

A THEORETICAL FRAMEWORK ABOUT HOW ORGANIZATIONS PROMOTE THEIR CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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—Abstract —

Corporate social responsibility that has a powerful potential to make positive contributions to organizations and societies, has become one of the important issues in the corporate world. So, Marketing scholars have been interested in supporting of social responsible behavior of companies, because the only way for the employees and consumers to try out the success about sensitivity and benevolence of the organizations by looking at the actions about its corporate social responsibility initiatives. The purpose of this study to describe the importance of marketing communication tools and techniques to built and enhance the organizations' corporate social responsibilities.

Key Words: *Marketing, Corporate Social Responsibility*

JEL Classification: M31, M14

1. INTRODUCTION

In recent years, the societal guiding model sustainable development and its corporate derivative known as corporate social responsibility (CSR) have become popular concepts. In the last two decades, Corporate Social Responsibility has become an important issue in the business community. Corporate Social Responsibility has been defined first as a concept whereby companies decide voluntarily to contribute to a better society and cleaner environment and, second, as a process by which companies manage their relationship with stakeholders.

There is no doubt that CSR will become embedded in a company's culture and organizational profile to such an extent that it will not be noticed, explicitly, anymore. There is also not much doubt that the phrase CSR will disappear but the sentiments behind it will be in place. The area of business and society will continue to be one of great debate, and the corporation will certainly change its form.

Owing to increasing attention to corporate practices from consumers and other stakeholder groups, marketing and management scholars have also shown an intense interest in the field of CSR.

Evolving cultural and societal expectations from corporations to go beyond profitability and demonstrate the effects of their actions underscore the importance of communication. Corporate social responsibility is believed to create value not only for stakeholders of the corporation, but also for a corporation itself. This value for the corporation can be created is through the marketing of corporate responsibility. Marketing tools and techniques can also be used in projects to promote good causes in a more effective way.

2. DEFINITIONS OF CSR

CSR is viewed as a social construction and, as such, it is not possible to develop an unbiased definition (Dahlsrud, 2006:2). Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life (WBCSD, 2000). CSR is also the continuing commitment by business to behave ethically and contribute to economic developments while improving the quality of life of the workforce and their families as well as the local community and society at large (Corneliues, Wallace and Tassabehji, 2007:119)

Corporate social responsibility as a construct that encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time (Carrol, 1979: 500) and (Jamali and Mirshak, 2007: 246).

CSR programs can provide a variety of benefits for companies. CSR helps to attract and retain high quality employees, generate a positive corporate image, and enhance product evaluation via an overall evaluation of the firm (Pirsch, Gupta and Grau, 2007:125).

3. THE RELATIONSHIP BETWEEN CSR AND MARKETING

Marketing scholars have also been interested in developing a conceptual framework to integrate CSR and marketing with the aim of overcoming the previous tendency to focus on limited dimensions of CSR (Podnar and Golob, 2007: 326). A corporation's formulation of its ideal identity should reflect how the firm wants to deal with the reflection on the ideal identity with respect to CSR should lead to a choice for one or more of the following CSR strategies: reputation management, building a virtuous corporate brand, and ethical product differentiation. The choice for one or more of these strategies should be based on a strategic argument that corresponds with the ideal identity of the firm (Ven, 2008:345). The stakeholder view which provides means for marketing to be accommodated at the corporate level was introduced into the marketing discipline through various fields, such as marketing orientation, relationship marketing, branding, public relations, marketing communications, and corporate image, identity and reputation management (Podnar and Golob, 2007: 327).

There have been numerous studies on corporate social responsibility (CSR), corporate ethics, and social sponsorship that suggest a link between social initiatives and improved financial performance as well as studies that demonstrate the link between social initiatives and positive affective, cognitive, and behavioral responses by consumers (Olsena, Cudmoreb and Hill, 2006, 47). Marketing must address and enhance the values of stakeholders and society, meaning that social responsibility is 'the inherent aspect of the nature of marketing'. The marketing literature employs a view of CSR similar to that of the management discipline, where the prevailing understanding of CSR is based on the notion of stakeholders' expectations (Golob, Lah and Janc, 2008: 83-84).

From a marketing perspective, the firm's economic benefits from CSR have been documented in its link to consumers' positive product and brand evaluations, brand choice, and brand recommendations (Klein and Dawar, 2004: 203).

CSR communication or how companies present their CSR principles and practices to the public and investors is part of their CSR effort. Companies communicate their CSR principles, activities and achievements to different stakeholders to create a favorable public image, hoping that this, in turn, leads to more investment, more sales, and increased bottom line. In addition, companies engage in CSR communication to maintain and increase their legitimacy and to communicate their corporate values to key stakeholders (Tang and Li, 2009:2). CSR communication is to expand the frame of reference to a more proactive approach that includes a range of communication tools and to differentiate it from the implied mandatory nature of social reporting and disclosure. Although CSR communication may or may not be an accurate representation of CSR action, there is "reason to expect increasing congruence between communication and action" (Chudrhi and Wang, 2007: 234).

Firm's practices involve disseminating information through, for instance, web pages, newsletters, scientific papers, and best practice studies, as well as bringing companies together for meetings, conferences, and seminars. These communication channels can contribute significantly to the diffusion of technologies and environmental management practices. By spreading information and bringing companies together, such initiatives provide opportunities for companies to learn about real-life examples of how other businesses have conducted their socially responsible projects and to get information about or get in contact with potential project collaborators (Çetindamar and Husoy, 2007: 165).

A firm can choose to restrict its communication about its CSR policies and activities to social and environmental reporting and the website. This approach to the communication of a firm's CSR involvement is rather low profile, since it does not make use of marketing communication instruments like public relations, advertising, sponsoring, and promotions (Ven, 2008:346).

Firms have several choices to communicate their CSR message effectively, depending on the audience to whom the communication is addressed, messages that convey some or all of the following; often overlapping economic and citizenship justifications may be disseminated:

1. CSR is in the company's long-term strategic interest (whether due to explicit stakeholder pressure, implicit benefits from particular stakeholder groups, the creation of a stronger social fabric in which to run the business, and other impact factors);
2. CSR reduces the risk to the firm of negative impact to reputation from other quadrants of the firm's activities, of legal liability, of diminished stock value from negative publicity;
3. CSR protects a firm's reputation or brand image;
4. CSR may allow the firm to attract and retain valuable employees and maintain high morale;
5. CSR reflects a corporation's social contract-based obligation to "offer something back" to the community in which it does business;
6. CSR is the right thing to do, according to universal values, fundamental values of a particular social network, and/or a particular corporation's values; and
7. CSR offers an exchange between the corporation and its stakeholders, offering the stakeholders valuable corporate support (in a variety of forms) in exchange for permission to operate and grow in that community (Hartman, Rubin and Dhanda, 2007:377).

Other than labels, reports, and consumer magazines, companies use many different tools and channels to communicate about their social responsibility activities and records. Overall they have what we consider traditional marketing tools, like advertising or public relation and what we consider nontraditional marketing tools, like off-media communication and Web based marketing. What channel, or what tools, they use for their marketing mix depends on their overall strategy, the positioning of their product or the sector they operate in. Traditional marketing is what we usually think of when addressing corporate communication: it refers to advertising on radio and television, billboards and magazines; it refers to PR campaigns, press conferences and press releases, and is also about the marketing work behind a packaging design or a company magazine. It also relates to different marketing strategies, like Cause Related Marketing, which is most relevant to CSR. As a matter of fact, consumer knowledge and power is driving the move towards cause-related marketing. Cause-related marketing is a useful tool to gain and maintain consumer's affinity to the brand (Flies et al, 2007: 34-40).

Non traditional marketing includes techniques which have been developed recently as a way to move away from the lack of trust which consumers have in traditional communication techniques. Therefore, non traditional marketing tries to market a brand or product without being perceived as doing so by the consumer (Flies et al, 2007: 34-40).

The researchers determined three different approaches towards the integration of CSR into marketing activity:

Integrated approach: When the brand and CSR act synchronically. The approach is applied in such companies where responsibility is already treated as the principal value of the company and determines the main aspects of company's activity, or when it is realised that socially responsible activity of the company determines consumer preferences while choosing brands, provided by the company. This would mean a consistent performance across environmental, community, employee welfare, financial performance and corporate governance commitments.

Selective approach: When CSR expresses unconsciously in very specific and purposeful ways. The approach is extremely efficient when it is known that responsible activity of the company becomes the drive for choosing the brand but the company does not possess enough data that would confirm the fact and allow applying the integrated approach. Or it could be efficient when a particular sub-segment provides exclusive value for socially responsible activity of the company.

Invisible approach is applied then when CSR plays an important strategic or philosophical role within managerial level of the company but it is not so important for external communication or initiatives. This allows companies to use CSR while strengthening the confidence in brand or the company itself (Banytė and Gadeikienė, 2008: 230-231).

3.1. CSR and Consumer Behavior

Consumers have become more aware in recent years of the way companies conduct their business, both at home and abroad, and interested in CSR, including the issue of socially responsible production. Consumers now increasingly emphasize facets of Corporate Social Responsibility as important factors in their purchasing decisions. Consumers typically have strong relationships with companies and are thus one of the most important groups of stakeholders to be considered in marketing decisions (Golob, Lah and Janc, 2008: 83-84).

If socially responsible activity of the company could determine the course of consumer's decision making process and the question of how this impact could influence preferences of existing and potential consumers. Consumer values that are constantly changing have become oriented towards the concern related with social outcomes of humanity's existence. Besides, socially conscious attitudes are based on the rejection of goods produced by the company that carries out its activity irresponsibly and wrongly. This forces companies to look for new ways that would make marketing important for the society. Recently it has been observed that consumers tend to prefer companies that are socially responsible (especially in those cases when the price and quality of goods provided is considered to be the same) or prefer safe products or ethical sales. In addition to this, consumers, choosing a product, often consider the aspects that are not directly related with them (this would be child labor, inequality of rights and many others). Examining scientific literature it becomes clear that the management of all marketing areas, indicated above, is closely associated with marketing communication activities (Banytė and Gadeikienė, 2008: 230-231).

CSR plays a role in routine consumer behavior, over and above economic or rational considerations such as product attributes; and has a spill over or halo effect on otherwise unrelated routine consumer judgments, such as the evaluation of new products. CSR may also play a very different role in consumer behavior. The CSR may influence consumer judgments in nonroutine settings that are rarely studied. CSR may operate for the firm as an insurance policy against the negative impact of events such as product-harm crises. Product-harm crises can imperil long-standing favorable customer impressions about the brand (Klein and Dawar, 2004: 204).

Consumer behavior can be driven by many different motivations, rationales, excuses and justifications, of which concern for CSR is only one. Today it is only a minority of consumers that actually place CSR anywhere near the top on their list of decision-making criteria for shopping.

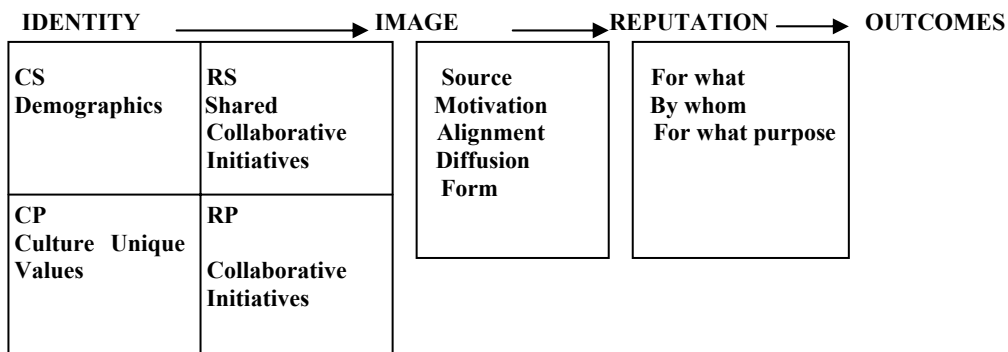
Research finds that price and quality are the most important purchasing criteria. When CSR and non-CSR products are equal in price and quality, the share of consumers who choose CSR products increases (Flies et al, 2007: 9-12). CSR would need to add more value, however, for a consumer to be willing to pay more for a product made by the more responsible company (Mohr and Webb, 2005: 124).

Based on the assumption that consumers will reward firms for their support of social programs, many organizations have adopted social causes. However, it is unlikely that consumers will blindly accept these social initiatives as sincere actions and thus may or may not reward the firm. Potential positive associations stemming from a social initiative depend on the consumer's evaluation of that initiative in relation to the firm, rather than simply the act itself (Olsen, Cudwore and Hill, 2006: 46).

3.2. CSR and Reputation, Image and Identity

Most corporate managements and communications professionals understand the basics of the corporate responsibility agenda and its potential impact, for better or worse, on the reputations of their companies and clients (Freeman, 2006:17). Big corporations have to behave differently if they want to build a reputation that enhances their brand, and makes them attractive not just to customers but to the best workers (Lewis, 2003:357).

Figure-1: Reputation components



Source: Lewellyn, 2002: 452.

As Figure 1 suggests, identity captures who the organization is and what it does, image captures the message the organization sends outward about who it is and what it does, and reputation captures what others think about who the organization is and what it does (Lewellyn, 2002: 452).

Empirical research mentions the following important conditions for a positive effect of CSR initiatives on consumer attitude toward the company and their purchase behavior: a strong reputation of the company. The stronger the reputation of the company the more positive its estimation of the company's CSR activities; a high company to issue/cause fit; a personal tie with the good cause of the CSR initiative (Ven, 2008:347).

Investigating the possibilities of applying CSR within marketing activity it was observed that various authors indicate the significance of CSR in various marketing solutions. Several marketing areas, where the integration of CSR is extremely important, have to be emphasized. First of all, this is related with the solutions for the development of the image of the company and the brand as well as the retention and strengthening of company's reputation. The relationship of CSR and company's activity is revealed through company's reputation; therefore, it has to be purposefully controlled and developed by paying the attention to norms and values of all relevant stakeholders (Banytė and Gadeikienė, 2008: 230-231).

3.3. CSR and Product, Brand Strategy

Corporate brand image management has become a key strategic activity for many companies today. The importance of corporate social responsibility (CSR) for companies is seen in the form of numerous initiatives, forums and associations arising in public and private sector environments (Singh, Sanchez and Bosque, 2008: 597).

Branding is a form of communication, and branding of corporate social responsibility is acceptable (Ven, 2008:340). Corporate branding builds on the actual identity of a company, including its culture and its structure. It derives a clear and differentiating branding proposition from it and treats it as covenant with its stakeholder groups and network. The use of marketing communication instruments like advertising, sponsoring, direct marketing, packaging and promotions, adds a very strong commercial dimension to the branding strategy (Ven, 2008:346).

A strong consumer belief about the performance characteristics of a given product may spill over onto beliefs about its reliability; or a consumers' overall attitude toward a brand might spillover onto their assessment of specific attributes of that brand (Klein and Dawar, 2004: 205).

CSR affects the attribution process itself, and that attributions in turn influence brand evaluations. CSR associations have been shown to have a spillover effect on product and brand evaluations. In a nonroutine setting such as a product-harm crisis, corporate associations including CSR are all the more likely to be activated, and therefore, we expect the CSR halo to exert an influence on judgments such as attributions (Klein and Dawar, 2004: 203-205).

4. CONCLUSION AND IMPLICATIONS

Several marketing areas where the integration of CSR is extremely important are distinguished. One of them is related with solutions for the development of the image of the company or brand as well as retention and strengthening of company's reputation by paying attention to norms and values of all relevant stakeholders. The second area involves showing sensitivity to societal issues while creating sustainable long-lasting relationships with stakeholder groups. The third group of marketing solutions includes consideration of social aspects aiming to influence preferences of conscious consumers. All these three marketing areas are related with marketing communication. Thus, marketing communications can be treated as the main instrument for integration CSR in marketing activity. Change of technologies and globalization are treated as the most significant environmental changes in the context of which marketing theory has been developed.

Handling CSR well can not only sustain a company's competitiveness, but also increase its market share and customer loyalty. The use of marketing communication instruments like cause-related

marketing, advertising, and public relations is only recommendable for companies who qualify as companies with a good reputation with respect to CSR. If companies do not inform consumers properly about the CSR initiatives they take, they will not, or to a lesser extent, reap the benefits of their investments in CSR.

The more a firm can benefit from its social initiatives the more it will be inclined to integrate CSR on a strategic decision-making level. Strategic integration increases the effectiveness of corporate social initiatives in promoting good causes.

This remains a promising avenue for future research. This research contributes to a better understanding of the role of CSR in marketing. CSR effects on attributions and brand evaluations provide a promising avenue for further exploration.

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