

# **CORPORATE SOCIAL RESPONSIBILITY – A TOOL TO CREATE A POSITIVE BRAND IMAGE**

**Kaur, Maneet**  
**Lovely Professional University, Jalandhar, India.**

**Agrawal, Sudhir.**  
**Symbiosis International University, Noida, India**

## **ABSTRACT**

*“Way to creating positive image lies in building connections with society through Corporate Social Responsibility initiatives.”*

*Corporate Social Responsibility creates a landing place in the minds of the target consumers. It not only caters to the Brand Equity awareness among the consumers but also leads to a positive Brand Image in the minds of the potential consumers.*

*The purpose of this paper is to understand how Corporate Social Responsibility can lead to the creation of better brand image. It investigates the efficacy of Corporate Social Responsibility initiatives creating positive brand image in the minds of the consumers.*

*The present study is based on secondary data, information collected from authentic sources such as books, journals, magazines and research reports and electronic data gathered through related web sites. Explanation and exploration of different types of conceptual information presented in the study is the result of observation, in depth reading, experiences and rational judgement of the author and co-author of the paper.*

**KEY WORDS:** Corporate Social Responsibility, Brand Image, Societal Marketing, Consumer Perceptions, Corporate Social Responsibility Initiatives.

## **INTRODUCTION**

With the advent of the era of globalization and cut-throat competition concern of the companies has shifted to Corporate Social Responsibility. “Doing good” seems to be the new slogan for many brands in 2010. After a year economic misery and banking crisis, consumers want to get associated with the brands that believe more than a profit.

Brand Equity is one of the factors that increase the financial value of a brand to the brand owner. Elements that can be included in the valuation of brand equity include: changing market share, profit margins, consumer recognition of logos and other visual elements, brand language associations made by consumers, consumers' perceptions of quality and other relevant brand values. Survival of the company depends upon how responsible company is towards society. More concerned a company is, it is easier for it to create the positive brand image in the minds of the consumer that leads to working towards building brand equity.

Different concerns define Corporate Social Responsibility differently. World Business Council for Sustainable Development defines Corporate Social Responsibility as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Jamshedji Tata has very beautifully defined the Corporate Social Responsibility "The clear definition of Corporate Social Responsibility is that the community is not just another stakeholder in our business but the very purpose of our existence."

According to research carried out by Cone Inc. In 2009, 79% of consumers would switch to a brand associated with the good cause. A new concept of co-donation has been triggered by the companies in which they are giving schemes that will involve consumers by letting them co-donate or co-decide, as with Pepsi Refresh. Other examples of brands following the co-donation trends include Ikea, which donates a solar lamp to UNICEF every time it sells Sunnan low-energy lamp with solar panels.

Though there are hidden costs but the difference made by such initiatives is huge and there is always a challenge for corporate to identify Corporate Social Responsibility. By linking opportunity with responsibility, companies can identify new ways to bring new products to new consumers.

## **LITERATURE REVIEW**

Majority of the private companies say they embrace corporate social responsibility not only because it's the right thing to do, but also because it strengthens their brands. The percentage of brand value represented by corporate social responsibility is trending upward but all other identifiable contributors to corporate brand value-advertising, market cap, and the industry in which a company competes – appear to be declining.

The relationship between brand image and Corporate Social Responsibility is strongest for familiarity, not for favourability. That is, if the company is well known in its community, its Corporate Social Responsibility activities will strengthen its brand image more than they would if the company were less well known.

According to a study by financial paper, The Economic Times, donations by listed companies grew 8% during the fiscal ended March 2009. As many as 108 companies donated up to 20% more than the previous year.

Consumers increasingly expect companies to make a broader contribution to society. The business benefits of doing are not evident. Prior studies conclude that consumer's purchase decisions are positively influenced by socially responsible initiatives.

According to the research carried by Cone Inc., in 2009, 79% of consumers would switch to a brand associated with a good cause.

Bharat Petroleum and Maruti Udyog came on top with 134 points each, followed by Tata Motors (133) and Hero Honda (131). The study was based on a public goodwill index and India received 119 points in the index against a global average of 100. Thailand was at the top slot with 124 points.

Malini Mehra, founder and CEO of Social Markets, an organization that works towards transition to sustainable development and realisation of human rights and social justice, explains, "There is minimalist version, Corporate Social Responsibility is little more than a philanthropic activity-tree planting, schools and health clinics. In the maximalist version, Corporate Social Responsibility is about character and conduct, where integrity and responsibility run right through every seam of the firm's activities and ethos.

External Relations Director Lee Bansil of Procter and Gamble explains: co-donation and cause-related marketing help promote competition, which in turn leads to corporate innovation. He believes this is essential for developing sustainable products and promoting sustainable consumption.

## **INITIATIVES OF INDIAN COMPANIES TO PROMOTE BRAND IMAGE WITH THE HELP OF CORPORATE SOCIAL RESPONSIBILITY**

The 2010 list of Forbes Asia's 48 heroes of Philanthropy contains four Indians. Nearly all leading corporate in India are involved in Corporate Social Responsibility programmes in areas like education, health, livelihood creation, skill development and empowerment of weaker sections of society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, IOC among others. For brands, it is an excellent way to show they care, taking the lead with innovative "giving back" schemes. Few ways by which Procter and Gamble did in the past was, that they teamed up with UNICEF to introduce Nutristar-a powdered drinking product that addressed micronutrient malnutrition in some populations and by acquiring the PuR brand to bring low-cost water purification technologies to consumers in developing markets. The company also promoted better hygiene in at-risk communities and in return had the benefit of forming new markets for its products like soap and toothpastes.

A recent initiative of Corporate Social Responsibility by Procter and Gamble is that it joined hands with the International Olympic Committee (IOC) jointly announced a sponsorship scheme wherein Procter and Gamble's portfolio of brands will sponsor "Proud Sponsor of Moms" campaign globally. To celebrate the dedication and sacrifices of moms, families and Olympians, Procter and Gamble will produce a documentary video series called "Raising an Olympian" that will provide the insight into the experiences of mom of an Olympian which will guide and improve the lives of forthcoming athletes.

Mr. Sunil Mittal, chairman and managing director of Bharti Enterprises, runs the country's largest affirmative action project imparting quality education to 30,000 underprivileged children in rural India across five states. The initiative is housed under the Bharti Foundation.

Idea is a telecom service provider, which historically lacked the market leaders in terms of performance. With its new campaign, which sets the tagline, 'What an idea' in the landscape of rural India, it has managed to become a stronger and more credible player. The advertising focuses on stories that demonstrate how the mobile phone helps education and democracy to rural India, not to mention solving the caste problem.

Another instance is that of a leading tea brand from India's most respected business house, Tatas. Tata Tea uses the tag line 'Jaago re' (wake up) and its advertising shows its protagonists handing out cups of tea to young people in college insisting that they are asleep and need to 'wake up'. The waking up in question involves their going out and voting. In this case, the advertising leads us to a website which actually allows people to register on-line as voters.

Corporate companies like ITC have made farmer development a vital part of its business strategy, and made major efforts to improve the livelihood standards of the rural communities. Unilever is using micro enterprises to strategically augment the penetration of consumer products in rural markets.

IT companies like TCS and WIPRO have developed software to help teachers and children in schools across India to further the cause of education. The adult literacy software has been a significant factor in reducing illiteracy in remote communities. Banks and insurance companies are targeting migrant labourers and street vendors to help them through micro credits and related schemes.

As in the West, Indian companies are also waking up to the realisation that Corporate Social Responsibility is not just an external philanthropic activity, but an internal responsibility as well. In fact, as Paul Abhram, COO, IndusInd Bank, puts it, "If you don't start from within, the entire Corporate Social Responsibility programme would turn out to be meaningless." The concept of solar ATMs and encouraging customers to choose e-statements over traditional paper statements has been a part of IndusInd Bank's broader Corporate Social Responsibility initiatives.

## **GOVERNMENT INITIATIVES TO PROMOTE CORPORATE SOCIAL RESPONSIBILITY AMONG COMPANIES**

Although corporate India is involved in Corporate Social Responsibility activities, the central government is working on a framework for quantifying the Corporate Social Responsibility initiatives of companies to promote them further. According to Minister of Corporate Affairs, Mr. Salman Khurshid, one of the ways to attract companies towards Corporate Social Responsibility work is to develop a system of Corporate Social Responsibility credits, similar to the system of carbon credits which are given to companies for green initiatives.

Pharmaceuticals Company Jubilant Organosys Ltd., already runs an anti-tuberculosis programme with the government of Uttar Pradesh. Apart from schools and hospitals that are run by trusts and societies, the government too is exploring to widen the scope of public-private partnerships to build and maintain schools and hospitals in return for a fixed annuity payment.

Besides the private sector, the government is also ensuring that the public sector companies participate actively in Corporate Social Responsibility initiatives. The Department of Public Enterprises (DPE) has prepared guidelines for central public sector enterprises to take up important Corporate Social Responsibility projects to be funded by 2-5 percent of the company's net profits.

## **UNDERSTANDING THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY IN CREATING BRAND IMAGE**

Exposure to any type of well-conceived promotional initiative for a brand leads to more positive feelings and judgements about the brand in a consumer's mind. A promotional initiative emphasizing a brand's affiliation with a social cause has a high degree of affinity. How much a given initiative will help or hurt a given brand will depend on the characteristics of its target markets. A high degree of affinity can enhance the effectiveness of a promotional initiative that increases the likelihood of consumers treating the initiative as an important and positively weighted attribute of the brand. However, when a promotional initiative does not mention an affiliation, consumers may weight a brand's style of marketing as a negative attribute. Consumers would weigh the style of marketing as positive with those types of affiliations that have affiliation with a cause like cancer research, environmental protection or disaster relief. Moreover, a social-cause affiliation could also have a "halo effect" on how a brand is seen on other attributes, such as trustworthiness or quality.

Those initiatives in which the logic behind the brand's affiliation can be easily recognized by most consumers – typically produce a more positive effect on consumer brand judgements and feelings than initiatives with weaker fit. When a brand promotes a high-fit social-cause, it may be more likely to be viewed by some consumers as opportunistic and seeking commercial gain.

Whether to pursue affinity marketing in general or societal marketing in particular, the companies should recognize that every brand is different. While, for example, a low-fit societal marketing initiative might work best for one brand, it might do less for another brand's image. It is recommended to do careful experimental research to refine and test ideas for affinity marketing initiatives against one another and against other kinds of marketing initiatives.

The management of socially responsible behaviour is important because of its impact on the perception of the brand image. Enriching a brand with ethical and social questions increases its value. These associations influence the consumer in their assessment of products and increased brand loyalty. Many proactive corporations monitor customer satisfaction closely and as a result individuals may express their trust and appreciation of the Corporate Social Responsibility efforts by continuing to buy its products. Thus, the familiarity or the degree of general user knowledge of a company resulting from their experiences with that firm and their loyalty may lead to conditioning the perception of corporate behaviour. Customers' experience could allow them to develop strong beliefs and a more elaborate cognitive structure which implies possible reference schemes to make different appraisals, as compared to the customers at a lower awareness level.

Companies that have made Corporate Social Responsibility a central part of their businesses are reaping the benefits as improved brand image. It works best for those companies in which responsibility is a core company value and informs all aspects of the business.

Corporate Social Responsibility initiatives are not only about philanthropy but translating these ideas into practical business strategies. Corporate Social Responsibility driven efforts does not only relate to donating money but it talks about integrating social and ethical practices into business strategies that help the consumer in creating a positive brand image. With the increase in Corporate Social Responsibility awareness some companies promote a very elementary understanding of corporate governance and ethical standards.

Another important aspect of Corporate Social Responsibility is that it channelizes funds of socially responsible investors in promoting Corporate Social Responsibility among investors.

The content of Corporate Social Responsibility creates an emotional connection with consumers and builds connections between the brand, its Corporate Social Responsibility initiatives and the viewers. Promoting brand image with the help of Corporate Social Responsibility initiatives encourages positive comments and ultimately has a positive effect on the brand, because the company is being transparent about its external communications and internal practices which show alignment. The benefits of using Corporate Social Responsibility in branded content are endless; foremost it helps to build a brand's reputation and is a point of differentiation.

## **CONCLUSION**

The benefits of using Corporate Social Responsibility in branded content are endless. The most important one is that it helps to build a brand's reputation and is a point of differentiation. It also encourages consumer trust and loyalty. If the consumers see that brands are addressing the issues that are important to them, it follows that they are likely to continue to buy their products.

Corporate Social Responsibility initiatives can be extremely effective at forging deep meaningful connections with its consumers that transforms the loyalty of the consumer to them as a promoter of the company within their social networks.

The social canvas becomes a means of amplifying the largeness of the brand's message. In a country like India, there seems to be a great opportunity for brands to find larger canvases for their brands. Perhaps more brands need to wake up to that.

Corporate Social Responsibility is not a marketing gimmick but one way in which responsible companies can use advertising and buying to help play their part in promoting sustainable behaviour. It's a great contribution in which consumers, stakeholders and companies can take small steps to improving lives."

The need for more emphasis on the Corporate Social Responsibility concept and its company-to-consumer communication is mandatory. Though a number of companies' websites and their annual reports include information on these practices but it is seen that either this information does not reach the consumers or the current communication strategy is not strong enough to link the Corporate Social Responsibility actions to brands.

“Everyone wants to make a difference and this goes some small way in allowing us all to make a contribution. Yes, it is shopping. Yes, it is advertising. No one is saying it’s the answer to everything, but it’s a small step that allows all of us to make a difference”

## REFERENCES

[www.sciencedirect.com](http://www.sciencedirect.com)

[www.indiacsr.in](http://www.indiacsr.in)

*Jaywant Singh, Maria del Mar Garcia de los Salmones Sanchez, Igancio Rodriguez del Bosque.*

**Journal of Business Ethics.** Dordrecht: Jul 2008. Vol. 80, Iss. 3; p. 597 (15 pages)

**MIT Sloan Management Review.** Cambridge: Winter 2006. Vol. 47, Iss. 2; p. 49

**Brand Strategy.** London: Dec 18, 2006. p. 32

*Alan Pomeroy, Lester W. Johnson.* **Corporate Communications.** Bradford: 2009. Vol. 14, Iss. 4; p. 420

