# THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY AS A MARKETING STRATERGY

# DIVYA SHREE G

# ASSISTANT PROFFESOR

# ST XAVIER’S COLLEGE BANGALORE

# EMAIL: [divyahtiniv@gmail.com](mailto:divyahtiniv@gmail.com)

# MOBILR NO: 9880003930

# ABSTRACT

The main goal of this paper is to provide an integrative understanding of corporate social responsibility from a corporate social responsibility from a corporate marketing perspective highlighting the critical role of CSR in effective corporate marketing strategies .This paper shows how organisation can use burden of CSR as their advantages. How to use it as a marketing tool. Companies may not like to admit it but CSR is actually part of companies marketing stratergy.

Studies have shown that consumer are more likely to buy from companies that have a good reputation. Therefore, the aim of this paper is to present the requirements of CSR as well as its shortcoming in relation to companies marketing activities.

# KEYWORDS: Corporate social responsibility, Marketing strategy, Brand, Image, CSR.

# INTRODUCTION

Several companies have implemented corporate social responsibility (CSR) strategies, which involves adherence to improving community welfare through voluntary business exercises and corporate resource contribution as well as company policies for the defense of human rights, to strive against corruption, and to achieve transparency in the notification of CSR initiatives. CSR is often considered the most efficient way to address social problems.

It is noteworthy that CSR initiatives use different names, classifications, and definitions. Accordingly, suggested several stages. The first refers to volunteering and involvement in social wellbeing. The second is the duration of increasing interest and consciousness of employees’ rights, stakeholder satisfaction, relationship management, organized CSR exercises, and consumer protection. The third is the instrumentality and sustainability duration which deals with CSR as a

strategic tool in fulfilling organizational objectives. CSR is robustly institutionalized and standardized presently by various international indicators of accountable investing and sustainability.

CSR as a strategic management tool or as a marketing tool is both frittered away and disconnected from business and strategy, concealing many of the greatest opportunities for corporates to benefit society. Many companies deal with investment in social issues as a short-run investment strategy to strive against loss both of image and reputation. Consequently, they practice CSR activities as a random, reflective response to short-run challenges. It is noteworthy that many companies fail to take into account the economic aspects of CSR initiatives and assess them as expenditure drivers, not as an investment that can generate long-term profits To gain a long-term competitive advantage, suggest focusing on the interdependence of corporate financial goals and CSR activities and, as a result, recommend implementing CSR initiatives in the company’s strategies and operations.

# REVIEW OF LITERATURE

**Rochlin (2005):** Discovered that “by building a business strategy that aligns social, environmental, and economic performance with long-term business value, corporate responsibility becomes part of core business and is tied to long-term value creation for both business and society”. Many researchers show a positive relationship between awareness and buying intention of consumers. Consumer’s attitude is enhanced and beneficial when they are made aware of a company’s CSR practice.

# Mihalache (2011): Companies with a higher transparency reflect better corporate governance which cumulates better brand perception. In the case of CSR, Cause Related Marketing is used because it is an excellent tool for maintaining and improving customer’s Brand loyalty. Marketing corresponds to public behavior communication creates public image and CSR uplifts and maintains public image which has financial advantages as doing well by doing good” becomes a motto of large-sized companies starting CSR initiatives. They use marketing tools in order to make their initiatives relevant to the stakeholders by influencing their decisions which will benefit them. There is an enhancement in the company image which will increase profits in the long term, while stakeholders are enjoying their responsible investments.

**Gudjonsdottir (2015):** CSR is spoken about as a marketing strategy, how it affects the brand image of the company and how different dimensions of CSR affect the brand image. They led their research paper by conducting a self-completion survey on a sample of 73 hotel guests living in a CSR friendly hotel in Malmo, Sweden. The result showed that there is a strong positive relationship between all the CSR dimensions and the brand image of the companies. It tells us about how consumers of this generation are more aware of what the companies are doing and how the companies now are way more transparent.

friendly hotel in Malmo, Sweden. The result showed that there is a strong positive relationship between all the CSR dimensions and the brand image of the companies. It tells us about how consumers of this generation are more aware of what the companies are doing and how the companies now are way more transparent.

**Tellez (2017):** We see theoretical perspectives to relate CSR to marketing concepts and to show that they are interrelated. Various different schools of marketing have given input on their relationships with the different concepts of CSR. The companies have evolved from following a traditional approach to strategic management of CSR which creates differentiation and benefits all stakeholders to significantly improve financial performance of organizations that undertake specific CSR initiatives linked to marketing.

# Thakur (2019): The impact of the CSR activities as a marketing tool on brand equity of the consumer durable segment is analyzed in depth through surveys to conclude that the factors such as, Brand belief and responsiveness, Brand loyalty through CSR, Brand inclination through CSR, Brand perception and Brand confidence have a significant impact on the brand equity of consumer durable segment.

**OBJECTIVES OF STUDY:**

* To understand how CSR works in India.
* To find the various types of CSR adopted in India.
* To analyze the use of CSR as a strategy and tool for marketing of company.

**MEANING OF CORPORATE SOCIAL RESPONSIBILITY.**

Corporate Social Responsibility (CSR) is the idea that a company should play a positive role in the community and consider the environmental and social impact of business decisions. CSR is a way for businesses to be socially accountable to themselves, their stakeholders, and the general public. Businesses can be aware of their effects on the economy, society, and the environment by taking part in corporate social responsibility, which is also called corporate citizenship.

## **DEFINITION OF CORPORATE SOCIAL RESPONSIBILITY**

CSR Definition as per Companies Act

In India the ministry of corporate affairs, government of India notified the section 135 of the company’s act of 2013 along with companies (Corporate Social Responsibility Policy) rules, 2014.

## **CSR REGULATION IN INDIA**

The new Indian Companies Act 2013 has introduced the provision of Corporate Social Responsibility (CSR). The concept of CSR is based on the ideology of give and take. Companies obtain resources in the form of raw materials, labour, etc. from the society. By engaging in CSR activities, companies give something back to society. The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act and the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which came into force from April 1, 2014 and certain amendments in May 2016.

## **CSR COMMITTEE AND POLICY**

Each qualifying company must spend at least 2% of its average net profit (profit before tax) for the previous three financial years on CSR activities in India. In addition, the qualifying company must establish a committee (CSR Committee) of the board of directors (Board) consisting of three or more directors. The CSR Committee shall formulate and recommend to the Board of Directors a policy indicating the activities to be undertaken (CSR policy), recommend the amount of expenditure for such activities and monitor the company's CSR policy.

## **APPLICABILITY**

Section 135 of the Companies Act 2013 defines the threshold of applicability of CSR to a company:

* The net assets of the company are equal to or greater than 500 million rupees; or
* The turnover of the undertaking is equal to or exceeds 1 billion rupees; or
* The net profit of the company must be at least 5 million rupees.

Furthermore, CSR regulations apply not only to Indian companies, but also to branches and project offices of a foreign company in India. CSR-related expenses are not part of the company's expenses

**CSR ACTIVITIES**

The activities (in the areas/themes listed in Annex VII) carried out by the Office for Harmonization in the Internal Market (OIT) are as follows

The company fulfils its CSR obligations of Schedule VII to the Companies Act 2013

* Eradication of hunger, poverty and malnutrition, promotion of health care, including preventive health care and sanitation, including contribution to the "Swachh Bharat Kosh" set up by the Central Government to promote sanitation and provide safe drinking water:
* Promotion of education, including special needs education and vocational training for employment, in particular for children, women, the elderly and the disabled, and livelihood improvement projects;
* Promotion of gender equality, empowerment of women, creation of homes and shelters for women and orphans; creation of old people's homes, day centres and other facilities for the elderly and reduction of inequalities faced by socially and economically disadvantaged groups;
* Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and preservation of soil, air and water quality, including contribution to the Ganga Cleanliness Fund established by the Central Government for the rejuvenation of the river Ganga;
* The protection of national heritage and culture, including the restoration of buildings and sites of historical importance and works of art; the establishment of public libraries; the promotion and development of traditional arts and crafts:
* Measures in favour of veterans of the armed forces, war widows and their dependents ;
* Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
* Contribution to the Prime Minister's National Relief Fund or any other fund established by the Central Government for the socio-economic development, relief and welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes, minorities and women;

**GOVERNMENT AGENDA**

CSR should not be interpreted as a source of funding for missing resources in government programs. The use of business innovation and management capacity in the provision of "public goods" is at the heart of the application of CSR by business. Corporate CSR funds should not be used as a source of funding for government projects.

The government has no role in the approval and implementation of CSR projects. The MCA will provide an outline within which eligible companies will formulate and implement their CSR policies in earnest, including the activities to be undertaken.

**BENIFITS OF CORPORATE SOCIAL RESPONSIBILITY**

* **Enhanced reputation:** CSR improves a company’s reputation, leading to increased brand loyalty, customer satisfaction, and ultimately higher revenues.
* **Attract and retain talent:** CSR initiatives help attract and retain employees who share the company’s values and want to work for a socially responsible organization.
* **Improved relationships with stakeholders:** Companies that are committed to CSR can build stronger relationships with stakeholders, including customers, suppliers, investors, and the community.
* **Mitigate risks:** CSR helps companies identify and mitigate risks related to their business models, including environmental and social risks that could affect their business operations and bottom line.
* **Sustainable growth:** Promoting environmental and social sustainability benefits the company and society in the long run.
* **Innovation:** CSR drives innovation by encouraging companies to develop new products and services that are environmentally friendly or socially responsible.
* **Cost savings:** CSR initiatives, such as reducing waste, energy consumption, and water usage, can result in cost savings for companies.

**VARIOUS TYPES OF CORPORATE SOCIAL RESPONSIBILITY**

### ​**Environmental Responsibility**

Environmental responsibility, one of the pillars of [environmental, social, and](https://www.onboardmeetings.com/blog/environment-social-and-corporate-governance-esg/) [corporate governance (ESG),](https://www.onboardmeetings.com/blog/environment-social-and-corporate-governance-esg/) focuses on minimizing the negative impact of a company’s operations on the environment. This includes measures such as reducing carbon emissions, conserving natural resources, reducing waste, and using renewable energy sources. Environmental responsibility is becoming increasingly important as customers and stakeholders demand sustainable business practices.

Some examples of environmental responsibility include:

* + - Reducing energy use by putting lights and HVAC systems on timers, swapping traditional light bulbs for LEDs, or even installing solar panels.
    - Recycling and composting at your place of business.
    - Limiting the amount of packaging on any products you produce or sell.

### **​Economic Responsibility**

Economic responsibility refers to a company’s obligation to operate in a financially sustainable manner while also contributing to the economic well-being of the communities in which it operates.

Some examples of economic responsibility include:

* + - Investing in local communities by contributing to economic development initiatives.
    - Supporting small and local businesses by sourcing products and services locally.

### **​Philanthropic Responsibility**

Philanthropic responsibility refers to a company’s obligation to give back to communities through charitable donations, volunteer work, and community involvement. Philanthropic initiatives can support a variety of causes, including education, health, and social welfare.

Some examples of philanthropic responsibility include:

* + - Supporting employee volunteer programs.
    - Sponsoring community events and initiatives.
    - Creating a foundation or corporate trust.

### **​Ethical Responsibility**

Ethical responsibility means operating with integrity, transparency, and values. This includes following laws and regulations and ensuring that business practices align with ethical standards.

Some examples of ethical responsibility include:

* + - Treating employees fairly and providing a safe working environment.
    - Ensuring that suppliers and partners adhere to ethical standards.
    - Engaging in transparent and honest business practices.

# CSR AS A MARKETING TOOL

Companies may not like to admit it, but CSR is actually part of a company's marketing strategy to build a positive brand image with consumers. Studies have shown that consumers are more likely to buy from companies that have a good reputation. CSR offers companies the opportunity to identify and address the ills in which they are involved or to which they contribute in society or the planet at large. This starts with identifying the right social cause to target.

## **USING CSR AS A MARKETING TOOL**

For CSR to be effective, it must be implemented in line with your company's brand development strategy. This can be done through an integrated approach or a targeted approach. An integrated approach works well if your brand image is based on engagement. For example, a retailer that promises consumers pesticide-free organic vegetables may invest in CSR activities that promote chemical-free farming methods.

The selective approach, on the other hand, is ideal for companies with multiple brands and products. With this strategy, companies can associate specific brands with their CSR activity to drive usage and adoption. Knorr (a Unilever brand), which promotes healthy cooking to combat malnutrition in Nigeria, and Signal toothpaste (another Unilever brand), which targets oral health with its Brush Day & Night campaign, are examples of targeted CSR marketing approaches.

There is also an invisible approach, where companies carry out CSR activities but do not communicate with them in detail in their marketing material. This is ideal when your customers' purchasing preferences are not directly influenced by your CSR activities, but you still need to invest in such campaigns to build trust and credibility among consumers in general.

### **From a marketing perspective, CSR can help companies to:**

* **Build brand reputation and loyalty** - By demonstrating a commitment to social and environmental issues, companies can enhance their reputation and build brand loyalty among consumers and other stakeholders.
* **Differentiate from competitors** - CSR activities can help companies stand out from their competitors and create a unique positioning in the market.
* **Attract and retain employees** - Companies that engage in CSR activities can become more attractive to job seekers and can help to retain current employees by creating a positive work environment.
* **Enhance customer relationships** - Companies that are perceived as socially responsible can improve their relationships with customers and increase customer loyalty.
* **Create new business opportunities** - CSR activities can open up new business opportunities, such as partnerships with like-minded organizations and access to new customer segments.

# CONCLUSION:

This research paper briefs us about the CSR policies in India. Also, we can conclude that the CSR works require a huge capital to be invested and much more than that its the valuable time and effort the company puts in. A company would never want to waste that much of key resources for some kind of charity work. We know that the CSR activities can earn us a huge amount of goodwill. So, if the company put some efforts in researching what type of CSR activities they should do and marketing the work done by them, they can earn a huge profit in terms of goodwill, money etc. Using this the company and nation both can be served, and no one would fill harmed by any means.

# REFERENCES:

1. Armstrong, G, & Kotler, P. (2008). Principles of Marketing. 12th ed. Upper Saddle River, NJ: Pearson Education, Inc.
2. Joshi, R. M. (2005). International Marketing, New Delhi and New York: Oxford University Press.
3. Bhasin, H. (2011). Marketing Myopia, an online publication. <http://www.casadogalo.com/marketingmyopia.pdf>
4. Kotler, P. & Kevin, L. K. (2006). Marketing Management, 12th ed., New York: Pearson Prentice Hall
5. Sen, S. & Bhattacharya C.B (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. Journal of Marketing Research 38 (May) pp. 220-250.
6. Taylor, I. & Smith, P. (2004). Marketing Communication II, 4th Edition, London: Kogan Page