

Phillip Morris International, Inc.: A Case of Difficulties in Justifying Corporate Social Responsibility

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Executive Summary: In today's global market environment, a prerequisite for a corporation to align with a practice of corporate social responsibility (CSR) is to have a social contract with its key stakeholders such as society, government, groups, individuals, and other interested parties (Crowther & Aras, 2008). However, there is no agreed-upon definition of CSR, but it can be articulated as a concept whereby commercial and non-commercial entities incorporate social, economic, ecological, and sustainability concerns in their business operations, and that these entities interact ethically with their stakeholders on a voluntary footing (Hamidu, Haron, & Amran, 2015). Phillip Morris International (PMI) proclaims that its stance on CSR is strongly correlated with transparency, accountability, and sustainability (PMI, 2017). However, PMI is a corporation that promotes the production of harmful products for human enjoyment and is still seen by society as a controversial corporation (Cohen, 2007). Despite its good intentions, as long as PMI promotes the production of harmful products for consumers, their CSR proclamations will be addressed with skepticism.

To further exacerbate the importance of CSR, Schüz's triple corporate responsibility (TCS) model has been incorporated to outline factors such as social/ethical factors, economic/functional factors, and ecologic/aesthetic factors. Derived from the TCS model were different scopes and sustainability factors in relation to corporate responsibility that were further cross-referenced with PMI's stance towards its CSR program. Despite the philanthropic efforts implemented by PMI in health, education, and other worthwhile social activities, as well as their admission that their products are harmful, not much has changed in their behavior towards their products. However, PMI has great expectations concerning electronic cigarette (e-cigarettes) technology as a better and less harmful alternative to traditional smoking, and so far, PMI has invested \$3 billion in creating the substitute cigarette (O'Connell, 2016). The introduction of e-cigarettes technology by PMI may have softened society's cynicism towards the corporation for now, but the underlying fact is that PMI's "less harmful" stance on e-cigarettes and the continuation of producing traditional cigarettes is good for business.

Additionally, e-cigarettes have created a whole new set of rules and an ongoing debate concerning legal, ethical, and practicality issues among legislators, health organizations, academics, employers, and other stakeholders (Tavernise, 2016). On the other hand, one may wonder if the transition from traditional smoking to e-cigarette vapor is moral, especially when young people become consumers of their products. Subsequently, there are the legal questions for regulators as well as other compelling legal issues such as lifestyle protection statutes, common law of tort of strict liability for products, and deceptive advertising (Cavico, Mujtaba, & Samuel, 2014).

However, if not stipulated by law otherwise, individuals have the legal right to engage in the use of tobacco related products; and, if tobacco companies operate within the law, they may well depict themselves as a good corporate citizen (Carroll, 1999). As tobacco and e-cigarette-related products are rapidly becoming a global phenomenon, each country has its own cultural and legislative measures in dealing with these products and their related issues (Caponnetto, Campagna, Papale, Russo, & Polosa, 2012).

Despite the less harmful e-cigarette alternative to traditional smoking, society and legislators are also concerned that e-cigarettes may reverse the progress on de-normalizing smoking and stimulate tobacco use, especially among young

people (Patterson, Hilton, & Weishaar, 2016). For instance, a 2015 U.S. national youth tobacco survey of high school students showed the rapid growth of e-cigarette use, while the use of traditional cigarettes and cigars was declining (Tavernise, 2016). Moreover, a 2013 alcohol and tobacco study conducted among secondary schools across north west England indicated that e-cigarettes are accessed by young people more for experimentation than smoking cessation, and that those who have access to e-cigarettes are already familiar with illicit methods of accessing age-restricted substances (Hughes, Bellis, Hardcastle, McHale, Bennett, Ireland, & Pike, 2015).

I. Introduction

In order to uphold corporate legitimacy, corporations must differentiate themselves from their competitors through innovation, code of ethics, transparency, efficiency, communication, and CSR measures (Rayman-Bacchus, 2006). The resource-based view of corporations claims that the fundamentals of competitive advantage are a collection of valuable, sporadic, inimitable, and non-substitutable resources (Barney, 1991; Wernerfelt, 1984). Moreover, legitimacy was theorized by Suchman (1995) as, "a generalized perception or assumption that the actions of entities are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574). In most instances, influential stakeholder groups, news and social media, and laws articulate the norms concerning legitimacy. Furthermore, in order to gain and maintain legitimacy will also greatly depend on how a corporation communicates with its intermediaries and stakeholder groups regarding their operational practices.

The previously mentioned assertions may need to be further scrutinized when investments in CSR are made by corporations that have a questionable reputation. One of these industries overshadowed with controversies is the tobacco industry, which appears to have a long-standing cumbersome relationship with society, including CSR activities (Cummings, Brown, & O'Connor, 2007). However, there is no generally accepted definition concerning corporate reputation (Gotsi & Wilson, 2001). However, Gotsi and Wilson (2001) denoted a plausible definition, whereby they concluded that:

A corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the company's actions and/or a comparison with the actions of other leading rivals. (par. 15)

One important difference between legitimacy and reputation is that legitimacy is more focused on social acceptance such as social norms and regulations, while reputation is more directed on organizations comparing each other (Deephouse & Carter, 2005). Therefore, legitimacy is about fitting in, while corporate reputation is more about standing out from others (Schreiber, 2011; Stringfellow, Shaw, Maclean, 2014).

Nevertheless, as the world's second-largest tobacco company, PMI advocates for people to stop smoking, but made around 813 billion cigarettes in 2016 (Kaplan, 2016). The previous statement implies that PMI is trying to boost their stance towards CSR by introducing an innovative approach that is more aligned with the common values of human life. One may wonder how sincerely PMI is in shifted its focus towards safer tobacco products, especially as PMI tried and failed recently in a legal case to destroy Uruguay's tough comprehensive tobacco control program (Chapman, 2017). Furthermore, one of the main CSR undertakings the tobacco industry is known for is based on philanthropic activities. Over the years, tobacco industries have used philanthropy politically (Cairney, Studlar, & Mamuda, 2011). Fooks and Gilmore (2013) identified a number of philanthropy control-shaping agendas of tobacco companies to secure access, and in building constituencies such as (a) weakening opposing political constituencies, (b) facilitating access and building relationships with policymakers, and (c) shifting thinking on the importance of regulating the market environment for tobacco and the relative risk of smoking for people's health. In essence, the mere existence of tobacco and cigarette companies prompts the question of the reasonableness of CSR activities undertaken by those companies (Harizan & Hamid, 2015).

Nowadays, much of PMI's innovative approach is directed towards electronically heated tobacco (e-cigarettes) technology instead of burning cigarettes, a focus that should further boost revenues and sustainably move their business forward in the future (Chambers & Mulier, 2016). One may wonder if the aforementioned approach would increase the legitimacy issues surrounding PMI beyond those experienced intermittently by most other corporate entities. Arguably, others may see electronically heated tobacco technology as an innovation smokescreen to make more money and to increase shareholder's wealth as well as a further continuation of damaging people's health by promoting an addictive substance (Karasu, 2017). In the meantime, PMI will further face ongoing external public relation worries as well as

internal legitimacy means that may lead to policy innovation. PMI and other tobacco companies have used CSR activities as a defensive tool in its position concerning youth smoking, causation, and second-hand smoke issues (Friedman, 2009). However, PMI has initiated a societal alignment strategy to convince stakeholders that they have changed their business model and are proactively trying to shape various types of changes that are socially acceptable (Yang & Malone, 2008). Nevertheless, there is still an array of legal issues and ethical aspects of CSR in line with PMI's societal alignment strategy or sustainability program that need to be explained.

For clarification, in 2003, PMI changed its name to Altria Group, owning 100% of Philip Morris USA, Inc. (PM USA), and in 2008, PMI was separated from PM USA. Hence, with its US heritage, tobacco-related instances given in this paper will predominantly be US-focused. Subsequently, the first part of this case study will focus on the fundamental legal issues surrounding e-cigarettes; the second part will address CSR issues in relation with e-cigarettes or iQOS, portrayed to create a positive post-cigarette image. A fundamental reality of CSR within the tobacco industry is that corporations only change their stance and practices when public opinion and political pressure force such changes (Friedman, 2009).

II. Philip Morris's Justification for Being Legitimate

In the U.S., e-cigarettes have been on the market since 2007, and have grown quickly in popularity (Gourdet, Chriqui, & Chaloupka, 2014). As e-cigarette sales have increased dramatically since its introduction, the use of the product has presented itself with difficult legal issues for all levels of federal, state and local government (Cavico et al., 2014). Also, the rapid increase among young people using e-cigarettes generated concerns in the public health sector given the deficiency of regulations concerning product standard, and the limited scientific evidence on the health impact (Huang, Tauras, & Chaloupka, 2014). Moreover, since 2013, after all 50 states in the US have compiled revenue notices, executive orders, attorney general opinions, and codifying statutory and administrative laws, US state laws have identified two critical categories of law: (a) explicit e-cigarettes and (b) laws focused on tobacco-derived and/or nicotine-containing products (Gourdet et al., 2014). Gourdet et al. (2014) further denoted that 34 state laws regulated e-cigarettes either explicitly or as part of language applying to tobacco-derived or nicotine-containing products; 22 states focused on youth access, and six states have youth restrictions on tobacco-derived and/or nicotine-containing products, as further indicated in Figure 1.

FIGURE 1
U.S. States With e-Cigarette-related Codified Laws (as of 15 November 2013)

Any Law	Explicitly addressing e-cigarettes			Tobacco-derived or nicotine-containing products		
	Youth Access	Smoke-Free Air	Excise Tax Related	Youth Access	Smoke-Free Air	Excise Tax Related
34	22	12	1	6	5	2

Source: Gourdet et al., 2014, p. 39

Federal regulations in the U.S. concerning e-cigarettes started in 2008 when the Food and Drug Administration (FDA) began to seize them, including them to the Import Alert 66-41 and instructing US Customs and Border Protection to reject their entry as unapproved drug and device combination products (Barraza, Weidenaar, Cook, Logue, & Halpern, 2017). Consequently, manufacturers started challenging the FDA to regulate e-cigarettes under the medical drug and device provisions of the Federal Food, Drug, and Cosmetics Act (FDCA) and to deny e-cigarette products entry into the US as in the case of *Sottera, Inc. vs. FDA* (Barraza et al., 2017). However, before the final decision in the *Sottera, Inc. vs. FDA* case, Congress passed the 2009 Tobacco Control Act, stating that: "Tobacco products shall be regulated by the Secretary under this Act and shall not be subject to the provision of the drug/device subchapter of the FDCA" (Cavico et al., 2014, p. 8; FindLaw, 2017, p. 1).

Especially with highly regulated industries, legal, regulatory, and political constraints can limit the growth of large companies, as well as the negative public sentiment, and PMI was not excluded from that (Welch, 2014). PMI's manifesto is about designing a smoke-free future (PMI, 2017). So, why is PMI taking countries with tight tobacco regulations into costly court battles by using a method called investor-state dispute settlement (ISDS)? Moreover, ISDS is an instrument under public international law, and PMI has the right to use this law to its advantage. Arguably, PMI's right to sue may

have a number of ethical considerations, but so is the right for a country to change its rules, or that trade agreements concerning harmful or addictive products should not be initiated (Howard, 2016). This pro-corporate law was introduced in 1959 in a trade agreement between Germany and Pakistan that has been further introduced in many trade and investments around the world and is part of the North Atlantic Free Trade Agreement (NAFTA) of 1994 (Hufbauer, 2016). For instance, in 2010, PMI sued Uruguay for reimbursement under a bilateral investment treaty between Switzerland and Uruguay, but after years of argumentations, Uruguay won this landmark case (Sun, 2015). Also in 2010, PMI sued Norway who decided to ban displaying cigarettes in stores to prevent people from purchasing tobacco products; PMI lost this case as there were no trade agreements cited (Sun, 2015). Based on citing the Hong Kong-Australia investment, PMI unsuccessfully sued Australia for introducing plain packaging for all cigarette brands (Howard, 2016). Furthermore, in 2015, PMI teamed up with British American Tobacco (BAT) and Japan Tobacco International (JTI) to sue the British government over plain cigarette package regulations, and here as well, the three major cigarette corporations were unsuccessful (Croft, 2016).

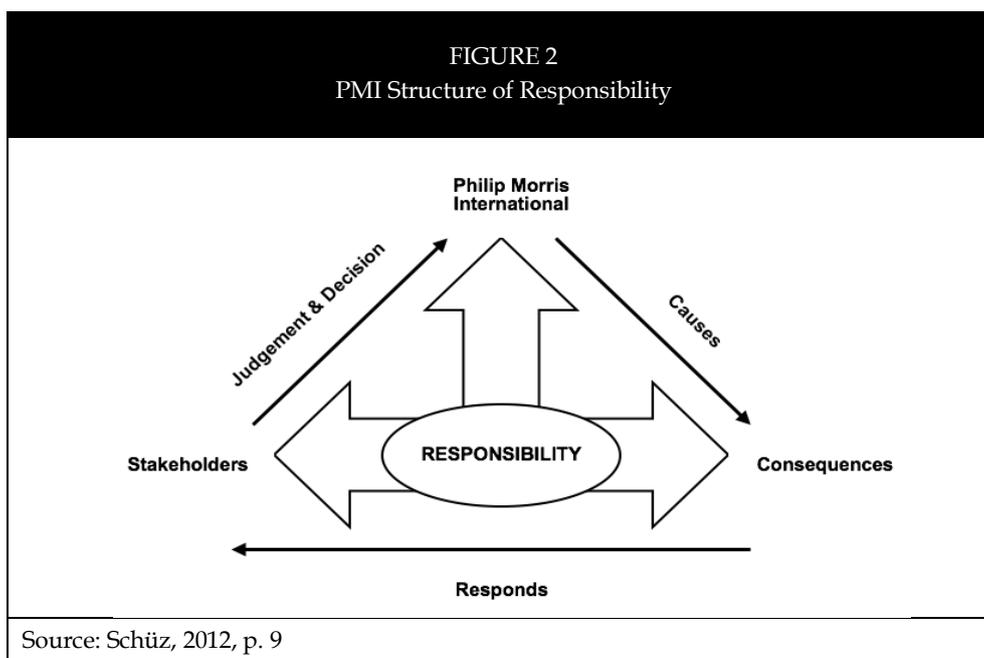
PMI is involved in highly competitive market conditions and competes for product quality, brand recognition and loyalty, taste, innovation, packaging, marketing, advertising, and retail price (CSI Market, 2017). For instance, the earlier mentioned court cases were about altering the wording and imaging of packaging, tax measures, and smoking in public places, as well as plain packaging measures on all cigarette brands that could further tarnish PMI's reputation (Sun, 2015). Since 2014, cigarette volumes are declining, and PMI is fiercely trying to secure its position in many of its key markets such as Europe, Middle East, and Africa, which saw share increases by 0.3 points (Forbes, 2015). However, despite the battle for PMI to stay competitive, there are other factors that may hamper PMI's growth and profitability. For instance, PMI is under pressure by factors such as (a) powerful anti-tobacco lobby groups that are flourishing globally, (b) governments imposing higher excise taxes on cigarettes, forcing tobacco companies to raise prices, and (c) fake versions of top-branded cigarettes sold by local retailers that are reducing volumes (Zacks.com, 2016). Moreover, PMI's 2017 first quarter year-on-year total revenue saw a 1.38% decrease, faster than its competitors by decreasing 0.83% in the same quarter (CSI Market, 2017). Therefore, when combining all the previously mentioned factors that have an influence in destructing overall business growth for PMI, it is not surprising that PMI is using every possibility in safeguarding its international business interests and shareholders. Arguably, as long as PMI operates within the law, PMI can use trade agreements as a "scaring" and "stalling" mechanism to challenge anti-smoking measures, but for the defendant to stand one's ground will not be easy. For instance, looking back at the 2010 Uruguay and PMI case, where a corporation with around \$80 billion on sales went into legal battle with a country with a GDP of around \$55 billion, which appeared to be a poor match for PMI (Levin, 2012).

People who use tobacco-related products represent a minority group, and about 18% of the world's population is protected by comprehensive national smoke-free laws (WHO, 2017). Contrary to what has been discussed so far on traditional smoking and e-cigarettes, people have rights and in the U.S., using tobacco-related products, including e-cigarettes, is a personal choice, not a constitutional right (Graff, 2008). According to Graff (2008), many smokers who claim a right to smoke assert two arguments: (a) smoking is a personal liberty, protected by the Due Process Clause, or (b) the Equal Protection Clause extends special protection to smokers as a group. However, both previously mentioned statements are legally invalid, since smoking is not a constitutional right (Graff, 2008). Despite the many issues concerning traditional smoking and e-cigarettes on known and unknown health factors, healthcare cost, or the cost of lost productivity, governments and legislators have the difficult task to strike the right balance between the freedom of the smoker and the welfare of the non-smoker. However, when it concerns tobacco-related products and human rights, individuals have the right not to be forced to breathe second-hand smoke, and the right to be free from addiction (ASH, 2014). Also, young people have the right not to be targeted by marketing that leads them to addiction and the possibility of an early death (ASH, 2014).

III. Philip Morris's Justification Search for CSR

Globally, every year over six million people lose their lives because of tobacco related products (Kaplan, 2016; WHO, 2017). On the other hand, since 1980, there has been a global decline in the prevalence of daily smoking for men and women; but, due to population growth, the number of smokers has increased significantly (Ng et al., 2014). For PMI, the introduction of e-cigarettes, branded as iQOS, became a new alternative but at the same time, it opened up the discussions on legal, ethical, and practicality issues for affected stakeholder groups, government regulators, the medical community and employers (Feldman, 2014).

For years, smoking was deemed by public health advocates as an anti-social, smelly, and an unappealing habit (Feldman, 2014). However, with the introduction of e-cigarettes, marketers picked up on that idea and promoted e-cigarettes as a direction to the “renormalization” of cigarette-like products (Feldman, 2014). Moreover, PMI created an enabling milieu to connect the new e-cigarettes technology with being responsible, and that the pros and cons arguments concerning CSR were further scrutinized (Gillette, Kaplan, & Chambers, 2017). Nevertheless, CSR themes and principles have further evolved over time to such an extent that there are many causes to re-evaluate corporate responsibility and sustainability, despite the lack of a conclusive concept (Visser, 2010). A more holistic approach may well clarify responsibility and sustainability issues for PMI’s innovative attitude toward smoking as there have been so many conflicting definitions in CSR. So far, responsibility issues concerning the tobacco industry have been a sticking point for governments, health practitioners, and other relevant stakeholders (Trama, 2011). Moreover, the word *responsibility* is associated with something or someone for which a person or organization is responsible, and where it is the role of the person or organization to make authorized and independent decisions, which includes liability, accountability, duty, trustworthiness, and conscientiousness (Wright, 2008). On the other hand, Pight (1969) denoted that “being responsible alludes to a relationship between a performing subject causing consequences, responding and judged by an authority who enquires about their positive and negative impact” (p. 9, par. 3). Subsequently, Figure 2 portrays PMI’s structure of responsibility using Schüz’s (2012) model, which alludes to responsibility as a variable term, based on how consequences are assessed and how they are accepted.



Despite the ongoing health debate and legal predicaments surrounding e-cigarettes, there is also a morality issue on how right and wrong is judged (Blanding & Drexler, 2015; Cavico et al., 2014). Ethical theories and principles are used to reason to moral conclusions and are entrenched in CSR themes (Mackenzie, 2004). Also, public pressure on organizations to diminish negative social behavior is great, which drives many to incorporate sustainability and corporate responsibility measures into their value chain (Schüz, 2012). Scoping the ethical responsibilities concerning e-cigarettes consists of ethical theories and principles, that may ultimately sway society as acceptable or even desirable (Cavico et al., 2014). Arguably, CSR has its limits as a means of aligning corporate activities with the wider public interest (Fooks, Gilmore, Collin, Holden, & Lee, 2013). Nevertheless, there are still unanswered health issues concerning e-cigarettes, even though they have a very low nicotine content, as well as unanswered questions regarding whether e-cigarettes are a good alternative and a beneficial moral product (Franck, Fillion, Kimmelman, Grad, & Eisenberg, 2017). The following is an examination of four ethical theories concerned with being moral or immoral, right or wrong, and good or bad, which are: (a) ethical egoism, (b) ethical relativism, (c) utilitarianism, and (d) Kantian ethics (Cavico et al., 2014).

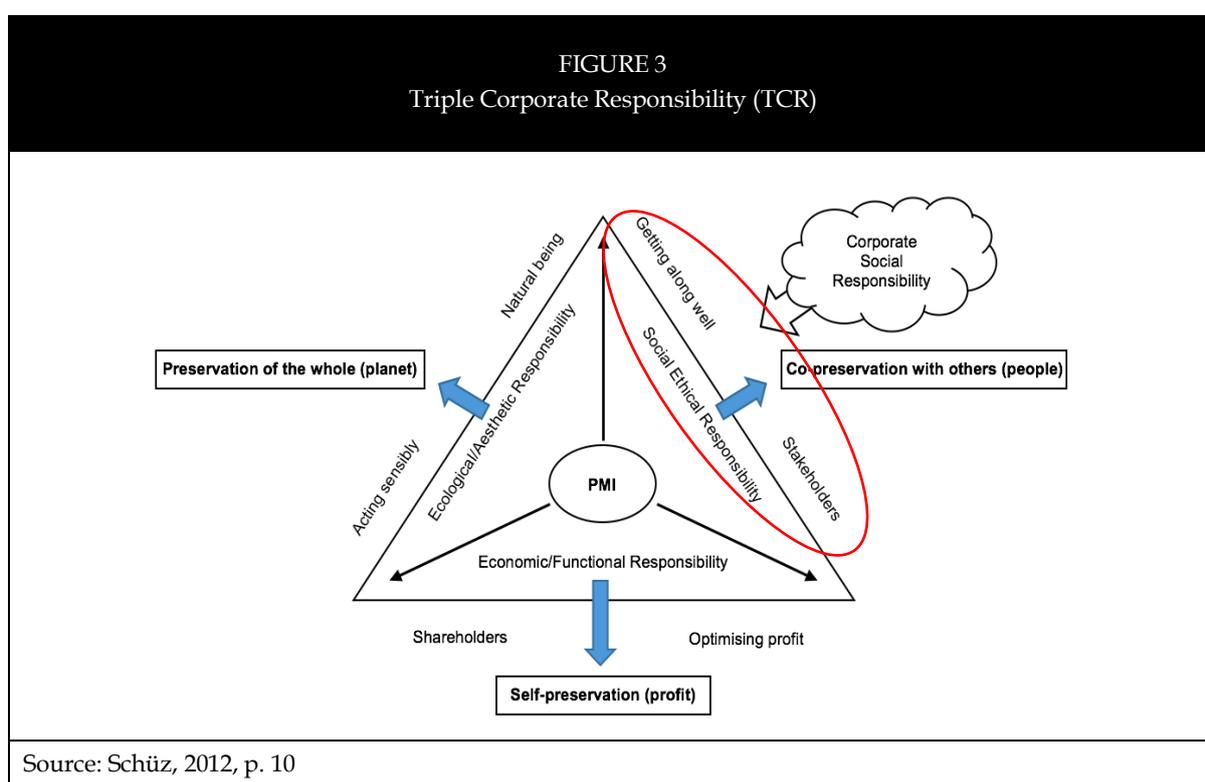
From a corporate perspective, ethical egoism promotes self-interest by acting in a selfish manner, shrewdly discerning the pros and cons of operational performances for the good of the corporation and its shareholders (Cavico et al., 2014; Pojman & Fieser, 2008). Ethical relativism rejects any objective and universal moral rules that can be developed in an

entire moral system (Mastin, 2008). Ethical relativists repudiate that there are universal standards to judge an action's morality as they act under the slogan "When in Rome, do as the Romans do" (Cavico et al., 2014; Mastin, 2008). Arguably, if society is going to judge e-cigarettes as "just another" tobacco product that is more intensively marketed to younger consumers, then society is likely to take a stance that e-cigarettes are immoral (Siegel, 2015). In other words, society's outcry of immorality will determine the moral conclusion pursuant to ethical relativism.

Subsequently, in utilitarian ethics, moral behavior is determined by investigating the consequences of an action and determining if the action is irrelevant, instead of the consequences created by the action (Kay, 1997; Quinn, Mujtaba, & Cavico, 2011). In other words, if a product produces worse than good consequences, the product may be deemed immoral. E-cigarettes and its vapor may be less harmful than traditional cigarettes and their smoke, but it can still be an immoral action as other people and groups may be affected directly or indirectly by the action (Quinn et al., 2011).

A Kantian approach to corporate ethics disregards consequences but focuses more on the arrangement of an action in defining its morality (Bowie, 2007). For instance, applying a "categorical imperative" test is a measure to test the action itself (Bowie, 2007). On the one hand, categorical means that the ethical principle is the ultimate, outright, and factual test. On the other hand, imperative means that at some stage one must make a decree to be moral and to do the right thing, even when self-interest may be breached by acting "correctly" (Cavico et al., 2014). PMI proclaims that its long-term vision is to create a smoke-free future and to produce less harmful products to *adult* smokers (PMI, 2017). For instance, from a "rule" of Kantian universal "law," PMI products are considered a moral product when they are not sold to minors or want their products not to be sold to someone's minor children (Bowie, 2017; Cavico et al., 2014). Therefore, a major challenge for PMI becomes a principle of fair play where marketing and advertising of its e-cigarette products must be conducted in a non-deceptive and non-misleading manner, and not to be targeted at minors.

For PMI to change smoker's habits from traditional smoking to e-cigarette vaping there needs to be an "enlightened self-interest" by balancing social, economic, and environmental factors (Carroll & Shabana, 2010; Smith, 2011). Moreover, enlightened *self-interest* applies to both personal and corporate level, underlining *shared interest* with the emphasis on relationships, community, and social values as well as interest that are mainly *altruistic* (Abrahamsson, 2003; Joseph, 2015). The latter value predominantly focuses on interests that are merely other's, which one follows only out of a sense of stewardship, ethics, or morality (Ikerd, 1999; Joseph, 2015). Ikerd (1999) further denoted that the three previously mentioned interests contribute to well-being or quality of life, as well as taking on the responsibility to take on stakeholder's trust.



Therefore, PMI's corporate responsibility and sustainability can be further tested in a model that positively defines the social, economic, and ecological aspects of their operations as these are manifested in their sustainability commitment (PMI, 2017). For this, Schüz's TCR model was adopted, as it includes all three ethical concepts in relation to the preservation of the whole (planet), co-presentation with others (people), and self-preservation (profit). The TCR model consists of (a) social ethical responsibility, (b) economic functional responsibility, and (c) ecologic and aesthetic responsibility as illustrated in Figure 3. Moreover, as a social dimension or system, PMI can only increase its sustainability when they collaborate and exchange fairly with physical (e.g., capital, raw materials), social (e.g., employees, customers, suppliers), and mental resources (e.g., ideas, strategies, inventions) (Schüz, 2012).

For instance, PMI may act responsibly when it is answering the consequences of its actions towards authorities; economically for being profitable to its shareholders; socially being attuned to stakeholders; and acting ecologically rational and respectable about nature and beings. Schüz (2012) elaborated that through responding to shareholders, self-preservation is provided; through responding to ethical demands, co-preservation to stakeholders is enabled; and through reacting to "nature" or "being," preservation of the whole is contributed to.

The TCR model confronts root causes to improve behavior (Schüz, 2012). As already mentioned previously, PMI has defined their corporate responsibility according to their earlier developed societal alignment strategy, and their current sustainability program, trying to create a balance between social, economic, and ecological factors (PMI, 2017). Disputably, PMI may well see their corporation as being universal in their corporate responsibilities, but as long as they produce products that harm people, PMI will struggle to reach the universal level of corporate responsibility (FCA, 2017). Over the years, the ethical aspects of the tobacco industry have been discussed by many scholars and practitioners and are still ongoing (Chapman, 1996; Cohen, 2007; van der Eijk, 2015). Also, PMI's reputation is an important and valuable asset that will determine their functioning and growth in the future. With the introduction of the e-cigarette, and the continuous promotional activities from PMI and other tobacco industries concerning traditional cigarettes, it will be difficult to operate any tobacco company ethically (Wensley, 2015). From a time or sustainability perspective, PMI is focusing on long-term corporate activities, trying to sort out illegal trade in cigarettes and to stop the abuse of children working in tobacco farms (Jacobs, 2015). Nevertheless, for some time now, PMI's narrative has been to make smoking safer and to reduce the environmental footprint, promote good agricultural practices, respect human and labor rights, and to fight the illegal cigarette trade (PMI, 2017).

So far, the aspect of space has been the focus of PMI's responsibility, and less on the dimensions of time. Time is more expressed when concerning sustainability perspectives and considering how long responsibility behaviors should be sustained (Schüz, 2012). Moreover, the key element of sustainability is not to harm or disadvantage future generations to meet their wants and needs (Schüz, 2012). Concerning PMI's e-cigarettes, the larger the scope, the longer the travel, and the more sustainable its responsibility will be (Schüz, 2012). In other words, when moving forward in time, the more impact e-cigarettes will have on future generations.

Nevertheless, over the years PMI made numerous efforts by initiating activities such as protecting perceived vulnerability towards regulations, litigations, and their future threats to their bottom line (Dorfman, Cheyne, Friedman, Wadud, & Gottlieb, 2012). Also, PMI's CSR extension further included the decline of social acceptability, youth smoking, and apprehensions over second-hand smoke exposures by highlighting that consumers are the ones who need to make the healthy choices and that it was not PMI's role to do that (Dorfman et al., 2012). Given the competitive nature of the tobacco industry, the previously stated behaviors may for many people be a reason to view PMI's social responsibility and supporting public health objectives in reducing the harms associated with any form of smoking with suspicion. Hence, past experiences have shown that the introduction by PMI of new products has led to more smokers (Kaplan, 2016).

However, PMI is well aware that they have to challenge legal and health issues concerning e-cigarettes as they will argue that it is a freedom of choice, and according to PMI's CEO Calantzopoulos "e-cigarette (iQOS) products are not zero-risk" (Kaplan, 2016, par. 23). Furthermore, PMI's arguments will even go further to suggest that it provides employment and tax revenues, all contributing to "society's welfare" (Lee, Eckhardt, & Holden, 2016; McDaniel, & Malone, 2012). However, since Herbert Gilbert patented the "smokeless non-tobacco cigarette" in 1963, there has been no going back (Bellis, 2017), and investors seem to like it as PMI's share price has seen a significant surge over the last view

years (MarketWatch, 2017). Since the formation of PMI, the corporation has returned nearly \$83 billion to investors in dividends and share paybacks (O'Connell, 2016).

Conclusion

Even in the early days of CSR engagements, there has always been the built-in principle that, by engaging in CSR activities, organizations would enhance the societal environment in which they operate, and that such efforts would be in their long-term lightened self-interest (Carroll & Shabana, 2010). To some extent, it appears that the previously stated may well apply to PMI's current corporate status. However, for PMI, the impact on their interpretation of CSR advancements have been surrounded by suspicion and skepticism.

Nevertheless, through the Internet and social media, today's consumers are better informed about corporate activities and what they stand for. Social media and lobby groups have become a powerful weapon for consumers concerning corporate unethical practices and other misbehaviors. There is also a strong perception that e-cigarettes are seen as less harmful than traditional cigarettes, and that young people who regularly use e-cigarettes are more likely to take up smoking and are more likely to develop habits of heavy cigarette usage (CVS Health, 2016). Also, legislators and medical researchers are gradually understanding consumer behaviors and the health impact that e-cigarettes have on society (Smith, Brar, Srinivasan, Enja, & Lippmann, 2016).

Though the development and introduction of the e-cigarette have been a welcoming add-on for PMI that may well boost their bottom line, and to further stimulate investors. However, as with many corporations that are changing their structure and strategy, there is some form of a tradeoff. Tradeoffs per se are not necessarily a negative manifestation as a sustainable advantage requires a tradeoff, emphasizing that more of one product will require less of another product (Porter, 2008).

Nevertheless, despite PMI's controversial products and all the criticism from health practitioners and anti-smoking lobby groups, it seems that PMI has cleverly maneuvered itself into a CSR position. However, for PMI to advance e-cigarette sales over conventional cigarettes and at the same time trying to make more refined CSR advancements will be a massive battle, and it will be closely watched by legislators, health, and other lobby groups. Moreover, an important factor in CSR development is the emphasis on corporate legitimacy theory. Legitimacy theory outlines the behaviors of an organization in developing social and environmental disclosures of information to accomplish their social contract on a voluntary basis. Arguably, PMI may have made significant progress towards CSR practices, but as long as there is no clarity on the long-term health effects of e-cigarettes and its second-hand emission, justifying CSR as a tool will be met with added skepticism.

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