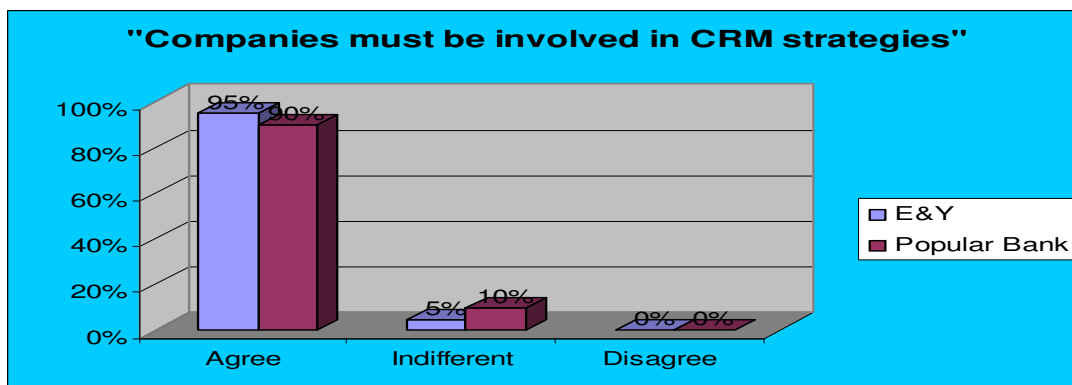
Survey on Employees of Ernst & Young and Popular Bank:

The section that follows presents and discusses the relationship between the CRM campaign and employees' feelings, attitudes and behaviour of both Financial Institutions under study. The comparative analysis of the employees' feelings of both companies allows the researches to draw more accurate conclusions regarding the effectiveness of CRM on employees.

Bar chart 1: When the employees of E &Y and Popular Bank were asked to indicate how many times they have participated in any of the activities organised by their employer, almost all of them said that they have participated at least once. The majority of them had even participated more than once. This implies that employees of both companies have embraced the causes with enthusiasm and they are willing to offer their support and help. It is important to note that employees do not receive any monetary reward or any other tangible benefit for their contribution to the event.

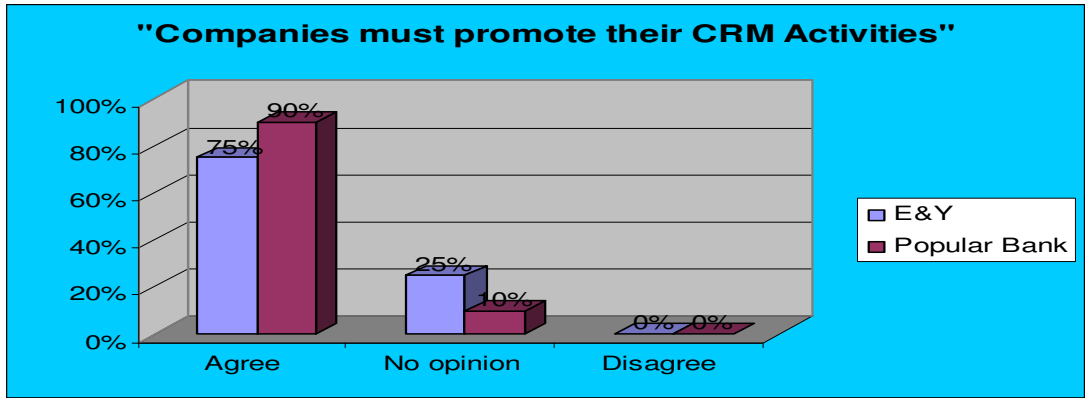


Bar Chart 2: When the employees were asked to express their opinion in relation to whether there is a need for companies to be involved in CRM activities the majority (95% for E&Y and 90% for Popular Bank) provided a positive answer. Nobody disagreed and only a small percentage of responders said that they are indifferent.



Bar Chart 3: The employees of E &Y and Popular Bank expect their employers to promote their CRM activities. This indicates that the employees feel proud working in a company that

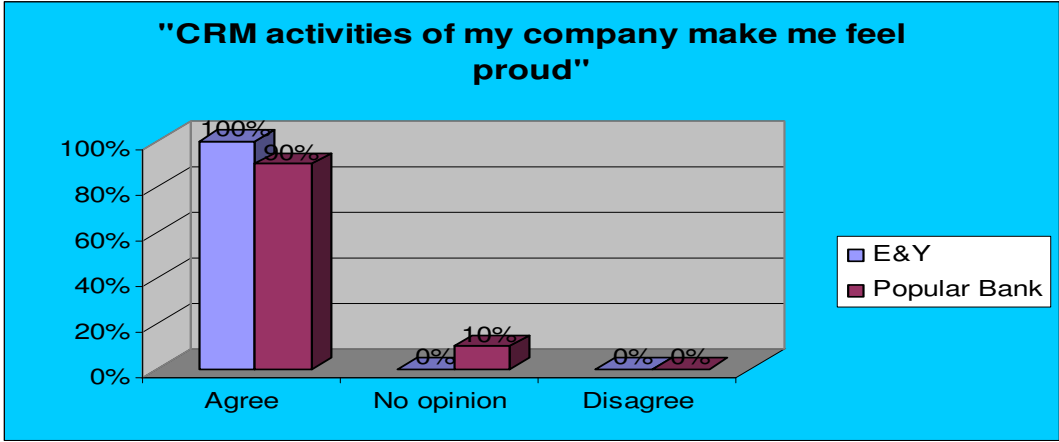
contributes to the solution of social problems and for that reason they would like the public to know. None of the employees of both companies objects the idea the CRM activities to be promoted to the public while only a small percentage of the employees has no opinion on the matter.



Pie Chart 4: When the employees were asked to indicate whether they were satisfied or not from all the CRM activities their companies have undertaken up to now none of them declared dissatisfaction. On the contrary 95% of the employees of E & Y and 90% of the employees of Popular Bank said that they are satisfied with the activities undertaken.



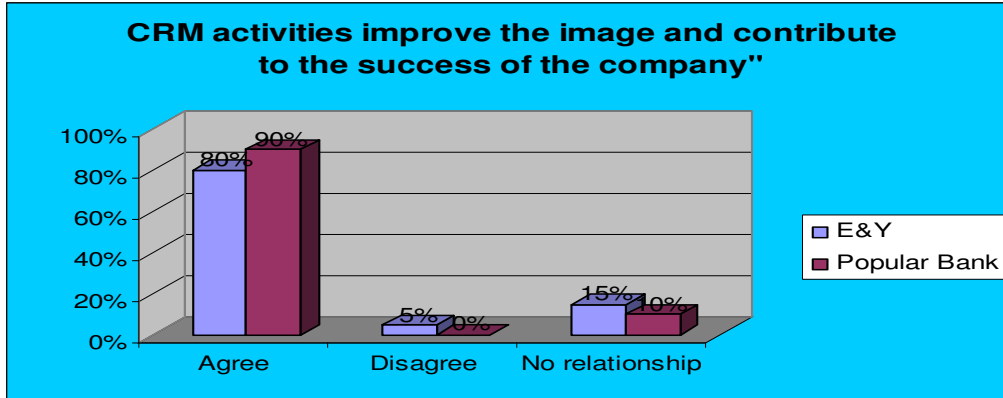
Bar Chart 5: When the employees were asked whether they feel proud of their company's involvement in CRM activities almost all of them (100% for E&Y and 90% for Popular Bank) gave a positive answer. The potential of creating pride among employees for themselves and their employers is an important factor to be taken under consideration.



Bar Chart 6: The majority of the employees agree that the partnership creates more bonds between senior level and lower level employees. What is interesting to be noted at this point is that only 65% of the employees of E&Y feel that management comes closer to the staff while in the case of Popular Bank a bigger percentage feels so. There is therefore the potential to enhance the quality of the work environment since employees feel closer to their management.



Bar Chart 7: The majority of employees believe that CRM activities have the potential to enhance the corporation’s image. Only a small percentage of the employees can not see any relationship between Cause Related Marketing and success for the company that adopts it.



Bar Chart 8: The employees were asked whether they would recommend to a friend to apply for employment at a firm which is involved in CRM activities considering that employer as a “good employer”. 70% of the respondents answered that they would recommend that to their friends with the rationale that an employer who is involved in CRM activities is a “good employer”.



The findings that emerged from the internal market research highlight the potential positive impact of the “social partnership” between Ernst & Young and the Young Volunteers as well as the social partnership with Popular Bank and “Radiomathon”.

Conclusion

Both firms have ‘embraced’ causes that are related to children. A research carried out in 2002 in the UK by the Business in the Community revealed that the second place in the top causes to benefit from CRM were ‘Children’. The literature reviewed suggests that corporate image refers to the meanings by which an organisation is known and which people use to describe or

remember it. It is the outcome of peoples' beliefs, impressions, experiences, perceptions and feelings about an organisation. A strong corporate reputation is the foundation for building successful commercial relationships with different target publics, it generates faith and trust between an organisation and internal/external audiences, motivates internal groups, provides a competitive advantage, and affects peoples' attitudes which in turn affect behaviour towards an organisation. It is important to acknowledge that no company can afford to ignore corporate reputation. The impression it creates either at an unconscious or conscious level inevitably affects stakeholders and other publics. The good or bad reputation of an organisation is shaped to a considerable degree by the signals that it gives about its nature. Such signals are subsequently received by different target audiences and are used to form perceptions and feelings about an organisation. CRM can be one of these signals or cues, which an organisation can offer as a form of expression. It can be one of the principles for constructing or modifying corporate identity (the personality of an organisation). The success of the 'Radiomarathon' and the "Activities of Young Volunteers' demonstrates how the proactive implementation of activities related to CRM on a planned and sustained way can help build a strong corporate reputation. Community involvement through CRM, which brings in line the corporation's core product with its overall corporate responsibility agenda can make giving much more sustainable as it is aligned with the core strategy of the business. The two cases show that CRM strategies of both corporations were used as a means for building a strong corporate brand as well as building better relationships between the management and the employees which can contribute to a long-lasting competitive advantage.

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