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Abstract

The *Excellence Theory* (*ET*) dominates the discussions on the definition and function of Public Relations (*PR*). However, so-called anti-capitalist and communitarian Corporate Social Responsibility (*CSR)* and the Stakeholder Theory (*ST*), become popular today. In contrast, this article argues *CSR* and *ST* are *extreme-capitalists*. Finally, a questionnaire is used to develop a scale. After *the content validity* is provided, 21 items are kept in the scale. Then the items are introduced to the sample, limited with 282 companies' *PR* experts, chosen through *the simple random sampling*, working in the northern Nicosia. On the other hand, *the construct validity* is tested with *explanatory and confirmatory factor analyses* and *the reliability* is checked with *Cronbach Alfa*, *Split-half* and *Total-item correlation analyses*. Eventually, the scale loses its 7 items. Still, the last version of the scale is eligible in testing *the appropriateness of the capitalist environment* in running corporations for *the public-interest* (Factor I.), the nature of CSR projects (Factor II.), who is really a capitalist and a socialist (Factor III.), and to whom a PR responsible of a company is responsible (Factor IV).

Keywords: capitalism, excellence theory, Corporate Social Responsibility, stakeholder theory, public-interest, Rawlsian justice.

Introduction

The *Excellence Theory* greatly effects the PR's definition and theorization (Botan & Hazleton, 2006:6). The theory argues the reconciliation of the interests of an organization and its strategic constituencies (publics), *public-interests* are not described as *the unit of analysis*. Unfortunately, *CSR* and *ST* too do not suggest *the public interests* as *the unit of analysis*. Worse still, by attributing the

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responsibilities of *establishing distributive justice* and *arranging income-inequalities* to corporations, *CSR* and *ST* may cause to reach a *non-state (stateless)* situation as fundamental *neo-liberals (extreme capitalists)* support, which would make corporations a *sovereign power* as if they are the government.

The Possibility of Running Corporations and Their PR Activities for the Public-Interest

Corporations and PR in Grunigian perspective

Grunig & Hunt (1984: 21-25) explain *PR* evolved from a propagandist, asymmetric, one way communication to a mediator, two-way, *symmetric* one. Here, *PR* should function as a mediator, communicational unit providing mutual understanding and adaptation in which neither organizations nor publics should gain entirely (Grunig & Hunt, 1984: 23). Thus, PR would be a strategic function and help organizations reach their ultimate goal, *surviving within the environment*. *The environment*'s interests must be considered. Otherwise, it may re-act one-sided organizational decisions and cause organizations to have bad reputation and even to lose money (Grunig &Hunt, 1984:149; Grunig, 1992: 6). The roots of importance given to *the environment* may stretch to the *Systems Theory*. The theory argues each system is naturally one interdependent part of its *environment* (Von Bertalanffy, 1969: 38), one's success or failure can affect the other's ones (Plowman, 2005: 839). Yet, there are close- and open- systems. All social systems including organizations must be open-systems (Cutlip, Center, & Broom, 2000: 229), interacting both with their own sub-systems and with *the environment* (Grunig & Hunt, 1984: 8). Here PR serves as the communicational link between the organisation, its sub-systems, and the environment (Lubbe, 1994: 7). Yet, *the environment* is defined vaguely in the *Systems Theory* (Grunig & Grunig, 2001: 306). All elements of the environment would not have the same effect and weight in the organizational success or survival (Grunig & Hunt, 1984: 144-159). Strategic constituencies (publics), affecting organizational goals, is identified and relationships is established with them. To do so using *the Situational Theory of Publics* would be helpful (Grunig, 2006: 155) especially in determining the active publics, actively seeking information and remedies for an issue at stake. Therefore, active publics deserve the highest interests of an organization (Grunig & Hunt, 1984: 144- 159). *ET* seems like an instrumental one, seeking to find out how the communication function is organized to contribute to the *organizational-effectiveness* (see Grunig & Grunig, 2001: 304). The interests of organizations and their strategic constituencies are *the unit of analysis*. It surely is not a critical theory putting *public-interests* ahead. Anyway, Grunig (2001: 27) himself openly emphasizes *ET* is not a theory pursuing *societal equality*, *social harmony*, which would mean to try to build *a utopian society*. While talking about *the public*

interest, Grunig & White (1992: 53) argue communication activities have to be based on *the mutually beneficial view* favouring the organisation and its publics. Anyway, could *the ultimate goal* of a corporation and its *PR* department be *the public interests* where capitalism survives or is it this what *CSR* and *ST* really argue?

Corporations and PR in CSR and ST

CSR and *ST* have similar views on how corporations should be governed (Kaler, 2006: 252) and give similar hardships to researchers in understanding them. For instance, how *CSR* should be defined is not open. One approach describes *CSR* as activities beyond corporations' interests (Kaler, 2006: 252), tending towards the public-interest (Kotler & Lee, 2005: 2). The other approach explains *CSR* as *a means of competitive advantage*, improving the indirect economic assets of corporations such as image, costumer/employee loyalty (Walton 2010: 10; Griffin, 2008: 19). Yet this seems like *the enlightened self-interest approach* which argues for *CSR* under the profit-motive influence (Starck & Kruckeberg, 1988: 20- 21).

Freeman tends towards this approach too. Freeman (1984: 27) explains his aim as 'to show how stakeholder approach should be used to manage organizations more effectively'. The focal point is the organizations and their success. *Stakeholders* are deemed only as *the best means* in *ST* (Jones, Parker, & ten Bos, 2005: 123). It cannot put forward an exact opposite thesis to the capitalist *Shareholder Theory*. More interestingly, once Freeman & Liedtka (1991: 92-93) defame the view of pursuing *the public-interest*, maintaining *CSR* fails to build *good-society*; meaning that Smith has the last laugh after all. *The invisible hand theory of Smith* contends *the best social-prosperity* is reached when all in fact pursue their own sell-interests (Smith, 1970: 118- 119). Profit-making is the right thesis which should determine how the business-world is run (Jones &Wicks, 1999: 622). Therefore, there is a support for capitalism in the stakeholder-argument (Jones *et al.*, 2005: 97). Also what *the unit of analysis* is in *CSR* and *ST*, is not clear too. *The public* once appears and then disappears. Freeman (1984: 38) firstly embraces the concept, *the public*, saying '*CSR* is what applying *ST* to those groups including *the public*'. Then, Freeman (1994: 417) excludes *the public* from stakeholders while explaining them as financiers, customers, employees and local communities. Worse still, Phillips, Freeman & Wicks (2003: 491) emphasis *being stakeholder* does not amount to *being citizen*. Being takeholders requires having a much closer relationship with an organisation. Shortly, *ST* implies limited amount of groups as stakeholders (Freeman, Harrison, &Wicks, 2007: 98- 99). *ST* not only excludes *the public* but also priorities few stakeholders over the others because Phillips *et al.*, (2003: 482 & 489) confess *ST* does not argue the equality of all interests although once Freeman (1994: 415- 416) maintains all stakeholder groups

have *equal moral rights* on the firm. Freeman & McVea (2001: 198) emphasis determining those stakeholders carrying importance is essential.

In fact, it may be true that stakeholder supporters try to expand the rights of stakeholders and the responsibility horizons of corporations towards stakeholders but rather in an insufficient way. For instance Evan & Freeman (1988: 103) argue a distance occurs between *the owners* and *managing their corporations* thus managers have chance to follow *CSR* style social goals now. Donaltson & Preston (1995: 83- 85) insist managers should be responsible to all stakeholders. Vinten (2000: 380) argues a fundamental commitment to helping those in need must be recognized to have any defensible property rights at all. Yet, the current law and capitalism describe the ownership, the aim of corporations, and the management responsibilities in a much different way. Sheehy (2003: 22- 24) notes the doctrine of private property rights is what historically dictates the primacy of shareholder interests. Shareholders were historically described as those who invest private property, money, into a common fund for profit (Farrar, 2002: 158), not for solving or serving societal issues. Therefore, the management is responsible to use their ability and skills to reach this end (Sheehy, 2003: 26; Sternberg, 2004: 147). Obviously, in the *shareholder- stakeholder discussion*, if capitalism and the current corporate-law could be changed more, *stakeholder arguments* would be supported much easier. Yet, interestingly, Freeman group seem distant to *the logic of law* by preferring ethics to the law (see Alvesson & Willmott, 2003: 17 & 19; Freeman &Phillips, 1999: 129 &136) even they admit there is no truth (ethical relativism) or foundation (absolute truth) to be found. Anyway, *CSR* is frequently defined as *self-regulation* through *conduct ethics*, not requiring *enforcing law* (Kucukyalcin, 2006: 84- 85). Yet, if ethics are relative, then how could ethics be able to generate consensus on any discussion about what the best or the worst is? Pearson (1989: 118) notes because of the uncertainty of what moral is (moral pluralism); *CSR* is getting more and more suspicious. Ocal (2007: 82) believes an economic arrangement relied on *the voluntary principle* may cause a chaos, comparing to *the absolute law*. Unfortunately, Schwartz & Carroll (2003: 509–511) suggest companies may engage in *CSR* activities to prevent, slow down or transform arrangements of being enacted.

Furthermore and the most interestingly, *the Social Contract Theory* (*SCT*), on which normative foundations of *ST* is tried to be built (see Donaldson & Preston, 1995; Freeman & Evan, 1990; Sacconi, 2004), argues for *the rule of law* too. Originating as a political theory, *SCT* in fact tries to answer the logic behind accepting living under the hegemony of *a single sovereign power* (a state or a government). Consenting to live under the authority of a single sovereign power means consenting that conflicts of interest-fights have to be arranged by that power too. If there is not a common power, there is not possibility for a society; people are in the condition called war (state of nature) (Hobbes, 1996: 88). "Where there is no common Power, there is no Law: where no law, no injustice" (Hobbes,

1996, p. 90). Also, government is thought to work for *the common-good* (Rawls, 1971: 233). To achieve the best social justice, conducts of individuals guided by their rational plans should be coordinated (Rawls, 1971: 57). Additionally, this sovereign power is governed with open and absolute rules; not with uncertain ambiguous decrees (Locke, 1988: 359-60). Ideally the rules should be set up and they must be public (Rawls, 1971:57 & 252). In just economic arrangements, claims of the individuals are settled according to the precepts and rules (Rawls, 1971: 313). Moreover, "no man is a fit arbitrator in his own case" (Hobbes, 1996:109) otherwise men become partial to themselves (Locke, 1988: 351). Then why stakeholder theorists do not like the law and they are for uncertain ethics needs further exploration. Through *CSR,* wouldn't corporations be bestowed with being the judge of their own cases?. Rawls (1971: viii) openly explains his principles may not be applicable to the practices of less comprehensive social groups or of private institutions (1971: 8). *SCT* is for creating distributive principles for *the basic structure* (1971:10). In case regulating and delivering the wealth is rendered the responsibilities of private individuals (or corporations), it will be applied wrongly. For, the market totally fails in the case of public good (1971: 272). There is a certain limit on the power of social and altruistic motivations because people do not abandon their interests (1971: 267). In fact, once Freeman & Phillips (2002: 336) say *ST* is for the view of minimum state. Yet, in the view, the state is *an active regulator* of the economy through rearranging income inequalities (Block, 1994: 692; Tanzi, 1997: 4). Still, nowadays there is a fundamental neo-liberal *(extreme capitalist)* trend introducing states as the reason of all problems (Nonneman, 1996: 4- 5).Concluding, why stakeholder theorists attribute the roles of minimal state to corporations needs further exploration. Or are they *extreme capitalists* too?

Methodology

The brief explanation of the research

A questionnaire, aimed at constructing a scale, composed of 2 parts, applied between April-May 2016, tested with *SPSS 21* and *AMOS 21*, is used. The population is determined as all sorts of companies, employing at least 10 people, in the northern Cyprus because there are not any corporations here. The sample is limited with 282 companies, chosen through *the simple random sampling*, operating in the northern Nicosia. For providing *the content validity*, 30 items, determined after the literature review, are introduced to 5 tutors from 3 different universities, to be marked. After the weak items are eliminated, only the 21 items are kept in the scale. On the other hand, *the construct validity* is tested with *explanatory and confirmatory factor analyses* and *the reliability* is checked with *Croanbach Alfa*, *Split-half* and *Total-item correlation analyses*.

The first part includes 15 items (questions), gathering the demographic data. The second part includes 21 items on the basis of 5-point-likert-scale. The items are also coded as 1 = (A1), 2 = (A2), 3 = (A3), 4 = (A4), 5 = (B1), 6 = (B2), 7 = (B3), 8 = (B4), 9 = (B5), 10 = (C1), 11 = (C2), 12 = (C3), 13 = (C4), 14 = (D1), 15 = (D2), 16 = (D3), 17 = (D4), 18 = (D5), 19 = (D6), 20 = (D7), 21 = (D8) (see Appendix I). The scale is given points as "strongly disagree = 1 point", "disagree = 2 points", "neutral = 3 points", "agree = 4 points", "strongly agree = 5 points".

Construct validity

For assuring the *construct validity*, *explanatory* and *confirmatory factor analyses* are used.

Results

The explanatory factor analysis (TEFA)

TEFA reveals if there is a sort of order in the reactions (answers) given to each stimulus (questions) (Tavsancil, 2006). Firstly, the data set, tested with the *normal distribution model* through *the Shapiro-Wilk test*, is found as *normally-distributed*. Secondly, *Kaiser-meyer-olkin (KMO) coefficient* is determined as 0.89 while the value of *the Chi-Square* related with *the Barlett's test* is calculated as *2080.13*. *KMO* is expected to be higher than 0.60 for factorability (Buyukozturk, 2009) therefore the data-set is found appropriate for applying *TEFA*. *Table 1* below shows the results of *TEFA*.

Table 1. The results of TEFA

Component	Initial Eigen values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.57	41.08	41.08	3.14	19.64	19.64
2	1.58	9.85	50.93	2.67	16.69	36.32
3	1.16	7.24	58.17	2.29	14.30	50.63
4	1.01	6.21	64.38	2.20	13.76	64.38
5	0.87	5.43	69.81			
6	0.75	4.67	74.48			
7	0.63	3.93	78.41			
8	0.55	3.44	81.85			
9	0.50	3.15	85.00			
10	0.50	3.13	88.13			
11	0.42	2.64	90.77			
12	0.39	2.45	93.22			
13	0.38	2.35	95.57			
14	0.29	1.81	97.38			
15	0.25	1.56	98.94			
16	0.17	1.06	100.00			

TEFA, done by using the *Principal Component Analysis* and the *Varimax Transformation*, shows that the scale's *eigenvalue* is greater than 1 and it is composed of 4 factors (Factor I. = A1, A2, A3, A4; Factor II. =B1, B2, B3 ,B5; Factor III. =C1, C2, C3, C4; Factor IV.=D1, D2, D3, D4), enabling in explaining the %64,38 of the total variance. The 5 items (B4, D5, D6, D7, D8), having *load factors* less than 0.5, are eliminated. The scale has 16 items for now.

The confirmatory factor analysis (TCFA)

TCFA is used to determine if there is an enough relation between the factors and if the factors are eligible in explaining the model (Ozdamar, 2004). After *TCFA* is applied, two items (A4, C4) more are eliminated. Thus, the scale eventually has 14 items. The table below indicates the values of *the Goodness of Fit Indexes*.

Table 2. The values of the Goodness of Fit Indexes

χ^2/df	2.19
The Root Mean Square Error of Approximation (RMSEA)	0.06
The Goodness of Fit Index (GFI)	0.93
The Normed Fit Index (NFI)	0.92
The Comparative Fit Index (CFI)	0.95

If the χ^2/df is under 3, there is *a perfect matching* and if it is under 5, there is *a middle-range matching* (Kline, 2005). *(RMSEA)* values between 0.00-0.05 show *a perfect matching* while the 0.05-0.08 range represents *an acceptable matching* (Brown, 2006). *GFI* values between 0.95-1.00 indicate *a perfect matching* and the 0.90-0.95 range shows *an acceptable matching* (Sumer, 2000). The crucial value range for *NFI* is 0.90-1.00 and it amounts to *an acceptable matching* (Tabachnick and Fidell, 2001). For *CFI*, the values between 0.97-1.00 show there is *a good matching* and values between 0.95-0.97 means there is *an acceptable matching* (Tabachnick and Fidell, 2001). The model corresponds to the critical values related with *the Goodness of Fit Indexes,* which means each factor represents rightly the items representing itself in the model. And, the diagram below is the path-diagram of the model.
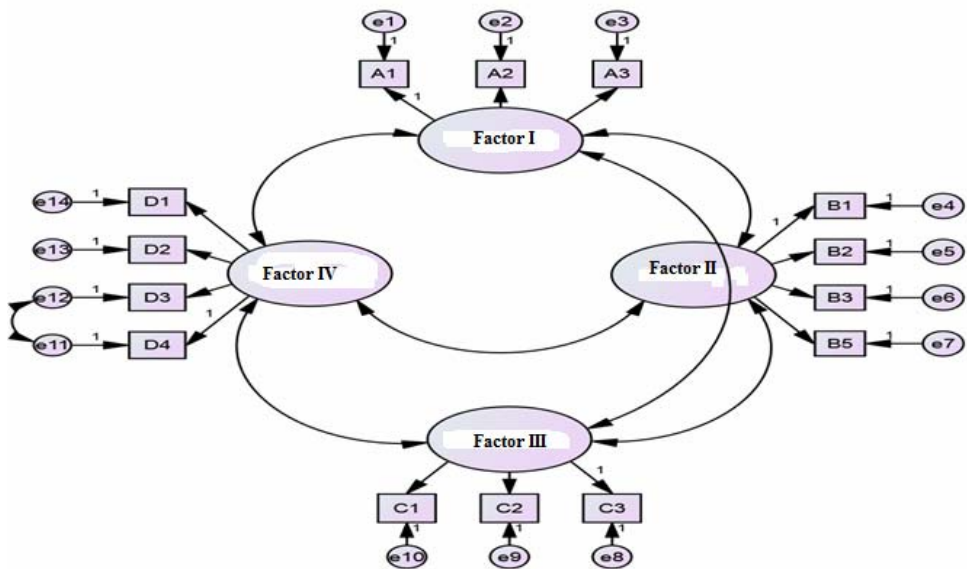
Reliability

The reliability of the model is tested with *the internal consistency tests*, *Croanbach Alfa*, *Split-half* and *Total-item correlation analysis*. The *Spear man-Brown co-efficient* is found as 0.81 while the *Guttman Split-Half co-efficient* is

calculated as 0.80. The general *Croanbach Alfa co-efficient* is measured as 0.89. These co-efficient values for the factors are Factor I.= 0,79, Factor II. = 0.78, Factor III. = 0.79, Factor IV. =0.82. Also, the values of *the total-item correlation analysis* are A1=0.63*, A2=0.64*, A3=0.54*, B1=0.52*, B2=0.66*, B3=0.66*, B5=0.56*, C1=0.54*, C2=0.52*, C3=0.46*, D1=0.65*, D2=0.69*, D3=0.61*, D4=0.56*. Here, the range is between 0.46 and 0.69, therefore all are statistically significant (p<0.05). Thus no more items are dismissed.

Discussion

The original scale including 21 items loses its 7 items. These are "*There is not any necessity to spend the profit gained by a company to solve societal issues after legal obligations are met by the company. (A4)*", "*CSR activities are not carried out only with a philanthropic impetus. (B4)*", "*Those who argue discretionary CSR activities by companies can establish the distributive-justice among citizens, can be attributed as extreme-capitalists.(C4)*", " *The authority, who must observe the public-interest under all circumstances, is the politics. (D5)*", "*The public elects politicians to work for the public-interest. (D6)*", "*The politicians coming to the power is responsible to work for the public-interest. (D7)*", and *"PR responsible of a company is responsible to the company and elected politicians are responsible to the public. (D8)"*. *A4* simply askes if a company is obliged to solve societal issues. Definitely it does not. Yet, *the reality that it does not* but *the wishes of some respondents that it should do* might be the reason of uneven answers to the item. *B4* might bring perplexing answers because of its highly PR specific terminology. *C4* might not be specified in a better wording. The rest, D5, D6, D7, D8 try to identify whose responsibility is to work for *the public-good*. Definitely politicians and the politics are to work for *the public-interest*. However, the reality that working for *the public-interest* is the duty of the political world but the practical knowledge of some respondents that the political world does not work for it, might bring confusing results about these four items.

Conclusion

The literature review reveals neither *the Excellence Theory* or *CSR* and *the Stakeholder Theory* argue corporations are to be run for *the public-interest* .Worse still, *CSR* and *the Stakeholder Theory* may be against to *the public-interest* by arguing *the distributive justice* through *CSR* not through *the enforcing law*. On the other hand, one of the disadvantages of carrying out such a scale developing study in the Northern Cyprus is that there are not enough experts trained in *PR*. The

original scale having 21 items loses its 7 items. Still, its eventual form is enough in testing *the appropriateness of the capitalist environment* in running corporations for *the public-interest* (Factor I.), the nature of CSR projects (Factor II.), who is really a capitalist and a socialist (Factor III.), and to whom a PR responsible of a company is responsible (Factor IV).

Appendix 1

Main questions

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The Environmental Characteristics					
1. A company belongs to its owners/partners/shareholders. (A1)	( )	( )	( )	( )	( )
2. A company is incorporated to maximize the profit of its owners/partners/shareholders given it complies with the rules. (A2)	( )	( )	( )	( )	( )
3. The owners/partners/shareholders of a company have the right to spend the profit however they like according to the law if they comply with the rules. (A3)	( )	( )	( )	( )	( )
4. There is not any necessity to spend the profit gained by a company to solve societal issues after legal obligations are met by the company. (A4)	( )	( )	( )	( )	( )
The Nature of the CSR Activities					
5. Unlike a charity, a company can not only give without waiting anything to take back. (B1)	( )	( )	( )	( )	( )
6. *CSR activities* are also good for a company's interests. (B2)	( )	( )	( )	( )	( )
7. *CSR activities* also aim at building a good-image for a company in the eye of society. (B3)	( )	( )	( )	( )	( )
8. *CSR activities* are not carried out only with a philanthropic impetus. (B4)	( )	( )	( )	( )	( )
9. *CSR activities* are also carried out to provide a company with *comparative-advantages* as a good-image and a high-brand-awareness. (B5)	( )	( )	( )	( )	( )

Socialists or extreme capitalists					
10. Communitarians generally prefer the roles such as establishing the distributive justice among citizens and preventing poverty to be carried out by the state not by companies. (C1)	( )	( )	( )	( )	( )
11. Communitarians generally ascribe the roles such as establishing the distributive justice and preventing poverty to the state.(C2)	( )	( )	( )	( )	( )
12. Communitarians generally argue discretionary CSR activities by companies cannot establish the distributive-justice among citizens.(C3)	( )	( )	( )	( )	( )
13. Those who argue discretionary CSR activities by companies can establish the distributive-justice among citizens, can be attributed as *extreme-capitalists*.(C4)	( )	( )	( )	( )	( )

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The Fact of Fiduciary Duties of an Agent					
14. The PR expert of a company is responsible to the owners/partners/shareholders of the company before all. (D1)	( )	( )	( )	( )	( )
15. The PR expert of a company must comply with the duties of an agent (employee) to the owner (employer). (D2)	( )	( )	( )	( )	( )
16. The PR expert of a company cannot run the company for the public-interest by putting aside the interests of the company. (D3)	( )	( )	( )	( )	( )
17. The PR expert of a company is not employed by the company to work for the public-interest. (D4)	( )	( )	( )	( )	( )
18. The authority, who must observe the public-interest under all circumstances, is the politics. (D5)	( )	( )	( )	( )	( )
19. The public elects politicians to work for the public-interest. (D6)	( )	( )	( )	( )	( )
20. The politicians coming to the power is responsible to work for the public-interest. (D7)	( )	( )	( )	( )	( )
21. PR responsible of a company is responsible to the company and elected politicians are responsible to the public. (D8)	( )	( )	( )	( )	( )

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