

CSR CONCEPT FROM THE MARKETING POINT OF VIEW

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Abstract: *This article deals with concept of corporate social responsibility (CSR) and compares it with standard marketing conception and later social marketing conception. This article presents new information about business to business (B2B) customer requirements but these requirements are also the indicators of CSR concept compliance. There is asked a question where is the border between corporate social responsibility concept and the social marketing concept.*

Keywords: *Corporate Social Responsibility, Marketing Concept, Social Marketing Concept, CSR Indicators.*

JEL Classification: *M14, M31.*

1. Introduction

The term *corporate social responsibility* began rise up in conjunction with violations of laws, ethics, employee safety, bad behavior toward customers and the environment and more. This increase started above all in relation to large and multinational companies early 20th century in the USA.

The aim of this paper is to briefly describe the current perception of CSR and present the position of CSR in marketing also by comparison with the latest social marketing concept. At first view it may seem that the concept of CSR and marketing concept is totally different, but the truth is that, there can be discovered an opposite conclusion through close examination.

2. Corporate social responsibility

The concept CSR is defined either in terms of what areas should include, or in terms of whose opinions, needs and interests should be integrated in its decisions and actions.

For example, Bloom and Gundlach (2001: 42) come out in their definition of CSR from the theory of stakeholder groups (the stakeholders) and they define CSR as "*a firm commitment to its stakeholders - people and groups who are affect or are affected by corporate policies and practices. These requirements are more than the legal requirements and corporate responsibilities to shareholders. Fulfillment of these requirements can minimize damage and maximize the long - term positive impact on the company business.*"

Kenneth R. A. (in Hartman, 1998: 243) definition is based on the idea of sustainable development. He defines CSR as targeted care for the welfare of society which prevents the destructive activities in individual or corporate behavior and regardless of immediate profitability it leads to a positive contribution of improvement of man.

The organization Business Leaders Forum is aimed at promoting this CSR concept. It describes CSR as follows: "*Corporate social responsibility is a voluntary commitment by business to behave in their operations responsibly towards the environment and the society in which they operate.*" (Business Leaders Forum, 2007).

The CSR concept is mostly defined on the stakeholder theory that is based on the recommendation that the company should have realize which groups and entities influence the existence of the company. In some way to the company existence related subject were called "stakeholder" by R. E. Freeman already in 1984. Present authors Post, Preston, Sachs (2002:19) have the same approach towards stakeholders and their importance for the company in their definition:

"Stakeholders are individuals and business entities that contribute, intentionally or unintentionally, to the corporate activity and the ability to create wealth, and who are therefore potential benefits or risks."

Tab. 1: Examples of stakeholder issues and associated measures of corporate impact

Some stakeholder groups and issues	Potential indicators of corporate impact on these issues
<i>Employees</i>	
1. Compensation and benefits	1. Ratio of lowest wage to national legal minimum or to local cost of living
2. Training and development	2. Changes in average years of training of employees
3. Employee diversity	3. Percentages of employees from different gender and race
4. Occupational health and safety	4. Standard injury rates and absentee rates
5. Communications with management	5. Availability of open-door policies or ombudsmen
<i>Customers</i>	
1. Product safety and quality	1. Number of product recalls over time
2. Management of customer complaints	2. Number of customer complaints and availability of procedures to answer them
3. Services to disabled customers	3. Availability and nature of the measures taken to insure service to disabled customers
<i>Investors</i>	
1. Transparency of shareholder communications	1. Availability of the procedures to keep shareholders informed about corporate activities
2. Shareholder rights	2. Litigation involving the violation of shareholder rights (frequency and type)
<i>Suppliers</i>	
1. Encouraging suppliers in developing countries	1. Fair trade prices offered to suppliers in developed countries
2. Encouraging minority suppliers	2. Percentage of minority suppliers
<i>Community</i>	
1. Public health and safety protection	1. Availability of an emergency response plan
2. Conservation of energy and materials	2. Data on reduction of waste produced and comparison to industry
3. Donations and support of local organizations	3. Annual employee time spent in community service
<i>Environmental groups</i>	
1. Minimizing the use of energy	1. Amount of electricity purchased; percentage of green electricity
2. Minimizing emissions and waste	2. Type, amount, and destination of the waste generated
3. Minimizing the adverse environmental impacts of products and services	3. Percentage of product weight reclaimed after use

Source: (Maignan, I. at all, 2005: 961)

Many companies present themselves as a socially responsible and keep very good relations with their stakeholders or selected groups. In this way they build the image and use CSR as a marketing tool.

Some studies have shown that in developed markets some customers choose products according to some aspects of CSR. Either the customers can prefer the products of socially responsible companies or they can boycott the products from socially irresponsible companies.

3. Social marketing conception

Marketing has developed like any other scientific disciplines. The development was a reflection of the market. After the world we can still meet all the business concepts -

manufacturing, product, sales, marketing and social marketing. Social marketing approach, which developed last, it is usually tied to the developed markets.

Usually the marketing definitions hold the classical marketing concept. For instance Palmer A. (2004: 3) describes marketing in this way: *„Customers’ needs are the starting point for marketing activity. Marketing managers try to identify these needs and develop products that will satisfy customers’ needs through an exchange process“*.

Kotler, P., Armstrong, G. et.al (1999: 5) see marketing as *„a social and managerial process by which individuals and groups obtain what the need and want through creating and exchanging products and value with others“*.

Jobber, D. (2004: 5) expresses the marketing concept as: *„The achievement of corporate goals through meeting and exceeding customer needs better than the competition“*.

Social marketing concept is usually not described sufficiently in the publications. It looks like it is a marginal matter of marketing science.

Palmer, A. (2004: 26) to the topic social marketing states: *„Traditional definitions of marketing have stressed the supremacy of customers, but this is increasingly being challenged by the requirement to satisfy the needs of a wider range of stakeholders in society. There have been many recent cases where companies have neglected the interests of this wider group with disastrous consequences.*

Scenes of protesters outsider a company’s premises and newspaper coverage of anti-social behavior by firms can take away from the company something that its marketing department had spent years developing – its image.“

On the other hand some researches showed that there are some consumer segments which prefer social responsible producers. Even some of them are willing pay more for so product.

The following table illustrates the differences between traditional marketing concepts and social marketing from the perspective of marketers.

Tab. 2: Differences between social and commercial marketers

Social marketers	Commercial marketers
Want to do good	Want to make money
Funded by taxes, donations	Funded by investments
Publicly accountable	Privately accountable
Performance hard to measure	Performance measured in profits, market share
Behavioural goals long term	Behavioural goals short term
Often target controversial behaviours	Typically provide non-controversial products/services
Often choose high-risk targets	Choose accessible targets
Risk-averse managers	Risk-taking managers
Participative decision making	Hierarchical decision making
Relationships based upon trust	Relationships often competitive

Source: (Andreason, A. R., 2000)

From the point of view of business concepts is the CSR closest the social marketing conception. That is why the social marketing concept takes into account both customer

satisfaction and generally human welfare in conditions of company profitability. Including the customer are the other groups of interest usually the employees, community and environmental groups. It is usually through the tool of marketing mix called PR (public relations).

4. Common elements of CSR concept and social marketing concept

In practice there are not many differences between the result of CSR and social marketing. The goal is the same. It is satisfied customer and social welfare.

A little difference is that CSR concept is concerned more on mutual communication with shareholders while the communication of (social) marketing concept is much more unilateral.

Other difference is that CSR concept usually states the customer preferences as one of many benefits of CSR application while (social) marketing approach has officially basic goal to gain other customers segments. Anyway generally everything what has positive effect to gain new customers or what is a precondition for growth in sales (or prevent the decrease of sales) can be called as marketing.

The whole profit of firms depends on many elements of company. We can call them as marketing micro and macro environment (marketing point of view) or we can call them as an influence of stakeholders (CSR concept point of view). The firm success depends on the level of agreement to these elements and their required norms and values. Maignan, I. et.al states interactions between organizational and stakeholders values and norms in the next figure.

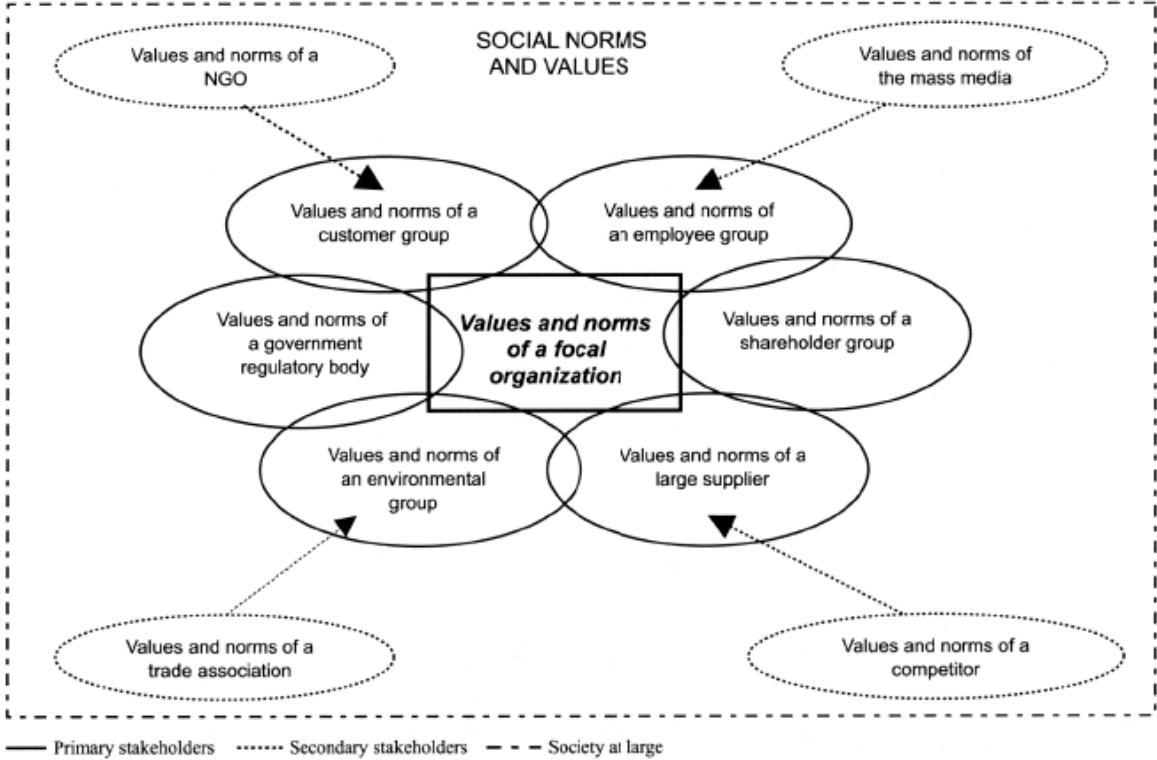


Fig. 1: Interactions between organizational and stakeholders values and norms.

Source: (Maignan, I. at al, 2005: 962)

There are many ways for company CSR evaluation. There is number of indicators for CSR. For example Tomancová, L. (2009:157) states the following:

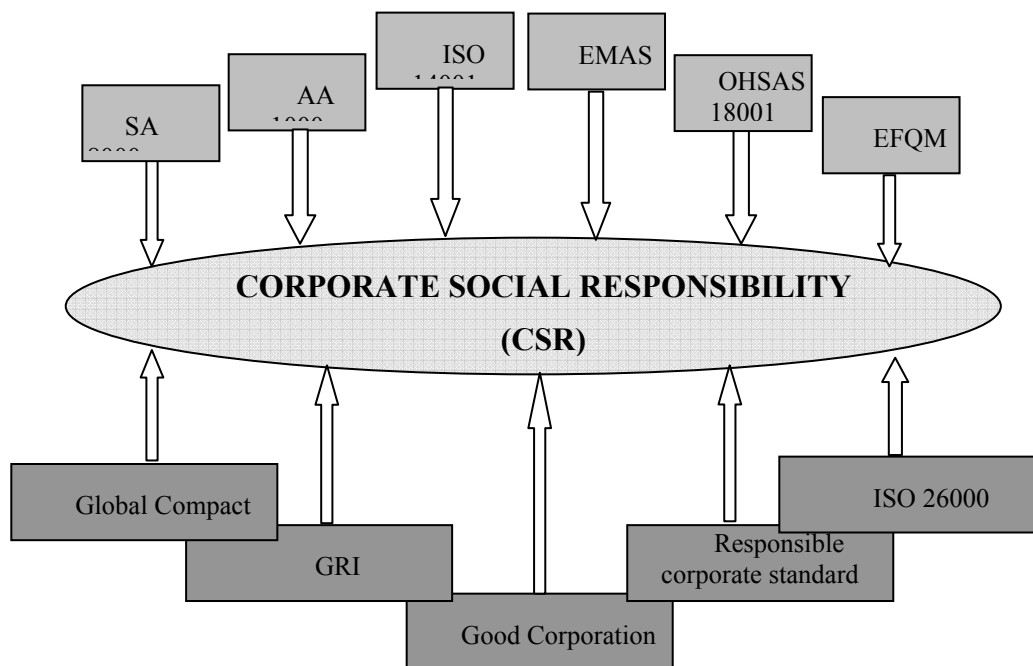


Fig. 2: CSR tools and norms

Source: (Tomancová, L., 2009: 157)

These indicators are the most used in the Czech Republic:

- ISO 14000 series of standards are aimed at environmental management. These standards are used to create appropriate procedures to manage the company's activities with a significant impact on the environment.
- EMAS is also environmental management system. It would help to improve environmental performance even beyond legal requirements.
- OHSAS 18001 (Occupational Health and Safety) is a standard helping organizations with assistance in managing their programs of health and safety and ensure the employee care and achieving sustained improvement.
- SA 8000 (Social Accountability 8000) includes standards dealing with the particular working conditions of employees. SA 8000 provides transparent, measurable and verifiable indicators for the certification of the business in the area of child labor, forced labor, health and safety, freedom of association, discrimination, discipline, working hours, remuneration and management
- AA 1000 (Account Ability 1000) - this British standard covers the same areas as SA8000. Moreover it includes the requirements for reporting and auditing activities of socially responsible companies.

In 2008 was performed a survey concerned at CSR on B2B market (Kuběnka, 2009). The following are data yet unpublished. There was obtained 133 completed

questionnaires from the companies with more than 500 employees, turnover more than 100 million CZK and from production sector. The companies were asked: *Which standards do the key customers require from you?*

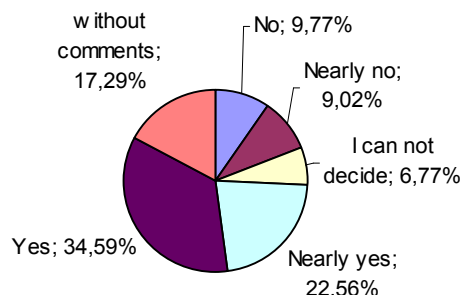


Fig. 3: Does the B2B customer require ISO 14000? (Source: own)

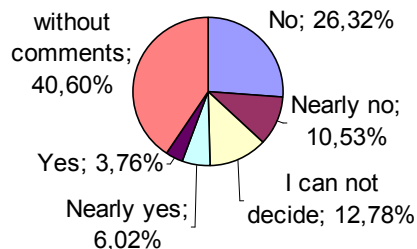


Fig. 4: Does the B2B customer require EMAS? (Source: own)

The results show that ISO 14000 is the most asked standard. Category “Yes” and “Nearly yes” is together 47 %. It means that ISO 14000 is not only a voluntary activity of CSR but it is a required standard from customers. In case of EMAS it is only near 10 % maybe because this standard is not so well-know in the Czech Republic and other reason can be the duplicity between ISO 14000 and EMAS.

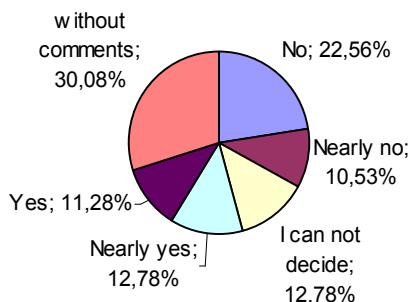


Fig. 5: Does the B2B customer require OHSAS 18001? (Source: own)

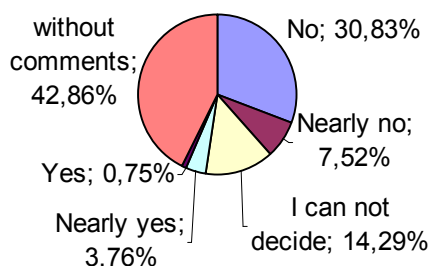


Fig. 6: Does the B2B customer require SA 8000? (Source: own)

Customer request of OHSAS 18001 was strictly in 11 % of companies and nearly yes in 13 % of cases. Together 24 % is quite enough. SA 8000 is asked together in 4,5 % of cases. Above that including the requirements for auditing and reporting AA 1000 reached the value near 6,8 %. It is more than SA 8000, it is interesting.

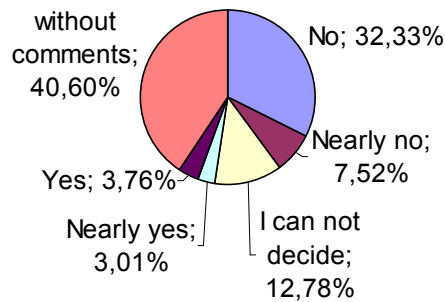


Fig. 7: Does the B2B customer require AA 1000? (Source: own)

There is seen at the graphs, that some of respondents did not answer the question. It can be caused by many reasons. Important is that the numbers of positive answers („Yes“ and „Nearly yes“) are not negligible values. Especially, if these are key customer requirements.

5. Conclusion

There was a series of researches aimed at identifying and demonstrating the benefits arising from CSR applications. Customer demand for corporate social responsibility can be reflected in customers' shopping preferences. E.g. in the Czech Republic the investigation (in the consumer market) showed that: "the willingness to pay a higher price for goods and services from a company that behaves as environmentally and socially responsible, has confirmed half of respondents (49 %), while a fifth of them expressed their categorical agreement." (Pavlů, D., Kalnická, V, 2002).

“Companies working strategically with CSR activities aimed at customers typically experience that:

- their major local or foreign corporate customers require or demand CSR,
- their public customers require or demand CSR,
- their end users choose products/services with a responsible profile,
- they can access new customer groups by having a responsible profile on products/services,
- they can access new customer groups by developing new products/services based on social responsibility.” (Ramboll Management & Companies Agency, 2006)

It is clear that the customer preferences are transferred from the consumer markets to B2B markets. “Many large businesses have visible CSR policies and make CSR demands of their suppliers. At the same time, small companies make demands of their suppliers to an increasing extent.”(Ramboll Management & Companies Agency, 2006)

It can be stated that as a result of an exemplary implementation of CSR into company can the company obtain a competitive advantage.

Thus, CSR can be considered as a separate concept, but it must be also seen as part of marketing or social marketing concept. That is why in certain market segments the CSR concept has a role of other marketing tool. Whatever the theory, the essential is

that the implementation of the CSR concept and social marketing approach leads to customer satisfaction and human society in general.

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