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A Study on Corporate Social Responsibility as a Marketing strategy

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ABSTRACT

This research paper provides a detailed review of corporate social responsibility being used as a marketing strategy. We take a look at all those impacted by CSRs, especially customers and employees. Customers tend to be more loyal towards companies which are socially responsible and an organisation performs better and improves their brand image along with goodwill. There has also been a significant increase in the spending of companies for CSR in the last few years. This comes as it positively impacts a company by being a marketing tool. Successful CSR activities affect consumer retention as it strengthens customer relationships and trust.

Keywords: Corporate Social Responsibility(CSR), Marketing Strategy, Brand, Image, India

1. INTRODUCTION

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practising corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhance society and the environment instead of contributing negatively to them. (Corporate Social Responsibility (CSR) Explained With Examples, 2022)

A marketing strategy is a long-term plan for achieving a company's goals by understanding the needs of customers and creating a distinct and sustainable competitive advantage. It encompasses everything from determining who your customers are to deciding what channels you use to reach those customers. With a marketing strategy, you can define how your company positions itself in the marketplace, the types of products you produce, the strategic partners you make, and the type of advertising and promotion you undertake. ("What Is Marketing Strategy?," n.d.)

CSR is increasingly integrated as a business strategy and has maintained a proper place in the policies and practices around the globe. A number of factors are supplementing the awareness about CSR in a corporate setting. At an international level, a number of multi-stakeholder firms, non-profit organisations as well as inter-governmental organisations are taking initiatives to adopt CSR as an integral part of their business processings. The organisations are adopting CSR as a part of their policy matters to increase the demands and interest of different stakeholders and to enhance the competition to access the global market and satisfy the needs of society. (Corporate Social Responsibility (CSR) in Different Countries, 2017)

CSR addresses various issues like human rights, education, health, and safety. It also covers corporate governance, working conditions, environmental sustainability, and more. Along with economic development, CSR also focuses on social and environmental development (the triple bottom line). India, too, is actively involved in practising corporate social responsibility. Section 135 of the Indian Companies Act mandates companies to "CSR spend of 2 percent of average net profits during the three immediately preceding financial years." Effective from 2013, this rule is applicable for all companies "having a net worth of rupees five billion or more, or turnover of rupees ten billion or more or a net profit of rupees fifty million or more during any financial year." (Dutta, 2022)

We are seeing more CSR in social media, and marketing as a whole, and this is not by coincidence. Consumers are more likely to buy from brands who are taking an active part in world issues and are contributing to the betterment of the community, resulting in corporations putting forth more effort in showcasing their CSR strategy initiatives. In a press release from the Journal of Marketing, it informs about the importance of a brand's reputation to the public, and how corporate social responsibility is tied into it. It also states that CSR marketing efforts could sometimes have a negative impact on a business's brand if the business itself is not positively impacting the community. While companies should centre community initiatives in their marketing strategy, the company should also ensure their brand is in good standing with its consumer base.(Dunmars, 2022)

2. REVIEW OF LITERATURE

The impact of corporate social responsibility as a marketing strategy on the organisation's performance has been studied thoroughly. A questionnaire distributed to 120 staff members of Zenith bank of Nigeria plc and a simple regression model along with a granger causality test has been used for primary and secondary data. It has been found that a combination of traditional and social marketing is required for the business to prosper and grow. Mostly, large organisations are effectively responding to social causes and the elimination of social costs because they have the sufficient resources to meet challenges. CSR has a great impact on the performance of organisations, it tends to improve their goodwill and corporate image, and the reverse would happen if any organisation is less involved in social programs.(Adegbola, 2014)

The relationship between a company, its stakeholders and its CSR, come together to create that often elusive shared value. CSR is crucial for the relationship between internal and external stakeholders along with the reputation of the company. CSR activities should not be managed by or restricted to a specific area of the company. It should be integrated into the entire fabric of the company, aligning all areas of the organisation, from Human Resources to Public Relations which will help every company to increase their overall sales and enhance their reputation.(Hildebrand et al., 2011)

CSR has a positive and direct impact on brand awareness(BA), brand image(BI), brand loyalty(BL) and purchase intention(PI). The authors make a conclusion that CSR has an indirect effect on brand equity through BA,BI,BL,PI. The research paper was the first one to conduct a research on impact of CSR from the viewpoint of stakeholders and managers.CSR is a good business opportunity for companies as it improves long term business performance and is beneficial for all parties of the company. (Singh & Verma, 2017)

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.(Gudjonsdottir & Jusubova, 2015)

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 its 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 organisations that undertake specific CSR initiatives linked to marketing.(Télez, 2017)

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 behaviour; communication creates public image and CSR uplifts and maintains public image which has financial advantages as well."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 profit in the long term, while stakeholders are enjoying their responsible investments.(MIHALACHE, 2011)

Rochlin et al. (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 practices. Consumers aware of a company's CSR efforts and initiatives are more likely to support the company when its socially responsible traits overlap with consumer traits.(Mishra, 2012)

The Companies Act, 2013 provides for CSR under **section 135** which makes it mandatory for the companies covered under section 135 to comply with the CSR provisions in India. The impact of the CSR activities as a marketing tool on brand equity of the consumer durable segment is analysed 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.(Thakur, 2019)

Research Objectives

1. To understand how CSR connects with Marketing
2. To study the use of CSR as a strategy and tool for Marketing of companies
3. To analyse consumer behaviour and response to CSR activities
4. To study the Indian Companies and their usage of CSR

3. RESEARCH METHODOLOGY

Secondary data has been used for this study. Data from the CSR Government website, statistical websites and several other authors has been compiled. This data has been procured to study companies' expenditure on CSR initiatives and their wealth management trends and hence has been used in this study.

4. ANALYSIS AND DISCUSSION

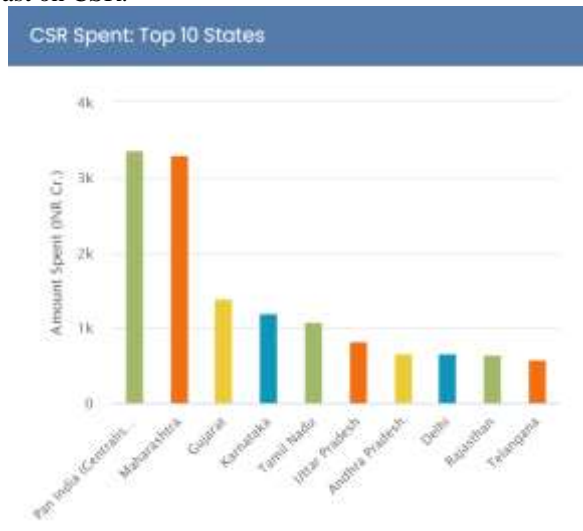
Which companies spent the most on CSR?

The below figure shows that in the financial year of 2020-21, Reliance Industries Limited spent the most on CSR, i.e., 922 crores, followed by Tata Consultancy Services, Tata Sons Private Limited, HDFC Bank Limited and Oil and Natural Gas Corporation Limited, each of them spending more than 500 crores.

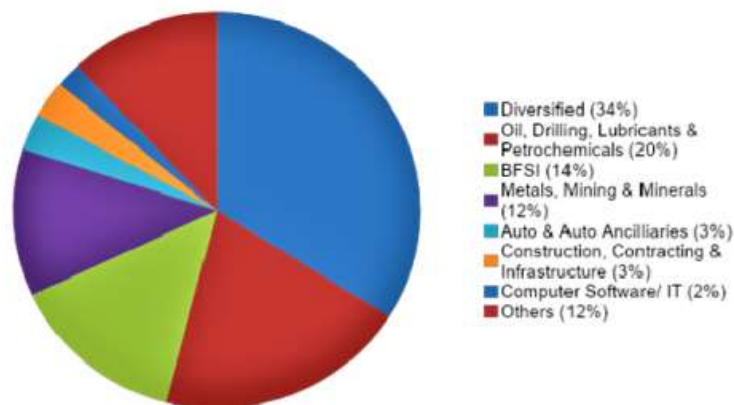


Which states spent the most on CSR?

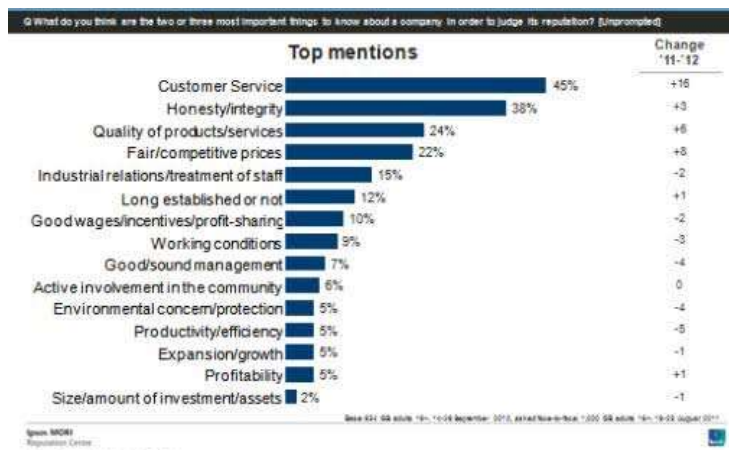
In the financial year of 2020-21, Pan India and Maharashtra spent more than 3000 crores on CSR, which is 3 times higher as compared to the rest of the states including Gujarat, Karnataka and Tamil Nadu. States like Uttar Pradesh, Andhra Pradesh, Delhi, Rajasthan and Telangana spent the least on CSR.



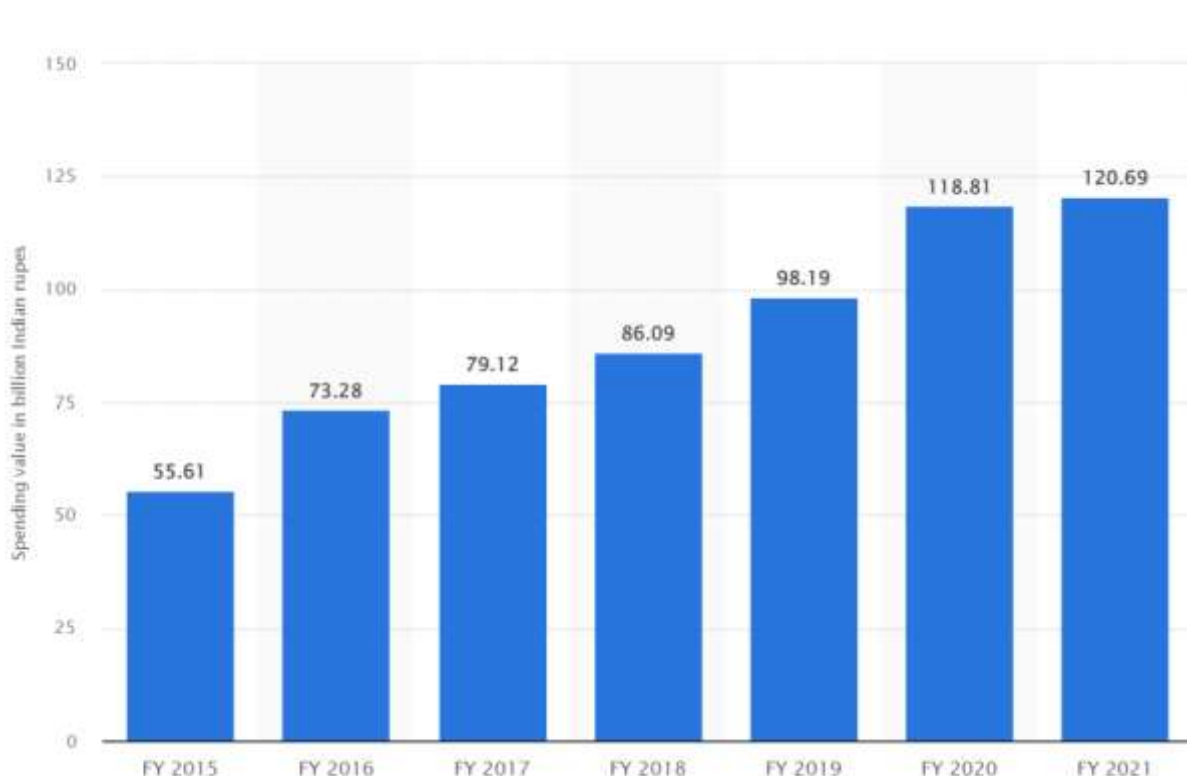
Which industries spent the most on CSR?



According to the pie chart below, upto 80% of the companies involved in oil drilling, petrochemicals, diversified, BFSI(Banking, Financial Services and Insurance) and metal mining spent the most on CSR. Industries depleting natural resources spent the most for social benefit, trying to minimise the social cost.



What is the CSR spending by BSE listed companies in the last 6 years?



In the financial year 2021, 200 leading companies in the BSE in India spent over 120 billion rupees as part of their CSR activities. The first time that the value of CSR expenditure passed 100 billion rupees was in the year 2020. Growing amount of CSR reflects several trends in Indian wealth management and growing awareness of social responsibility in recent years.

6. CONCLUSION

In our research paper, we have studied the different types of marketing strategies and theories and how CSR has benefited the company when they use it as a marketing strategy. We also see that CSR helps in maintaining and enhancing the brand image of a company in indirect ways. We have used secondary methodology in which we see that CSR has a positive impact on the companies when its used as a marketing strategy and we also see that many companies in India use CSR in order to enhance their performance. This methodology also tells us that many oil, petrochemical, mining, and banking companies invest ample finance in CSR initiatives which is a good indication as in this time and generation, it is very necessary for all companies to include CSR in their financial plan and use it to their advantage.

In conclusion, we can definitely say that CSR is a marketing tool for companies to use in order to better organisational performance, be superior to other companies in the picture, enrich customer loyalty, and improve the overall performance of the company.

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