



A study of Corporate Social Responsibility as an Effective tool of Corporate Marketing

Dr. Priyanka Amol Pawar, Assistant Professor, Indira College of Engineering & Management, Pune
Dr. Prashant Vijaysing Patil, Assistant Professor, Dr. AGD Bendale Mahila Mahavidyalaya, Jalgaon
Prof. Aditee Huparikar Shah, Assistant Professor, Indira College of Engineering & Management, Pune
Prof. Sayalee Kapil Patil, Assistant Professor, Dr. AGD Bendale Mahila Mahavidyalaya, Jalgaon
Prof. Prabodhan Patil, Assistant Professor, Sandip Institute of Technology and Research Center, Nasik

191

Abstract

In a market as fiercely competitive as today's, Corporate Social Responsibility has proven to be a powerful tool for companies. With the increased competition and tough economic climate, it is imperative that companies use every available strategy to maintain their competitive edge over their competitors. The most effective way for corporations to sustain themselves in the future is by implementing Corporate Social Responsibility strategies in order to gain customers and increase profits. Since the first Corporate Social Responsibility (CSR) reports were presented to society in the early nineties, CSR has proven itself to be an increasingly important field of research. Many studies have shown that a company's corporate social performance is positively correlated with overall financial performance. An increased level of CSR leads to enhanced corporate image and brand recognition. CSR is thus seen as an effective marketing strategy that can result in increased sales and market capitalization. The current paper focusses on the relationship between corporate social responsibility and corporate marketing. The study is based on primary data collected from 117 middle and top-level managers in various large organizations in Pune City. The results of the study show that corporate social responsibility is an important factor in terms of determining corporate marketing strategy. Detailed analysis of the results indicates that the importance of CSR is positively related with Brand Equity, Profitable Turnover and Profits.

Keywords: Corporate Social Responsibility, Corporate Marketing, Brand Equity, Profits.

DOI Number: 10.48047/NQ.2022.20.20.NQ109022

NeuroQuantology2022;20(20): 191-199

1. Introduction

Corporate social responsibility (CSR) is a voluntary action of organizations to make an effort of contributing to their local communities. CSR is about making the world a better place for the next generation. It can be defined as any initiative taken by an organization with regards to environmental, social or ethical concern that is not required by law and typically over and above the existing requirements such as tax compliance and employee policies. CSR not only has economic benefits, but it also addresses social issues that are relevant with respect to each particular region or country (Singh et. al, 2021). Companies that have systems in place to manage CSR practices are typically viewed as more ethical by their consumers. These

companies are also seen as more competitive as they are able to maintain strong relationships with the public (Choi et. al, 2012).

Corporate Social Responsibility has become mandatory through the provisions under Section 135 of the Companies Act, 2013. "Every company that is private limited or public limited, has a net worth of Rs. 500 crore or more, or a turnover of Rs. 1,000 crore or more, or a net profit of Rs. 5 crore or more during any financial year has to spend a minimum 2% of the average net profits made during the 3 immediately preceding financial years."

In 1997, Professor Michael Porter of Harvard Business School published an article entitled "Corporate Social Responsibility". In this



paper Porter shows how companies can take advantage of CSR in order to promote growth and profit.

In recent years, CSR has emerged as a powerful management tool for organizations by combining sustainable development objectives with market-based activities (Weiser & Brown 2011). In this sense, CSR can be seen as an alternative or complement of traditional marketing functions such as advertising (Beyer 2007). CSR has also been found to be a cost effective and efficient instrument for attracting and retaining stakeholder interest (upper management, customers, investors, suppliers, regulators) in political, social and environmental context.

Since the first Corporate Social Responsibility (CSR) reports were presented to society in the early nineties, CSR has proven itself to be an increasingly important field of research. Many studies have shown that a company's corporate social performance is positively correlated with overall financial performance. An increased level of CSR leads to enhanced corporate image and brand recognition. CSR is thus seen as an effective marketing strategy that can result in increased sales and market capitalization (Kohli & Gartner 2008).

CSR has been defined as the voluntary actions undertaken by an organization with the intention to benefit society and includes worldwide environment, social and business dimensions (Schroder 2008). Corporate practices can create an environment in which governmental policies can be improved.

According to Balmer, N., and Slater, M. A., (2009), CSR is on the rise. There is a significant increase in organizations that are trying to establish their reputation by making contributions to society (Balmer & Slater). Research suggests that consumers buy products because they believe companies care. In fact, Unilever spent around \$150 million in 2007 communicating its CSR initiatives (Balmer & Slater). These events

have made more companies realize the importance of CSR and how it is directly related to their success.

The purpose of this paper is to analyze the impact of corporate social responsibility on corporate marketing strategies. The paper also aims at investigating how corporate social responsibility can be used as a marketing strategy by the organizations. The research study is based on primary data collected from 116 middle and top level managers in various large organizations in Pune City.

2. Review of Literature

The complex nature of Corporate Social Responsibility (CSR) has made it difficult for many authors to define CSR properly. Many researchers have formulated their own theories regarding the definition of CSR without being able to agree upon a singular set definition. The lack of proper definition and framework makes it difficult for researchers to bring forth conclusions with regards to CSR (Fletcher 2005). This essay provides the definition of CSR as defined by the author.

CSR is considered to be a very important part of the marketing mix since CSR practices have been proven to have a direct impact on revenues and profits. The CSR can be defined as the voluntary actions undertaken by an organization with the intention of contributing to society. In this sense, CSR is seen as an alternative or complement of traditional marketing functions such as advertising (Beyer 2007). Marketing research suggests that consumers buy products because they believe companies care (Kohli & Gartner 2008).

Shaikh et al. (2016) found that corporate social responsibility (CSR) has impacts on brand image, to enhance a positive image of the organization, as well as on the revenues through its positive impact on brand equity. Short and Neslin (2008) found that CSR can



lead to increased sales, market capitalization and profits if it is communicated properly. Corporate practices can create an environment in which governments can create policies which lead to better markets for CRS organization.

There has been a significant increase in the number of organizations that are focusing on their reputation by making contributions to society (Balmer & Slater). More than 80% of MNCs have designed and implemented environmental strategies for managing their environmental risks and opportunities (Kapferer & Skiera 2009).

CSR is considered effective for organizational reputation and for enhancing the brand value, by increasing firm profitability and brand equity (Unilever 2007).

In 2007 Unilever spent around \$150 million in communicating its CSR initiatives (Balmer & Slater). The positive results of these events have made more companies realize the importance of CSR and how it is directly linked to their success.

Hari (2016) found that corporate social responsibility (CSR) is most effective in the service industries, where consumers want to know that products and services are delivered at a fair price. Companies in manufacturing industries are more likely to invest in CSR when they face poor sales than companies in service industries.

Karthikeyan (2019) conducted a study based on the perception of corporate social responsibility among the consumers in India. The study indicates that there is a significant difference between the perceptions of consumers regarding CSR practices among brands owned by Indian-based companies and those owned by foreign-based companies.

Consumers also stated that they prefer to buy products/services from brands that support causes with which they identify, rather than from brands whose CSR programs are purely for profit.

In many cases corporations use CSR as a marketing strategy to improve their image with consumers and government agencies, improve their public relations, and establish or maintain a network of suppliers and other stakeholders (Smith & Scapens 2011).

The corporate social responsibility (CSR) of a company is the set of activities to fulfill certain responsibilities towards the community, environment and society. This encompasses moral accountability and ethical values in terms of how a firm handles its economic resources in such a way that it addresses local, national and global issues. The activities undertaken to achieve this aim may range from providing low-cost products to disadvantaged or poor people to helping communities overcome a lack of infrastructure.

According to Thorne (2019). to practice CSR, an organization should have three basic elements in place: a. building competitive advantage with CSR; b. identifying and managing external stakeholders; and (c) using CSR to build legitimacy. The crucial area of focus is on communicating the intended message to the target audience (Davidson & Albertson 2009). An organization's CSR strategy significantly contributes to its corporate image, which is extremely important for attracting new customers. A strong corporate image may make a difference between success and failure for an enterprise by contributing towards sales volume and profitability (Slater & Narver 2004).

Manas (2020) found that corporate social responsibility (CSR) and marketing mix strategies are two important elements of the marketing activities to achieve customer satisfaction. The purpose of CSR is to satisfy customers and this is the main role of marketing and sales.

Consumers are aware that a number of organizations have declared their

commitment to CSR, but they cannot always rely on them (Walter & Lyon 2010). In recent years, there has been a significant increase in the number of organizations that are promoting their products based on a commitment to Corporate Social Responsibility (CSR), although not all companies agree with this approach.

There are two components that make up CSR for an organization: (1) Company Impact and (2) Profitability. There are also three main motives for corporate CSR: Productivity, Image and a Chance to Succeed. Profit can be affected in several ways by the CSR initiatives of an organization. Since it is not a constant profit factor, it is hard to determine what impact it has on the profit of an organization. The main focus of this study is on the role of Corporate Social Responsibility (CSR) in corporate profits and brand image. This study covers the role of CSR in all three aspects such as, helping organizations attain competitive advantage, gaining a competitive edge on the same level and helping organizations build legitimacy.

The presence of social media has created a new environment where consumers can voice their concerns as well as their praises regarding corporate practices. Johns (2008) commented that social media marketing is a set of strategies and activities designed to promote brands or influence public opinion in order to generate sales leads, loyalty, and awareness. The social media are used by corporations to interact and share ideas with the public for creating greater impact on their customer base.

Social media attract today's consumers, who wish to keep up-to-date with current trends, innovations and also brands.

Social media efforts are based on the fundamentals of effective marketing that include: providing valuable content, building relationships and promoting one's brand. In this day and age, social media has become an

inevitable feature of the modern business landscape.

Social Links To Social Media

Corporate websites are the most widely used CSR channels; however, corporate blogs are becoming increasingly popular (Morrisey, Slater & Narver 2009). Due to their ability to reach larger audiences in a more credible manner than traditional mass media channels such as newspaper advertisements (Zhang 2012).

The pageviews of any given blog tend to be more evenly spread across time, which means that the amount of time spent looking at pages differs depending on the day of the week, or month. Therefore, by estimating total pageviews, an accurate estimate can be obtained on how many people are reading blogs. The level of importance that individuals place on the various blogs can also be observed from this trend (Zhang 2012).

Whilst conducting research for their book "The Shift: The Future of Work Is Already Here", Gartner's research team found that there are currently 1 million social media users in China alone and a 70 per cent increase in mobile phone users in China since 2007 (Zhang 2012).

Social media is an excellent communication, marketing, and advertising tool. A business can build a strong and loyal following through social media that will lead to increased sales, leads and brand awareness. With the rise in social media usage, businesses are also able to reach existing customers and potential new customers—constantly.

Additionally, businesses can take advantage of the growing portable nature of social media by doing more via mobile platforms (Zhang 2012).

Social Media is changing our culture because it is giving people greater autonomy over communication, making it possible for people to stay connected with others even when they are physically distant (Zhang 2012).



Bird et al. (2011) stated that CSR is a term used to refer to both the corporate-related activities and the societal benefits that result from these activities. The most prominent examples of CSR could include charitable contributions and community building. The term has been very closely tied with marketing, but its definition is more expansive than just brand marketing; it refers to all the advertising, publicity and social responsibility aims of an organization.

The role of CSR in marketing activity varies depending on the product or service provided by an organization in order to improve its image among its customers (Johnston & Rieu 2009). In a recent study, results depicted that people think CSR is of less importance than personality or brand image.

3. Research Gap

Due to the belief that Corporate Social Responsibility is not a luxury but a necessity, many studies have been carried out to understand the value of corporate social responsibility. However, there has been no study yet in India on the role of Corporate Social Responsibility in improving brand equity, image and profit margin of organizations.

4. Objectives of the study

1. To find out the perceptions of the managers regarding importance of corporate social responsibility.
2. To analyze the relationship between corporate social responsibility and marketing activities.
3. To find out the effectiveness of corporate social responsibility in improving corporate image and brand recognition.
4. To find out whether corporate social responsibility has a positive impact on profitability and brand equity of an organization.

5. Hypotheses of the study

1. Corporate social responsibility will be found to have a positive correlation with brand equity.
2. Corporate social responsibility is effective in improving the image and brand recognition of the organizations.
3. There is a positive correlation between corporate social responsibility and profitability of an organization.

6. Research Methodology

6.1. Research Design

Descriptive research design is used for the study. Data was collected using a purposive sampling technique in which the following 117 respondents were included-

- (a) Top level management: 4; (b) Middle level management: 104; (c) Middle to top-level management: 9. The sample size is large enough to obtain significant and accurate results.

6.2. Data Collection Tools

A structured questionnaire was used as the data collection tools. Each question consists of a series of statements based on a main topic.

6.3. Data Analysis Methodologies

Excel and SPSS were chosen as the statistical analysis tools. The data was analyzed using descriptive statistics and t-test, chi-square test and regression analysis. Regression analysis helps to find out correlation between variables, which would help in prediction future cases.

7. Limitations of the Study

The results of the research study may not be generalized since the sample size is limited. The findings and conclusions of the present study are only applicable to similar scale of organizations in Pune city. It is difficult to judge whether the results can be applied to other areas and organizations working under different regulatory environments.



8. Data Analysis

Table 1. Cronbach Alpha values

Sr. no	Factor	Number of Items	Cronbach's Alpha
1	CSR Initiatives and spendings	7	0.744
2	Brand Equity	5	0.734
3	Brand Image	7	0.781
4	Brand Recognition	8	0.812
5	Profitability	4	0.803
	Total	31	

The above table shows that the Cronbach's alpha value is higher than 0.7 in all the above cases which exhibits a good deal of internal consistency and validity in the questionnaire.

Table 2. Averages of the various factors that are affected by CSR Initiatives

	No Impact at all		Less Impact		Average Impact		Fair Impact		Maximum Impact	
	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %	Count	Row N %
	Brand Equity	15	12.8%	29	24.8%	50	42.7%	21	17.9%	2
Brand Image	20	17.1%	28	23.9%	50	42.7%	18	15.4%	1	0.9%
Brand Recognition	16	13.7%	29	24.8%	54	46.2%	17	14.5%	1	0.9%
Profitability	16	13.7%	25	21.4%	50	42.7%	24	20.5%	2	1.7%

From the above table it can be seen that CSR initiatives have an average impact on brand loyalty according to 42.7% of the respondents. 17.9% of the respondents stated that CSR initiatives have fair impact on brand equity. The table also shows that 42.7% of the respondents stated that CSR initiatives have a fair impact on the brand image whereas 15.4% of the respondents stated that CSR initiatives have a fair impact on the brand image. As far as brand recognition is concerned, 46.2% of the respondents stated that there was an average impact whereas 14.5% of the respondents stated that there was a fair impact of CSR initiatives on brand recognition. 42.7% of the respondents stated that CSR initiatives have an average impact on profitability whereas 20.5% of the respondents stated that there is a fair impact of CSR initiatives on the profitability of the organisation.

Hypothesis Testing

Table 3. Correlations

		CSR Initiatives and spending	Brand Equity	Brand Image	Brand Recognition	Profitability
CSR Initiatives and spending	Pearson Correlation	1	.850**	.592**	.514**	.240**
	Sig. (2-tailed)		0.000	0.000	0.000	0.009
	N	117	117	117	117	117

** . Correlation is significant at the 0.01 level (2-tailed).



The above table shows that there is a significant positive correlation of CSR Initiatives and spending with the Brand Equity, Brand Image, Brand Recognition, and profitability. The above table also means that the 3 hypothesis are accepted viz.

1. Corporate social responsibility will be found to have a positive correlation with brand equity.
2. Corporate social responsibility is effective in improving the image and brand recognition of the organizations.
3. There is a positive correlation between corporate social responsibility and profitability of an organization.

9. Findings

The study found that the perceptions of the managers regarding importance of corporate social responsibility are positive and the managers indeed believe that CSR Initiatives and spendings increase the brand equity and brand image for the organization.

The study thus provides an analysis of the relationship between corporate social responsibility and marketing activities. The study also finds that corporate social responsibility improves corporate image and brand recognition. The study finds that corporate social responsibility has a positive impact on profitability and brand equity of an organization.

10. Conclusions

CSR has become one of the major areas of interest for organizations. Organizations use CSR to enhance their corporate image and develop a positive brand value for the organization. It is found that CSR can be used as a tool to promote sustainable development. Companies can also adopt CSR activities to build strong brand equity and create a good relationship with the society. This study examines the relationship between CSR and marketing strategies adopted by companies in Pune city. The study uses mixed

method research design in which questionnaire was used to fill in the primary data while focus group discussion was held as the secondary data collection method. The findings reveal that there is a significant positive relationship between CSR activities and marketing strategies adopted by organizations in Pune city.

References

2. Balmer, D., & Slater, M. A. (2009). Corporate social responsibility in marketing strategies: A review and investigation of underlying motivations to CSR as a marketing strategy. *Journal of Marketing Management*, 25(7-8), 597-604.
3. Beyer, T. (2007). *Corporate Social Responsibility, the new market logic of branding, marketing and management*. New York: Palgrave Macmillan.
4. Bird, C. J., Johnston, M. L., & Rieu, N. (2011). CSR: A resource for marketers? *Marketing Management Journal*, 28(6), 123-128.
5. Choi, J., and Ho, D.S. (2012). The Impact of Corporate Social Responsibility on Financial Performance: A Study of Two U.S.-based Firms. *The International Journal of Business Performance Management*, 18(1), 31-49
6. Creswell, J.W. (2009). *Qualitative Inquiry And Research Design: Choosing Among Five Traditions* (2nd ed.). Thousand Oaks, CA: Sage Publications
7. Davidson, R., & Albertson, J. S. (2009). Corporate Social Responsibility in an Environmental Context: Not Just for the Environment! *Journal of Consumer Marketing*, 26(1), 43-55..
8. DOI:10.1016/j.jbusres.2009.02.003
9. Hari (2016). Does CSR Matter? Review of the Literature on the Effects of Corporate Social Responsibility on Financial



- Performance, *The Journal of Business Strategy*, Vol.40, No. 4 pp 517-540
10. Johns M. 2006. *From Internet to Social Media: Marketing Innovations for the Brand-Building Internet Time*. 1st edition Amazon Books
 11. Johnston , M. L., & Rieu, N. (2009). Marketing research: Is CSR a "have" or "have not" concept? *Journal of Marketing Management*, 25(6), 489-508
 12. Kapferer & Skiera (2009). *Environmental Risk Management and CSR: An Integrative Framework for Successful Engagement with Investors and Customers*, Michigan Academy of Sciences Spring Symposium Proceedings.
 13. Karthikeyan , S. (2019). "Corporate social responsibility perceptions and preferences of Indian consumers: The moderating role of socio-economic variables." *Management and Organizational History*, 10(5), 763-791.
 14. Kohli, S., & Gartner, W.(2008). *The Strategic Logic of Corporate Social Responsibility*. Strategic Management Journal. New York: Wiley-Blackwell.
 15. Manas (2020) *Corporate Social Responsibility (CSR), brand image and profitability*, Business Review, Vol 10, No 4.
 16. Mellor, M., & Gustafson, J.(2007). 'Social Media and its impact on Marketing Strategies in International Business '. *Journal of Business Research* 60(1): 21–34 DOI: 10.1016/j.jbusres.2006.04.017
 17. Morrissey, Slater, and Narver (2009). 'Corporate Blogs and Social Media: A Critical Review of the Literature'. *Journal of Business Research* 62 (5): 442–456.
 18. Nardone, L., & Dacin, A.(2004). 'Social Media Marketing: a New Approach for Building Relationships'. *Journal of Interactive Marketing* 18(3): 49–59 DOI: 10.1002/dir.20047
 19. Porter M., 1990. "Corporate social responsibility". *Harvard Business Review* 68(4): 137–145.
 20. Purushottam, K., & Jain, R.(2014). 'The Role of Corporate Social Responsibility in Enhancing Brand Image among the Consumer'. *International Journal of Business and Social Science* 5(10): 555–563 DOI: 10.5539/ijbsos.v5n10p555
 21. Saunders, K.J., & Hay, W.W. 2011). *Research Onion: A Handbook for Constructing Quantitative and Qualitative Research Proposals* (2nd ed.). Thousand Oaks, CA: Sage Publications
 22. Schroder , D. (2008). *Corporate Social Responsibility Research in the Global Economy*. *The Journal of World Business*, 43(4), 353-368.
 23. Shaikh et al. (2016). *Corporate Social Responsibility and Brand Image: A Literature Review*. *Journal of Marketing Research*.
 24. Short & Neslin (2008). *The Relationship between Corporate Social Responsibility and Company Performance*, American Marketing Association Conference Proceedings, 2008
 25. Singh, R., Pathak, N. S., & Srivastava, A. (2012). *Social Responsibility in the Manufacturing Process: An Indian Study*. *Journal of Business and Management*, 1-19
 26. Slater, C., & Narver, K. (2004). *Business Ethics: A Reader with Cases and Comments*. Hoboken, NJ: John Wiley & Sons Inc..
 27. Smith, E., & R. Scapens (2011). "Corporate social responsibility practices." *Corporations, businesses and society* 2(2): 42-59.
 28. Thorne, J. (2019). *What is Corporate Social Responsibility [JOURNAL]*. Retrieved from: <https://www.thejournal.ie/watson-dna-arrests-1610284-Mar2019/>



29. Unilever 2007. Unilever Annual Report 2007.
30. Walter, R.E & Lyon (2010) What's New in Marketing 20 Marketers Should Know About CSR, Biztech Magazine July 29th 2010 available at: <http://www.biztechmagazine.com/news/whats-new-in-marketing-20-marketers-should-know-about-csr#ixzz5NtS5pSGo>
31. Weiser, R. & Brown D(2011). The Capabilities and Performance of CSR in an Era of Globalization: An Empirical Analysis in the United States and China. *Academy Of Management Journal* 54 (1): 168-90.
32. Zhang, X., & Usoh, Y.(2012). 'Corporate Blogging and Corporate Reputation: A Review of Conceptual and Empirical Studies'. *Journal of Business Research* 65 (1): 16–23 DOI: 10.1016/j.jbusres.2011.08.011
33. Zhang, Y. (2012). Digital China: The Impact of Social Media on Markets, Consumers and Business. *Gartner Reports and Reviews*, 13-1(4), 1–10.

