

## CSR – A MARKETING TOOL?

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### **Abstract**

*Starting from the idea that investing in CSR creates value not only for the company's stakeholders, but especially for the company itself, in this article, using secondary data analysis, we try to answer the question: is CSR a sign of responsibility or just a marketing tool for promoting the business?*

*The purpose of this paper is to bring contributions in highlighting the nature of the connection between CSR and Marketing, using the secondary data analyze of the annual reports of some companies. Companies that usually use the annual report as a marketing or communication tool for voluntary disclosure of non financial information to their various stakeholders, including shareholders, employees, customers, suppliers, media and government, and to develop a particular brand image for the organization although the report is sometimes a financial one.*

**Key-words:** *Corporate social responsibility, large-sized companies, marketing, company's annual report, company image*

**JEL Classification:** M<sub>14</sub>, M<sub>31</sub>, M<sub>37</sub>

### **Introduction**

In the globalization context, the awareness of social and environment responsible actions have significantly grown. Besides that, the companies need for being responsible was felt by both companies and stakeholders, so the society began imposing restrictions on the irrational behaviour of companies.

Corporate social responsibility (CSR) represents a young concept without a generally accepted definition. According to the European Commission, CSR appears when: “companies decide voluntarily to contribute to a better society and a cleaner environment ... going beyond compliance and investing into human capital, the environment and the relations with stakeholders”.

Company managers must be aware of the fact that they will have successful business only if they contribute to sustainable development. An inefficient usage of the resources does not only raise the production costs, but also goes to the exhaustion of the non-renewable resources. This is also the reason why we choose to research this theme, in order to emphasize the manner in which companies perceive CSR: as their obligation towards the community and the next

generations or as a simple marketing tool used only to create a positive image of the company for a higher profit.

CSR has been considered an efficient marketing tool for gaining the competitive advantages a company needs in order to be on top in the context of the current hyper competitive environment.

There is still a great deal of public scepticism and suspicion in relation to CSR. For instance, Amnesty International views CSR as a PR invention. The Corporate Watch 2006 Report makes similar comments. The latter states that “like the iceberg, most CSR activity is invisible... It is often an active attempt to increase corporate dominations rather than simply a defensive ‘image management’ operation”.

### **Literature Review**

According to Ogrizek (2002), CSR is all about competing beyond technology, quality services and price. He defines the purpose of CSR to embrace not only charitable, philanthropy and community involvement activities but also business practices including environment management system, human resource policy and strategic investment for sustainable future.

„Doing well by doing good” (Stroup and Newbert, 1987) becomes a motto of large-sized companies which, starting CSR initiatives and using marketing tools in order to make their initiatives relevant to the stakeholders by influencing their decisions, use the win-win strategy out of which each stakeholder has a benefit. Basically, the company gets an image enhancement which will increase its profit on long term, while stakeholders are enjoying the responsible investments (Chahal and Sharma, 2006).

Handelman and Stephen (1999) argue that due to the positive relation between CSR and Business performance, companies are found to be successfully integrating public purpose marketing with their economic oriented marketing strategies.

Carroll (1998) claims the existence of four CSR dimensions: economic, legal, ethical and philanthropic. CSR starts with economic profitability which is ensured by continuously providing a large range of products and services. The second dimension is considered to be the legal compliance, although the stakeholders’ interests might not be fully protected because of the minimal standards of laws and regulations. The ethic corporatist behaviour refers to using rational principles in creating the company policy in order to emphasize not only what a company can do but also what it must do. The philanthropic dimension focuses on the others’ lives improvement through voluntary services and donations.

### **CSR...**

While some authors claim the commitment of companies in CSR activities in order to avoid negative impacts instead of being driven by a will to make a social betterment, we sustain that companies, by using annual reports found a good instrument for promoting and advertising; in order to change the consumers’

behaviour and influence their decisions companies offer information. For example RMGC communicates through its annual reports information about the project, the cultural and social activities (Burja and Mihalache, 2010) for making us believe that their activities are in the very benefit of the community, and especially determine the society to accept its projects, taking into account their activities' impact on the environment.

RMGC just like British Petroleum, which is another company that publishes annual reports, uses the same technologies that prove to be catastrophic for the environment. What both companies have in common are the symbols and the colours presented on their sites. The green colour is used almost as the site background as a reference to nature and unpolluted environment. Another common symbol is the yellow flower as a sun reference.

### **...and Marketing**

Marketing generally must address and enhance the values of the stakeholders and the society, which can mean that CSR is an inherent aspect of marketing nature. Marketing literature adopts a CSR approach according to which the concept is based on the notion of stakeholders' expectations.

From the marketing point of view, the economic benefits obtained by the company using CSR activities, are directly related to consumers' positive evaluation of products and brands, brand choice and brand recommendations.

As marketing tools, companies use both traditional marketing instruments like PR, and non-traditional marketing tools like off-media communication and web-based marketing. The companies methods for information dissemination in order to create the company marketing-mix depend on the company's adopted policies, its products position on the market and the field they activate in.

Traditional marketing refers to mass-media advertising, PR campaigns, and messages that are intended to be transmitted to consumers through packaging and symbols. Traditional marketing is highly connected to marketing strategies adopted by the company, in the case of CSR, the Cause Related Marketing. The latter is an excellent tool used for maintaining or improving consumer's brand loyalty.

Non-traditional marketing includes recently undertaken techniques. It tries to sell a product or a company, this issue being unnoticeable for the consumer – subliminal messages.

The specialists (Enginkaya et al., 2009) reached the conclusion that there might be three different approaches regarding CSR integration in marketing activity. Thus, the first approach is the integrated one which appears when the brand and CSR act synchronnically. The selective approach occurs when CSR activities are unconsciously expressed in very specific and purposeful ways. The invisible approach occurs when CSR plays a strategic and philosophic role at the company's management, but it is not so important for the communication with stakeholders or for starting some new initiatives (Banyté, Gadeikienė, 2008).

## **Communication – A Marketing Tool**

Concerning the company survival on the market, which is characterized by intense competition, rapid technological progress, it must be competent and responsible, and that implies a meaningful and effective internal and external communication, in order to create a positive image of the organization.

Communication is meant to create a public image, while the promotion's main objective regards the public behaviour, connected to ensuring financial advantages. Promotion is also presented as an assembly of marketing activities that stimulate consumer shopping, and it includes communication, PR, publicity and selling.

The company's communication methods with the market are very diverse; they can be classified in: personal communication – the salesman speaks directly to the client; communication through publicity – considered less efficient and more expensive; and other methods that include promoting, annual reports, etc.

The company's communication activities on CSR initiatives are considered part of the company's effort to promote in order to create a public responsible image to be transformed into profit. The larger the profit is, the larger the number of company's CSR initiatives is. Also, the companies communicate the CSR initiatives for maintaining or increasing their legitimacy.

One company may also choose to limit its communication of CSR activities. TNT Company chose silence-speaks-louder-than-words-policy (Kotler and Lee, 2005, "do good and let the others speak about it") when starting „Moving the World” initiative. TNT chose to offer free expertise and funding for five years, a period in which they abstained from any proactive external marketing communication activities regarding the initiative. This strategy proved to be efficient because media promoted the company for free. The image of a company is even more positive if its promotion is done by a stakeholder and not by its marketing department (Ven, 2008).

According to Dawkins and Ngunjiri (2008), the main reasons the companies engage in CSR initiatives are: to maintain and enhance perceptions of legitimacy, to manage the perceptions of the key stakeholders, as a reflection of their corporate values. We would also add that through these CSR actions, the large-sized companies might try to prevent any community problems which might affect their image.

Legitimacy is a generalized perception that the actions of an entity are in compliance with a system of norms, values and social beliefs of a community (Suchman, 1995). This means that the stakeholders have the power to influence the behaviour of a company if its actions do not comply with social expectations or has no legitimacy. Practice shows that companies' reporting focuses on the segment where stakeholders' legitimacy is questionable. Relevant examples are those of oil companies, which invest in environmental activities precisely because their products are polluting and directly affecting the environment. Jahdi and Acikdilli (2009) argue that companies like British Petroleum or Shell, use advertising in The Guardian to promote their Green Initiatives. In the same newspaper, Shell claims to

have come to save the world, arguing that „tackling climate change and providing fuel for a growing population seems like an impossible problem, but at Shell we try to think creatively” (Jahdi and Acikdilli, 2009).

The same authors claim that in 2000, Shell said it would invest 1 billion dollars in Renewable Energy between 2001 and 2005, and that the company would invest significantly in wind energy; however there have been no tangible results after these statements.

Another category of companies that adopted green strategies is represented by car manufacturers and other companies whose products are considered to be true environmental pollutants by stakeholders. These companies include Fiat which chose the low price of products in combination with ecology, while companies like Toyota, Volkswagen and EasyJet have been under the spotlight for misleading claims about their environmental credentials of their products.

### **Conclusions**

Therefore, it can be concluded that the organizations provide information through various methods in order to influence the stakeholder perception on the company. Thus, companies with a higher transparency reflect better corporate governance.

Another conclusion is that the main purpose of communication is to influence an action. It tends to influence or alter perceptions, attitudes, behaviours, and feelings, opinions of an individual or of a group. This means that companies, by their communicating actions are trying to influence the others' behaviour, and they use the CSR annual reports in order to manipulate the company image or the stakeholders mind; they use CSR to change the consumers' behaviour.

Thus, indeed, one of the reasons why companies have entered social responsibility initiatives is to influence the perception of the stakeholders on the company, to create a good image of the company's long-term picture which would bring higher profits. But in the same time we must take into consideration that this is a win-win strategy that brings benefits not only for the company but also for the stakeholders.

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