CORPORATE SOCIAL RESPONSIBILITY: MARKETING TOOL OR A PHILANTHROPIC APPROACH *

Kurumsal Sosyal Sorumluluk: Pazarlama Aracı veya Hayırsever Bir Yaklaşım

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Abstract

The study was conducted to observe the awareness and effectiveness of Corporate Social Responsibility (CSR) as an advertising tool for organizations working in Pakistan. Research was conducted on random samples of young consumers of the telecom industry. The final analysis revealed a moderately significant level of awareness of corporate social responsibility among the target market of the telecom industry along with a preferential buying attitude for organization’s practicing corporate social responsibility. Research revealed that advertising an organization’s CSR activities does play a positive role in enhancing an organization’s brand equity and indicated a positive relation between consumer’s positive buying preference and an organization’s advertised CSR activities.

Keywords: Corporate social responsibility, Advertising, Cause-related marketing, Philanthropy, Telecom industry.

Özet

Bu çalışma, Pakistan’da faaliyet gösteren örgütler için bir reklam aracı olarak kullandığı Kurumsal Sosyal Sorumluluğun (KSS) farkındalığı ve etkinliğini gözmlemek için yürütülmüştür. Araştırmanın örneklemi, Telekomünikasyon endüstrisinin genç tüketicilerinin rastgele seçilmesi ile oluşturulmuştur. Nihai analiz sonucunda telekomünikasyon endüstrisinin hedef pazarda kurumsal sosyal sorumluluk farkın-dalığının orta derecede önemli olduğunu bulgusuna erişilmiştir ve örgü-

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In today’s world it is a constant struggle for advertisers to generate exposure and attention for their desired offerings (Daugherty et al., 2008) and finally to formulate the required interpretation in the minds of the consumers (Hirschman and Thompson, 1997); thus successfully completing the perceptual process. Pakistani consumers are being exposed to a large number of marketing stimuli on daily basis (Arshad et al., 2014), therefore forming an unconscious resistance towards many forms of advertising. Marketers have been continuously trying to find unique and attractive ways to market their products to the consumers (Banerjee, 2008); researching promotional tools that will result in generating both short-term sales (Palazón-Vidal and Delgado-Ballester, 2005) and long-term brand equity for them (Pauwels et al., 2002; Slotegraaf and Pauwels, 2008). This research has attempted to explore such a solution for this problem of selective attention and selective retention occurring in the consumer’s minds. The solution generated as a result of the analysis is effectively advertising the organization’s corporate social responsibility to form a sustainable competitive advantage in the form of a positive brand perception and a sense of contributing to the society through brand usage. While CSR is defined as: “CSR is 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” (Holme and Watts, 2000).
The research tried to explore the awareness level of CSR among Pakistani consumers; it has also been attempted to explore whether consumers know the meaning of CSR, the actual motivations of organizations behind conducting CSR activities, and the recall level of various CSR activities.

After generating this initial knowledge base the research moved on to analyze the link between positive consumer perceptions and CSR activities of organizations. It was analyzed whether consumer perceptions change with the awareness of CSR activities and if that awareness and recall level is linked with advertising the CSR activities effectively or not. The research also established a positive relationship between CSR and consumer buying preferences through the use of case studies of two telecom companies of Pakistan, i.e. Mobilink and Telenor.

**LITERATURE REVIEW**

Corporate social responsibility has been integrated in the organization’s management style in the developed countries (Visser, 2006) for some time now; however, in the developing countries this approach has started gaining attention recently (Dobers and Halme, 2009; Slack, 2012). Although CSR has primarily been used as a public relations (PR) tool by organizations (Capriotti and Moreno, 2007; Clark, 2000; Kim and Reber, 2008), in this paper we have analyzed it as an advertising tool along with its effectiveness in creating positive brand equity and competitive advantage for an organization. The terms corporate citizenship (Capriotti and Moreno, 2007; Garriga and Melé, 2004), sustainable responsible business (Lenssen et al., 2005), corporate conscience (Goodpaster, 2007) and corporate social performance (Wartick and Cochran, 1985) are also used as an alternative to CSR. A socially responsible corporation keeps in consistent balance its profitability and responsibility towards society (Aupperle et al., 1985; Carroll, 1991), along with increasing its goodwill and credibility (Dahlsrud, 2008; Van Marrewijk, 2003). CSR has been defined as:
“It generally refers to transparent business practices that are based on ethical values, compliances with legal requirements, and respect for people, communities, and the environment. Thus, beyond making profits, companies are responsible for the totality of their impact on people and the planet” (Chandler, 2001)

It has been observed that over the years corporate social responsibility (CSR) has been infused into the management practices, even though it started out being considered as the latest management trend (Guthey et al., 2006). However, the incorporation of CSR with other business processes has not yet been optimally realized, since most of the companies use CSR as a tool to reduce risk and operational costs. Only small amounts of organizations have realized its importance in creating and sustaining innovation (Hockerts, 2007). However, in recent times CSR has received increasing attention from managers and researchers, primarily in the context of consumer perception and their attitudes towards CSR. According to a research, in case of products occupying equal status in consumers mind, with respect to price and quality, CSR can serve as the competitive advantage to an organization. (Arli and Lasmono, 2010)

A positive relationship was revealed between an organization’s CSR initiatives and consumer’s positive perceptions and buying behavior through a research study. At a deeper level, the research has also uncovered that men favored a socially responsible organization more than females (Pomering and Johnson, 2009). An article written by Shadab Fariduddin (2008) puts forward a theoretical framework that for an organization to fully benefit from its socially responsible activities; their must exist a strong relevance and connection between the supported social cause and the organization’s values, culture and market positioning. This theory is supported by results of our analysis as well, revealing the fact that if an organization wants its CSR to be remembered and to effect the consumer’s decision making positively it must be relevant to its product type and positioning. Our research investigated the potential difference between practicing CSR
and advertising your CSR practices. Advertising, a vital element of an organization’s promotional mix, is formally defined as: “Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor” (Kotler, 2009).

In a research conducted by Andrew Webster, it was explained that organizations integrate social responsibility within their management practices because of social pressures. Strong social pressures exist in the Pakistani society for companies to practice philanthropy; since in Pakistani society ethics are judged in relation to philanthropy (Webster, 2008) Data stated in the National Survey of Individual Giving in 1998 showed the rate of voluntarism in individual giving to be 58% in Pakistan; which twice the global rate was.

Many companies in Pakistan have acted in a socially responsible manner and donated money to various social causes and charities, but these acts fall in the realm of philanthropy. Philanthropy involves the donation of money and no direct or continuous organizational involvement with the cause itself. CSR has emerged as a far more diverse concept than simple philanthropy. Therefore, to keep up with the present times organizations in Pakistan need to start practicing CSR in its true meaning and spirit (Asfar, 2009). Even though recently in Pakistan CSR has been the focus of many conferences and has also gained media attention, the country’s poor economic conditions push companies especially small and medium sized businesses (constituting 75% of all business life) to steer clear of activities that will increase costs. The public sector also lacks the complete basic knowledge and awareness of CSR (The role of CSR, 2010). The government of Pakistan should play an active role in promoting and sustaining CSR culture within the corporate sector. The deficiency exists in the areas of training and education regarding social responsibility. According to a survey majority of the organizations operating in Pakistan are unaware of the correct or complete meaning of CSR. Around 40% of the employees surveyed in the research equates CSR with paying
taxes accurately and on time, 30% thought it meant contributing to the welfare of community, 15% defined it as employee welfare, 10% took it as working in areas where company’s interests lies, and only 5% knew its complete meaning (Asia, 2010)

In March 2007 Pakistani government presented the first “Corporate philanthropy awards”. They were given based on volume of donation and percentage of before-tax profit given as donations; which somewhat deviates from the normal understanding of the concept ("Pakistan gives first ever philanthropy awards", 2007). Therefore, education, awareness and initiative have to start from government and trickle down to consumers through corporations, for CSR to become an effective tool. Based upon its multifold objectives this research can prove beneficial for a number of stakeholders. The study can provide significant direction and benefits for the advertisers, organizations and the public. Since practicing and advertising of organization as corporate social responsible entity can be an effective promotional tool for advertisers, a competitive advantage for organizations and has finally various benefits for the public.

**RESEARCH METHODOLOGY**

The major objective of the research was to observe and analyze the effectiveness of advertising organizational CSR, as a tool to building a positive brand image and preferential buying behavior in the target consumers. Based upon this, the research was conducted through case study analysis. Two multinational companies, i.e. Mobilink GSM and Telenor, from the telecom sector were selected, both of which were involved in CSR activities within Pakistan. The reason for choosing the telecom sector was the growth of telecom sector in Pakistan, making its various brands widely recognized among respondents. In addition, the sector is substantially investing in advertising as a promotional tool. A sample of 100 respondents was collected through probability random sampling, in-order to minimize sampling error. The sample had equal representation of both the
genders to avoid any gender biasness, with 74% of the respondents falling in the age bracket of 18-25 and the remaining in the age bracket of 26-35. A younger consumer segment was selected because they constitute majority of the telecom sector’s target market, thus making their responses and preferences very valuable for the potential users of this research. Geographically the sample was collected from Lahore, Islamabad and Rawalpindi, three major cities of Pakistan. These geographic areas represent a majority of our target population, the hub of exchange activities and one also being the capital of Pakistan.

The respondents either were enrolled in or had a bachelor’s or a master’s degree (38%: bachelor’s degree and 62%: master’s degree). An educated sample ensured the ability to correctly analyze their knowledge of CSR, their preferential buying behavior, and perceived brand image in the light of informed decision making at their end. The reasons behind the before mentioned dimensions could also be further probed when the sample had a basic understanding of the market conditions, working of organizations, and the rights of consumers and publics. All the respondents had monthly family income of greater than Rs. 25,000/- (approximately 1000 TL or 250 USD) making the consumer’s purchasing power almost constant, since a prepay cellular phone connection is a very low priced commodity with usage costs depending upon the individual consumer’s usage rate. Sample was selected from diverse occupations with 70% students, 8% managers, 14% teachers and 8% business consultants. Multiple questions were adopted from Maignan (2001) study, to measure the awareness and understanding of CSR (Cronbach’s alpha = 0.92), perceived importance and expectation regarding CSR behavior (Cronbach’s alpha = 0.86) from Creyer (1997) study and finally consumer’s attitude towards CSR practicing organization’s brands, advertisements and their recall (Cronbach’s alpha = 0.90) from (Nan and Heo, 2007) research. Internal reliability for each scale was assessed with the help of Cronbach’s coefficient alpha. Internal reliability for each scale was found to be in an acceptable range (0.70 to 0.95). Survey research was conducted through questionnaires, comprising of Likert
scales (five=strongly disagree, four=Disagree, 3=Neutral, 2=Agree, 1=Strongly Agree). All the items in the survey were modified to suit the research needs. The data was entered into SPSS ver. 21 and Excel for quantitative analysis. In excel analysis was conducted through pie charts, bar charts, and frequency tabulation. In SPSS, reliability of the questionnaire was tested and to ascertain the presence of relationships between the variables Pearson’s r correlation tests were run.

RESULTS

In light of the objectives of the research and after applying statistical operations on the data collected, the study revealed a number of significant results. Divided into strategically relevant areas the major findings of this research are:

Consumer Awareness about CSR:

The first area of research was to measure the awareness level of CSR among the target consumers. Awareness meant the correct understanding of its meaning, application and dimensions. The data reveals that the target population to a large percentage is knowledgeable about what corporate social responsibility means for corporations. Figure 1 show that 41% respondents were very knowledgeable about CSR.
Consumer Attitude towards CSR

Consumers were asked a series of questions centered on whether corporations should actively and continuously indulge in socially responsible activities. For analysis, the average of consumer’s responses to these questions was calculated, depicted in Figure 2, which shows that consumers agree with the idea that organizations should practice CSR and this will have a positive impact on their brand image in their minds. Mean of consumer responses is 3.63 on the Likert scale (1=Strongly disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly agree).

Figure 2: Consumer Attitude towards Organizational CSR

Relationship between CSR Awareness and Consumer Attitude

To further analyze, the impact of consumer attitude we have calculated the correlation between consumer’s awareness of what CSR means and whether they want organizations to practice CSR.

The results in Table 1 show a statistically significant and moderately strong relationship (”r=0.349” and 2-tailed Sig=0.000) between the two variables; thus it can be interpreted that consumers who are
knowledgeable about the presence and benefits of CSR want organizations to implement it consistently and effectively.

**Correlations**

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<tr>
<th>Consumer's Awareness of the meaning of CSR</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
<th>Consumers Attitude towards Organizational CSR</th>
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**. Correlation is significant at the 0.01 level (2-tailed).**

**Table 1:** Relationship between CSR Awareness and Consumer Attitude

**Consumer’s Preference for Socially Responsible Organizations**

Socially responsible activities can only be implemented by organizations if they will result in short term profits and long-term brand equity. For researching the possibility of generating short-term profits, consumers were asked a series of questions regarding their preference to buy from socially responsible organizations. The frequency analysis results on the Likert scale shown in Figure 3 reveal 51% of the consumers “agree” that they would prefer to buy from a socially responsible organization and then to further filter the consumers who would actually support such organizations consumers were asked if they would buy from a CSR brand even if it was more expensive 38% agreed. Thus, we can conclude that a substantial portion of young consumers would prefer to buy from a socially responsible organization, supporting the organization’s short-term profits.
Figure 3: Response on Likert Scale

3a: Would switch to CSR brand if price and quality are same
3b: Would switch to CSR brand even if more expensive

Reasons for Preference of Socially Responsible Organization

A true marketer always explores the “what” and “why” of consumer attitude. After concluding that consumer’s depict a preferential buying attitude, we researched the reasons for the preference. On the Likert scale, 48% respondents agree and 21% respondents strongly agree, “By supporting a socially responsible organization I feel that I am doing a good deed.”

Case Analysis

The second part of our research focuses on advertising corporate social responsibility. We have established from the earlier analysis that consumers are in the awareness stage and would prefer buying from such an organization. However, our research analyzes whether advertising the socially responsible activities of an organization will serve to form a competitive advantage or a bias in the consumer’s mind. So two organizations, i.e. Mobilink and Telenor were selected as test cases.
Brand Image and CSR Recall

Multiple questions were asked from the consumers regarding the brand image of both the companies. The average scores of brand image of both the companies fall on the neutral category (Mobilink mean=2.83 and Telenor mean=2.80), with standard deviation causing the range to vary between neutral and agree to a positive brand image. The important fact to investigate was the reason of this brand image. To statistically analyze the impact of organization’s CSR on brand image we first need to calculate whether the consumer remember that organization’s socially responsible activities shown in Figure 4. The data reveals that 50% of our respondents can recall Mobilink’s CSR activities without any clue as compared to a 14% unaided CSR recall of Telenor. Thus, it can be deducted that part of Mobilink’s positive brand image can be attributed to its CSR activities however; the same cannot be stated for Telenor. The reason for this difference can be traced back to Mobilink’s advertising its CSR activities; because greater advertising frequency leads to unaided recall.

![Figure 4: Consumer recall of CSR activities](image)

Relevance of CSR Activities and Product

Another aspect researched as a cause of CSR recall and its translation into a positive brand image is the relevance of the cause that
the organization is supporting or the tools it is using with the type of product/service. Results reveal that the greater the relevance between an organization’s offerings with its type of socially responsible activities; the greater will be its recall and impact. 40% of the consumer’s “agree” that Mobilink’s CSR activities are relevant to its service offerings (such as SMS emergency service) thus translating to a high recall rate, i.e. 50%. However, in the case of Telenor only 18% “agree” to the relevance between socially responsible acts of Telenor, its service type, and a 14% unaided recall.

**Relationship between Brand Image and CSR Advertisements**

Analysis of the relationship between positive brand image and positive attitude towards advertising of organization’s socially responsible activities is investigated through a correlation analysis. Consumers were asked about the brand image of both the companies with a positive brand image corresponding with the “agree” and “strongly agree” portion of the Likert scale and about whether organizations should advertise their CSR activities. The results are shown in the Table 2. The above correlation matrix reveals a significant correlation between positive brand image in the minds of the consumers and their attitude towards organization’s advertising its socially responsible activities. In case of both brands, we observe a strong and significant correlation; thus, it can be safely concluded that consumers want organizations to actively advertise their socially responsible activities and that will translate into positive brand image.
Table 2: Relationship between Brand Image and CSR Advertisements

CONCLUSION

CSR is a very important business practice especially with today’s highly informed consumers having a large number of competitive options in terms of product choices. Many authors in previous researches have tried to give a definitive definition of CSR however, it is still in progress and it is yet hard to say what actually CSR is! However, few essential features or core characteristics that embodies the whole concept of CSR like voluntary activities (Chan et al., 2014; Harjoto and Jo, 2015), internalizing or managing externalities (Lambertini et al., 2016), and stakeholder orientation (O’Riordan and Fairbrass, 2014), beyond philanthropy (Carroll, 2016; Droppert and Bennett, 2015), alignment of economic and social responsibilities (Alvarado-Herrera et al., 2017) and practice and values are commonly found in CSR literature (Crane et al., 2013). When organizations practice social responsibility they are putting in their financial resources, human resources and in most cases other material resources as well for the benefit of the larger public. Among various objectives these activities are designed to ultimately improve the organization’s goodwill and as a result its brand equity. However if the consumers are not aware of what the particular organization is doing for the various publics, it cannot be used to form a positive brand perception in the consumer’s mind (Servaes and Tamayo, 2013). CSR is such a powerful tool for the organization if utilized effectively. Organizations should focus upon
unleashing its potential by carefully selecting relevant CSR activities in order to form strong, relevant, and long-lasting associations in the consumer’s memory network. This research supports the conclusion of many of the earlier researches on the utilization and impact of CSR as a strategic tool for organizations. Based on the analysis of our data we can conclude that CSR can play a vital role in building strong brand equity and consumer loyalty. Nevertheless, for the organizations to fully benefit from this concept’s power, they need to use effective advertising. Our analysis also shows that consumers do not link the brand with a positive image or remember its good deeds unless they are ingeniously reminded through well-crafted and relevant advertising campaigns. Therefore the young consumers at a stage where they are somewhat aware of the actual motives of an organization’s various activities, but still they are supportive of socially responsible deeds done by organizations and are willing to convert its presence in a brand into a decision making variable.

Utilization of CSR as a strategic tool by the organization will have multifold benefits for multiple segments. From the organizational viewpoint, it is a source of competitive advantage, goodwill and opportunity to form strong brand recall through associating it with relevant social causes. By advertising the organization’s CSR activities advertisers can have a highly captivating, involving, and relevant message type for its target market. It will stand out in the current advertising scenario resulting in preferential buying behavior. As depicted by the results consumers feel that by buying from a socially responsible organization they themselves are contributing to that cause. Finally and most importantly, the greatest beneficiary would be the public. Thus, CSR is a win-win solution for all the concerned stakeholders. The research was conducted on a limited sample size due to various financial, time and geographical constraints. However, this research can be used as the basis of diverse future researches. It can be extended to additional industry sectors, based on the assumption that consumers of different genders, age, income, lifestyles, education and cultural background will have different perceptual preferences and behavioral patterns. Thus, future research can be conducted on a number of different consumer groups and industry sectors.
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