

# CORPORATE SOCIAL RESPONSIBILITY IN MARKETING

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## ABSTRACT

In recent decades, the concept of social responsibility has gained prominence from all avenues. The present marketing trend of companies is constantly evolving and has given rise to a new concept Corporate Social Responsibility. Many of the leading companies all over the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands. This provides a new tool to companies to compete in the market. Company undertakes social developmental activities, environmental protection activities, charitable activities. This could be a strategic marketing activity, a way for a company to do well by doing good-distinct from sales promotion, corporate philanthropy, corporate sponsorship, and public relations. This study is based on the secondary data. Organizations have to overcome the issues of CSR in order to use it as effective marketing tool.

[**keywords:** corporate social responsibility, Marketing, Stake holders, Sales promotion]

## INTRODUCTION

CSR has emerged as an important academic construct and as a factor in the agenda of all kinds of companies and particularly large organizations. Although there has been a continuous academic debate regarding CSR as a concept, it is now possible to state with certainty that there is no universally accepted definition of the term since on one hand, scholars continue to discuss its content and meaning, and on the other hand, the largest companies seem to have

found a common ground on which they have developed strategies and developments on the subject. While there appears to be no agreement on its definition, its conceptualization and application have been enthusiastically adopted within the business world.

Marketing is a vital concept to the success of a business organization or Corporate organizations, whether it is service-oriented or product-oriented, it must be design appropriate strategies to market their products and services. Successful marketing results in stronger products, happier and loyal customers and bigger profit. There are certain skills demanded of marketing professionals in a dynamic marketing environment. Such skills are in areas such as selling and sales management, collection of payments, advertising, sales promotion, publicity, public relations, exhibitions and other event management, packaging and branding, corporate identity and image, marketing research and encouragement. The concept of Corporate Social Responsibility as we can see it has a great impact on many of the organizations departments and functions. We cannot discuss the concept of CSR without taking into consideration the environment, the ethical aspects of consumer communication, the implication in local community and many others.

Corporate social responsibility within the marketing much fragmentation can be observed in terms of the unit of analysis considered and the dimensions of social responsibility investigated. When marketing scholars

started expressing concern for corporate social responsibilities in the 1960s and 1970s they focused on the social duties attached to the marketing function and not on the overall social role of the firm. The benefits of Corporate Social Responsibility are plentiful. While a Corporate Social Responsibility program should have a positive influence on people, groups or communities that are directly affected by the actions, it's also becoming abundantly clear that Corporate Social Responsibility is a strong marketing and branding play.

### **Objectives of this Study**

- Understanding what Corporate Social Responsibility in marketing is?
- Main objectives and scope of Corporate Social Responsibility in marketing.
- Why Corporate Social Responsibility is important in marketing?
- Identifying the challenges faced by marketers with regard to the development, communication, and evaluation of Corporate Social Responsibility.
- To suggest recommendations for the challenges faced by marketers regarding CSR.

### **Research Methodology**

This paper reviews the literature on the basis of secondary data collected from various sources such as articles, several research paper, journals and magazines.

### **Corporate Social Responsibility in Marketing**

CSR has been described as charitable giving, strategic humanitarianism, community involvement, or cause-related marketing. However, none of these descriptions really does the concept justice. A management consultancy, Specializing in brand and business strategy, define CSR as doing business in a responsible fashion that

delivers value not only to the organization, but also to its stakeholders and the community within which it operates. CSR covers five main areas: environment, community, employee welfare, financial performance and corporate governance.

Enterprise that blend their marketing activities with CSR activities normally improve in a significant way, their business identity and reputation moreover, when their CSR accomplishments and activities are associated to the social needs of the community where they are, they improve even more their marketing activities such as brand image of their product and services. Enterprises especially small and medium enterprises, which tie up their CSR activities with marketing activities, cannot only improve significantly their reputation level among consumers and commercial partners but also create different benefits such as better performance specially a higher level of brand image of product or service of enterprises.

The decision to purchase a CSR product is primarily determined by the consumer's willingness-to-pay for CSR. The Willingness to pay is a monetary measure of their preference for this product attribute. Therefore it increases the demand for those products which are connected to CSR. CSR helps us to get eco-friendly products it helps to avoid illegal activities etc.

Corporate social responsibility (CSR) is the concept that every business should be concerned with more than just profits. And with generations that care more about the impact that businesses have on social, economic, and environmental issues, there has been an increasing amount of pressure from stakeholders to make CSR an integral part of a company's business strategy.

When the company undertakes, environmental protection activities, charitable activities, the assurance of diversity and equality and the development of local communities the organizations use them as marketing and customer loyalty increasing agent. Corporate responsibility policies have been gaining increasing attention from senior executives as

questions of sustainability and green agendas have come to spread through business the world over.

### **Objectives and Scope of Corporate Social Responsibility in marketing**

- **21<sup>st</sup> century marketing:** In today's market it is not just producing great products and making promotions, corporations focusing more on people and environment. CSR in marketing helps the company to produce eco-friendly product, better quality products by these customers will be attracted towards the products and this will lead to sale of the goods
- **Motivating factor:** CSR is a responsibility of every organization for long run, it is not just regarded with society welfare. It motivates both the internal and external environment.
- **Goodwill factor:** CSR concentrates on sustainable development of the economy, it creates good image to the corporation and make the market wide for our products.
- **To satisfy and keep clients:** when the company produces better quality products there will be consumer satisfaction which will keep client loyal. To make the world a better place.
- **To make the world a better place:** By producing green product and eco-friendly product the company helps to make the world a better place.

### **Scope**

Fair market practices: this area mainly involves promotion of Fair Corporation and competition, stigmatization of corruptive behavior, respective ownership rights and social responsibility in the entire supply chain. This area is associated with the constitutional provision related to counter acting unfair market practices. Activities of this area may comprise in responsibility supply chain, relations

with suppliers market education and relations with other stake holders etc.

### **Corporate Social Responsibility is importance in marketing**

Social responsibility in marketing involves focusing efforts on attracting consumers who want to make a positive difference with their purchases. Recyclable packaging, promotions that spread awareness of societal issues and problems, and directing portions of profits toward charitable groups or efforts are examples of social responsibility strategies. Many companies have adopted social responsibility strategies in marketing as a means to help a community via beneficial services and products. For example, marketing departments may launch a campaign that encourages consumers to buy a bundle of socks versus one pair; for every bundle sold, the company donates a bundle of socks to military personnel overseas or to local homeless shelters. As a result of such donations, the company brands itself as socially responsible and ethical, which ultimately attracts customers who are engaged in socially responsible commitments and who want to support the welfare of the community.

Corporate responsibility goes hand in hand with socially responsible practices. For example, administrators, executives, and shareholders and stakeholders must practice ethical behaviours and join the community in promoting responsible marketing efforts. Putting on appearances or green washing, the practice of promoting deceptively environmentally friendly processes or products indicates to customers that the company is not committed to social responsibility; such behaviours can ultimately hurt the brand and the company's success. Consumers often do their research and can see through gimmicks and slogans, or efforts that are not genuine or ineffectual.

Although an initial investment may be involved to share profits or donate to those in need, social responsibility in

marketing promotes a positive company image, which can significantly impact profitability and even productivity favourably.

### **Prominent examples of companies using CSR in marketing campaigns**

There are many companies who have included CSR in marketing strategies for a multi-dimension return. American Express Corporation initiated CSR in marketing with issues like restoration of Statue of Liberty, hunger relief and women's economic independence. ConAgra Foods initiated the feeding the children better, which had a positive impact by implementing CSR in marketing. Ford supported the cause of Breast Cancer (Varghese, n.d.). Procter and Gamble runs the "Shiksha" initiative wherein part of revenue is donated towards children's education. ITC runs the world renowned "e-Chaupal" initiative. The Tata Group runs multiple philanthropic activities in location of their facilities or in general. Liquor brand Bacardi in 2008 emphasized on "don't drink and drive" and roped in Michael Schumacher for the cause which gave Bacardi the boost of celebrity endorsement by the benefits of CSR in marketing (EUCAM, 2009). Companies with the intention of accomplishing their marketing agenda through corporate social responsibility (CSR) have realized the importance of good corporate citizenship and the need of working towards the welfare of the society in the best possible manner.

### **Challenges faced by the marketers regarding the CSR**

- **Lack of Community Participation in CSR Activities**: There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill

confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

- **Need to Build Local Capacities**: There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities
- **Issues of Transparency**: Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.
- **Non-availability of Well Organized Non-governmental Organizations**: It is also reported that there is non-availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.
- **Visibility Factor**: The role of media in highlighting good cases of successful CSR

initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

➤ **Narrow Perception towards CSR Initiatives:**

Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

➤ **Non-availability of Clear CSR Guidelines:**

There are no clearcut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

➤ **Lack of Consensus on Implementing CSR**

**Issues:** There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time

## **Suggestions and Recommendations**

- **Practice transparency:** With the transparency of Social Accounting, it has become at much ease to express social cost and benefits in money terms. Moreover, it is necessary in order to improve the heads of reporting in the context of dynamic socio – economic environment.
- **Communicate:** Once you have built your CSR strategy, make sure you talk about what you are doing with your CSR initiatives. When people hear about acts of compassion, they are more likely to take interest and then take part in your experience. By using not just your social media channels, such as your blog, Twitter, or Facebook page, but also your inbound channels hold just as much value – such as employee meetings, board meetings and press briefs.
- **Play a more active role in the community:** Improving corporate social responsibility means adopting a dual mindset – along with making decisions that have a global impact, you also need to focus on your immediate surroundings and actively seek to be engaged in your local community.
- **Encourage innovation:** Actively work to create an environment that encourages your employees to come forward with ideas about how to improve your corporate social responsibility. By including their ideas and encouraging their active participation, you help to guarantee that social responsibility is a “daily driver” in your operations and not just a public relations selling point. In other words, responsibility becomes part of your performance culture.

- **Proper investment:** Don't waste your CSR efforts. Companies focus so much attention on the sales channel, which in today's economy seems almost unavoidable. But it's crucial to consider either allocating internal resources to an ongoing CSR strategy effort, or if you can, hire key individuals to grow and properly develop a strategy for your company's CSR efforts.
- **Perfect strategy:** A perfect strategy should be carried out by the corporations to implement and enhance its corporate social responsibilities with perfect strategy we can avoid frauds and errors in implementation.

### **Conclusion:**

The concept of corporate social responsibility is now firmly rooted on the global business marketing agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.

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