

---

# Influence of Corporate Social Responsibility on Brand Building - A Holistic Approach

**Brijlal Mallik**

Research Scholar, Dept. of Business Administration, Utkal University, Bhubaneswar

**Dr.Dasarathi Sahu**

Lecturer, Dept. of Business Administration, Utkal University, Bhubaneswar

---

## Abstract

*This study is a deliberate exertion to find out the role of corporate social responsibility (CSR) on brand building, with the sample being a select group of multinational FMCG companies operating in Odisha state with the best global brands. On the basis of instrumental stakeholder theory, we contrive that CSR is a legible source of cryptic competitive advantage. It has not been used, however, to its full potential, given that CST has lesser role on economic performance than that of the size of the company and other classical financial emblem. We contented that this undervaluation is due to nonalignment of CSR initiative with corporategame-plane. The vale addition of this study in terms of methodology is the ascendant employment of the panel data technique and the introduction of brand building as a measure of corporate game-bit. We also provide empirical evidence of the long-term cosmology of the CSR acumen of the enduring nature of the impact of CSR agile on corporate performance.*

**Keywords:** Social responsibility, Brand value, Stakeholder theory, Fixed panel data.

## 1. 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 increased 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 the 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.

The awareness that brands are one of a firm's most valuable resources (Srivastava, Fahey, and Christensen, 2001), branding has emerged as a top management priority in the past decade. In this context, corporate branding strategies are gaining more and more importance. Corporate brand (CB) is thereby understood

as being a product of top management and its ability to propagate this vis-à-vis its stake- and shareholders so as to form the interface between self-portrayal and external perception of the organization (Kiriakidou and Millward, 2000; Balmer,

2001). Given its highly competitive nature, much has been written about corporate brand management (CBM) and its impact on consumer behaviour (e.g., Yoon, Gürhan-Canli, and Schwarz, 2006).

An internationally standardized CB may be perceived differently by individuals, resulting in differences in their behaviour. In particular, this fact is gaining more and more importance in the FMCG sector. A growing number of these firms use corporate branding as an endorsement to their product brands (PBs). Extending the findings of previous studies and addressing relevant questions for marketing practitioners, we present and apply an approach with which to analyse the reciprocity of corporate and product branding cross-nationally.

After reviewing the practical and theoretical relevance of such studies, we formulate three cardinal hypotheses based on postulated relationships. In the course of the analysis, we focus on a detailed presentation of the conceptual framework and our empirical results before addressing a brief conclusion.

---

## 2. Research Objectives

The general objective of this study is to examine the effect of Corporate Social Responsibility in general on brand image of a company. But specifically, the study sought to achieve the following objectives:

1. To find out how CSR activity of a company influences the market image of fast moving consumer goods (FMCG) industry.
2. To find out the challenges faced by FMCG companies in implementing CSR programmes.
3. To investigate whether Corporate Social Responsibility guarantee customer's confidence and security of depositor's fund.

## 3. Justification for the Study

The study is expected to make contribution to knowledge in the following areas:

Provide information about CSR in relation to corporate institution especially the FMCG sector. It is also to be a fundamental material for scholarly discourse in management science relating to Corporate Social Responsibility. The study will provide information on the impact of CSR on the profitability of MNCs operations in India. Finally, the research work will provide information on the challenges of CSR in the fast moving consumer goods (FMCG) sectors with recommendations.

## 4. Scope and Limitation of the Study

The study is focused on FMCG companies operating in India only. It critically examines what impact Corporate Social Responsibility has on the profitability of some reputed FMCG companies of the country. However, the study is limited to finding out how much in monetary terms companies commit towards corporate social responsibility programmes yearly.

## 5. Methodology of the Study

The entire paper has a strong theoretical base, the remarks and findings are inferred from literature reviews during Ph.D. course work. I have taken help from professors and highly posted professionals from companies to get the real scenario of CSR activities done by companies as well as the intention to do so.

## 6. Literature Review

Majority of the private companies say they embrace corporate social responsibility not only because it is the right thing to do, but also because it strengthens their brands. The percentage of brand value represented by corporate social responsibility is tending 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 consumers' 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.

## 7. Promoting Brand Image with the Help of Corporate Social Responsibility: The Indian Scenario

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.

## **8. 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 per cent of the company’s net profits.

## **9. 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.

## 10. 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

1. [www.sciencedirect.com](http://www.sciencedirect.com)
2. [www.csrvision.in](http://www.csrvision.in)
3. [www.indiacsr.in](http://www.indiacsr.in)
4. 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)
5. MIT Sloan Management Review. Cambridge: Winter 2006. Vol. 47, Iss. 2; p. 49
6. *Brand Strategy*. London: Dec 18, 2006. p. 32
7. Alan Pomeroy, Lester W. Johnson. *Corporate Communications*. Bradford: 2009. Vol. 14, Iss. 4; p. 420