



## Sustainable development through corporate social responsibility :The marketing perspective

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### Abstract

In the 21st century, business and society demonstrate a stronger strive for achieving a stable balance between social, economic and ecological goals, which is the basis of the concept for sustainable development. In the context of "Europe 2020," the concept of Corporate Social Responsibility (CSR) affirms its role as one of the most effective strategies for achieving this kind of development. The aim of this article therefore, is to clarify the conceptual nature of CSR by putting an emphasis on the Carroll's pyramid, and its importance to the corporate social initiatives as an expression of company's commitment to CSR. This article is a qualitative article that gives an exposition on the implementation of CSR and its communication effect. This exposition proves that CSR offers many other positive effects for the companies apart from the strong communication effect to their current and prospective clients. By examining the six types of corporate social initiatives and their main characteristics and by putting a strong emphasis on the benefits that their implementation has in marketing and especially in branding aspect, this article attempts to outline the marketing perspectives of CSR considered as strategy for sustainable development

Keywords: Branding, Corporate social initiatives, Corporate Social Responsibility, Marketing, Sustainable development

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## 1. Introduction

The aim of the business and the society for sustainable development in the 21-st century requires stable change in the philosophy of the social and economic processes and poses serious challenges to the marketing theory and practice. Kotler and Maon (2016) speak about the emerging of a new stage in marketing – one that prioritize values (so called Marketing 3.0) and in the context of which the consumers seek for companies that not just provide best products or services to the market, but which mission, vision and values to a maximum degree would have satisfied their aspiration for social, economic and ecological justice.

The layout so far indicates for a sensible change both in the profile of the modern companies and in the profile of the “clients”. The latter become more demanding in respect of the criteria for selection or purchase of products and services. A specific segment of “sophisticated clients” is formed, whose consumption may be defined as “sustainable”. The appearance of this relatively new consumer segment encourages the companies to “manufacture sustainably” and to maintain behavior of good corporate citizens, that is, companies who progress well and at the same time aim to make good – a feature that combines the contradicting views of two of the founders of the Corporate social responsibility (CSR) in the USA – Carnegie and Rosenwald\*. The common point in these two positions is the firm believe that the socially responsible behavior proves as a compulsory element in the modern way of making business; making good is the fact that distinguishes the good companies from the great companies (“The good company offers perfect products and services, but the great company does all of this and at the same time aims to make the world a better place.” William Ford Jr., Chairman, Ford Motors Co).

Though good is a category from the philosophy and its content and span are subjected to discussion and personal interpretation, Kotler and Maon (2016) point that “in the world of business good is linked to CSR .The latter is seen as a strategy for achieving sustainable development (Iyer, 2016; Turan Çimşir & Uzunboylu, 2019). CSR comes to be an intersection point of sustainability in the process of creation and maintaining of balance between the interests of the two major parties in the business process – the companies which are corporate citizens and which “manufacture sustainably” and the “sophisticated” citizens which may be characterized by “sustainable consumption”. Strand at al. (2015) specify that in fact, sustainable development is an implementation of the concept for CSR at global level .

## 2. Methodology

This is a qualitative research which makes an exposition on the Sustainable development through Corporate social responsibility. Using the Carroll’s CSR pyramid of how and why organizations should take up corporate social responsibility, this research expounds on the marketing perspective of CSR as well as the six main types of CSR. The research makes this exposition viz-a-viz research from previous studies. There was no collection of primary data. All resources used for this research were based on previous literature . The first part of this exposition lays emphasis on the Carroll’s CSR pyramid to explain various organization’s approach towards CSR. The second part explains the six main types of CSR, their marketing consequences and their effects on sustainability .

## 3. Exposition

The understanding of the CSR as an element of the corporate strategy in any company causes visible changes in the company’s offered products/services and/or in the implemented production process

(Arhin, 2018). The production becomes more efficient both in respect of the materials, the finances, and the human resources; much more safer and environmentally friendly.

This internal transformation results in higher satisfaction with the employees, is a prerequisite for keeping them loyal; less personnel turnover is observed, and more friendly working atmosphere is created. The result is stimulation of the development of the creative attitude and opening of an opportunity for making innovative decisions about the creation of competitive advantages for the company through offering high quality products or lower prices.

Improved products and production processes as well as maintaining good relations with the employees contribute to better satisfaction of the clients. Satisfied clients tend to be more loyal to the company and hence several positive effects for the company appear. The loyal clients buy more, they spread positive information about the company, they are less susceptible to influences from competitors, they demonstrate less sensitivity to changes in the price levels and require less financial resources for servicing.

Maintaining a base of loyal employees and clients together with the improvement of the production processes and offered products act as a marketing instrument for raising the image of the organization in the eyes of all stakeholders ; suppliers, potential and present clients, business partners, the society in general (Fagbayide & Abulude, 2018; Boğan & Dedeoğlu, 2020; Yavas & Celik, 2020). Dankova et al.(2015) notices that a new and gaining popularity stimulus in this respect are the awards for social responsibility. They on one hand support the creation of positive corporate image and on the other hand distinguish the organizations with already proven image (Dankova et al., 2015). The good corporate image in turn creates opportunities for better access to financial and human resources and helps company's penetration in new markets (Yusif, 2020)

Seen from a broader perspective, the acceptance of CSR by the companies in any given region has a positive effect and contributes to the development of the region in general. This happens through the improvement of the quality of life for the local community through offering of fair prices, quality products and services, efficient use of the natural resources, protection of the environment, care for the infrastructure, creation of a partnership with the local educational institutions which raises the quality of the human resources in the region, etc. Standing on the above laid, we may conclude that the application of the CSR raises the competitiveness of the companies; something more – the above arguments seen in their complexity give grounds to assess the CSR as “the contribution of the business towards achieving sustainable development” (Jarmuševiča at al., 2019; Aravind & McConnell, 2018).

To define the essence of the CSR is a hard process. The review of the specialized literature shows many different definitions and lack of common understanding about the essence of the concept. Matten and Moon (2020) find explanation about this situation in two circumstances: 1) CSR is a complex concept connected with certain conclusions about values, the application and interpretation of which are not undisputable; 2) there are different approaches to CSR in practice, defined according to the specifics of the different countries; for instance in continental Europe there is a set of values, norms and rules codified in compulsory requirements for the companies while in the Anglo-Saxon world the CSR is realized through voluntary corporate programs and strategies (Pogonyshv et al., 2018).

Notwithstanding the above-mentioned ambiguity summarizing the views of the different authors and institutions, we may state that the content of the CSR most often refers to:

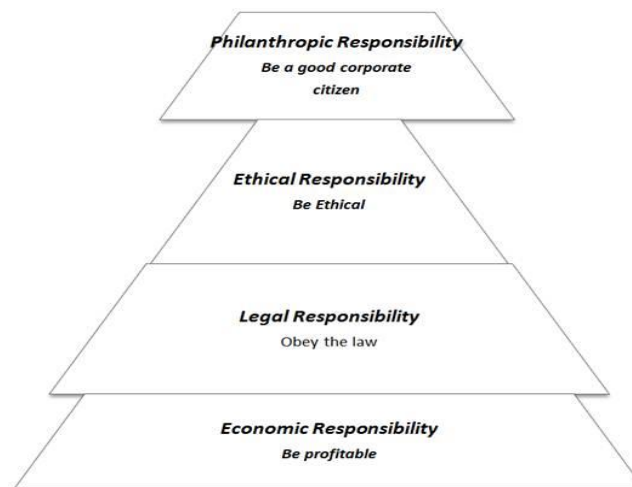
- **Charity**
- **Approach for avoidance of conflicts**
- **Implementation of corporate conscience:** Arnold et al. (2015) notes in this regard that the conscience of the corporation is logical and moral extension of the consciences of its principals. The

author believes in this regard that the “corporation with conscience” follows its economic goals sticking to the main moral obligations typical for every member of the society

- **Fair attitude towards stakeholders and creation of welfare for all.**

### 2.1 Carroll's Pyramid

The pyramid of Carroll which was first introduced in 1991 plays a substantial role for the complete clarification of the conceptual essence of the CSR. It analyses the social responsibility of the companies as unity of economic, legal, ethical, and philanthropic responsibilities



**Figure 1: Carroll's Pyramid**

The economic responsibility is related to the fact that the organizations manufacture products and services necessary for the society and sell them at fair price; generate profit for the owners; minimize expenses; maintain strong competitive position, etc. To summarize, the economic responsibility presents certain base on which all other levels of responsibility lay. This is because no company would survive if it does not provide products and services that the society needs, and which does not generate profit for its owners.

This position corresponds with basically opposite views of two of the founders of the CSR in the USA – Carnegie and Rosenwald. The first one believes that “in order to make good we must do well”, while Rosenwald stands for the position that “to do well we must make good”. While Carnegie believes in the social responsibility of the wealth and sees the successful business as prerequisite for charity and engagement with CSR, Rosenwald defends exactly opposite thesis. According to Rosenwald, the engagement with the CSR is a prerequisite for realizing successful business. The common idea between the two authors is that they both acknowledge the generation of profit as part of the responsible behavior of the business but do not limit the scope of the responsibility to its financial measurements only. Unlike these two authors, the Nobel prize winner Milton Friedman in 1970 stands for the thesis that “the only social responsibility of the business consists of investing of available resources only in activities which would lead to increase in the profit” (Blagoycheva, 2016). Friedman rejects the possibility for the business to work for the interests of other parties except those of the owners. The

limited focus of this position later became object of serious criticism by authors like Serafimova (2016), Książak (2016), Schaltegger (2019) and Carroll (2016).

The legal responsibility presented as certain second level in the pyramid requires that in all their activities the companies shall stick to the laws, which in their essence present the systemized understandings of the society for what is right and what is wrong, what is good and what is described as bad.

The ethical responsibility of the organizations suggests that they stick to the ethic norms of the society and that they respect the legitimate and fair expectations of their stakeholders. The society expects that in all their activities the companies shall do what is right, fair and honest and shall not cause harm to parties which in some way are affected by their activities (employees, clients, partners, society and environment).

The last level of the Carroll's pyramid pertains to the philanthropic responsibility. This can be described as voluntary performance of activities not expected from the companies in ethical terms – like sponsorship, engagement with different social activities, etc.

It should be noted that the acceptance of the Philanthropic responsibility as equivalent to the CSR is often met incorrect approach in the business world. The reason is the fact that the corporate social initiatives as expression of the philanthropic responsibility, have strong communication effect and the information and the responses to these quickly reach the public, creating a feeling that any organization involved with some of these initiatives is socially responsible (Taşkırmaz & Bal, 2016). A trend is seen in this context that some companies undertake single acts of charity, donation or support of certain cause so that they may benefit from the positive PR effect coming on the image and the reputation of the company.

## 2.2 Types of corporate social initiatives

It should be noted however that besides the well-expressed communication effect, the corporate social initiatives have other positive effects too and they contribute in fields like marketing and in particular the branding. This makes their application together with other types of responsibilities – economical, legal, and ethical, strongly preferred by the companies as way of fulfillment of their commitment to the CSR and to their contribution for the sustainability.

According to the definition given by Kotler and Maon (2016), the corporate social initiatives are “activities undertaken by a company in support of public causes and in fulfillment of commitments to the CSR”. The authors differentiate between six main types of corporate social initiatives:

- Cause promotion
- Cause-related marketing
- Corporate social marketing
- Corporate philanthropy
- Employee engagement
- Socially responsible business practices

All these initiatives and their specifics are shortly presented. The accent is placed on the marketing dimensions and their realization, specifically on the benefits that such initiatives bring to the marketing. Specific benefits from the application of the initiatives in the field of branding are outlined. This is an important point as far as the branding has a central place in marketing and is essential for the successful market performance of the companies. The marketing specialists unite around the understanding that

the profitability, the stability and the competitiveness of the companies are predetermined by the skills they possess in two key fields: 1) constant updating and innovation of the products and the services and 2) creation and maintaining of brands, that is the branding.

### *2.2.1 Cause promotion*

#### **Main features**

The corporation provides financial or material means or other corporate resources to raise the concern about certain social cause or to support the collection of means, the participation and the voluntary efforts in the name of a cause. The corporation may itself initiate and manage the popularization; be main partner or be one of the sponsors.

#### **Marketing dimensions/Benefits for the marketing**

- Causes traffic and customer loyalty (Gulluoglu et al. 2020).
- Strengthens the corporate image;
- Supports the creation of corporate reputation through creation of partnerships.
- Support the achievement of the marketing goals.

#### **Benefits in the field of branding**

- Strengthens the positioning of the brand.
- Creates preferences for the brand on target markets.

### *2.2.2 Cause-related marketing*

#### **Main features**

The corporation commits based on the sales of a certain product to contribute with or to donate percent of the profit for a specific cause. In such scenario the corporation most often goes in partnership with a non-profit organization creating mutually beneficial cooperation with the aim to raise the sales of a product and to generate financial support for charity. This approach is assumed to be a winning strategy for all parties as it gives a chance to the consumers to contribute for an essential cause without investing any extra means.

#### **Marketing dimensions/Benefits for the marketing**

- Support the attraction of new clients and maintaining the loyalty of the present ones.
- Improves the corporate image and raises the corporate reputation.
- Mediates the capturing of a marketing niche.
- Raise the sales of the product, accordingly the income and the profit of the company.

#### **Benefits in the field of branding**

- Creates positive brand identity.

### *2.2.3 Corporate social marketing*

#### **Main features**

This approach is met with corporations that support the creation and/or the realization of campaigns for changing the behavior, aiming to improve the public health, safety, environment, or public welfare. The accent with this initiative is on the change of the behavior. The corporations may develop and realize the campaigns alone, but more often they include partners from the public sector and/or non-profit organizations.

#### **Marketing dimensions/Benefits for the marketing**

- Raise the sales of the product.
- Generate traffic of clients.
- Facilitates the creation of corporate reputation through creation of reliable partnerships.

#### **Benefits in the field of branding**

- Supports the positioning of the brand.
- Supports the creation of preference for the brand

### *2.2.4 Corporate philanthropy*

#### **Main features**

This is defined as the most traditional corporate social initiative. It is expressed through direct contribution of the corporation for charity or for a specific cause, most often this contribution being in the form of granted money, donations and/or services.

#### **Marketing dimensions/Benefits for the marketing**

- Supports the creation of corporate reputation.

#### **Benefits in the field of branding**

- Supports the creation and maintaining of strong positions of the brand.

### *2.2.5 Employee engagement*

#### **Main features**

An initiative within which the corporation supports and encourages the employees and/or the partners for voluntary spending part of their time for local public organizations and causes. This may be in the form of participation with personal knowledge, skills, ideas and/or physical labor. The voluntary actions may be organized by the company, but it is also possible that the employees themselves choose the actions and the only support they get from the company is releasing from work and preparation of programs for support and coordination of the voluntary participations.

#### **Marketing dimensions/Benefits for the marketing**

- Supports the raising of the corporate image
- Supports the creation of the corporate reputation
- Allows for presentation (in a sense advertising) of the products and the services of the company.

#### **Benefits in the field of branding**

- Supports the creation of positive associations with the brand.

### *2.2.6 Socially responsible business practices*

#### **Main features**

These are business practices where the corporation adapts and demonstrates way of operation and making investments that support causes in the name of the public welfare and protection of the environment. The article of Vavrová et al. (2018) explained how companies paying taxes improved their society, which is a type of a socially responsible business practice.

#### **Marketing dimensions/Benefits for the marketing**

- Supports the creation of the corporate reputation
- Leads to improvement of the quality of the products.

#### **Benefits in the field of branding**

- Forms preference for the brand on target markets

- Facilitates the achievement of the desired positioning of the brand.

#### **4. Discussion**

The above mentioned is a systematic presentation of the main marketing dimensions of the CSR and in particular its appearance in the form of different corporate social initiatives. It becomes a clear believe that the application of CSR as a strategy for achieving sustainable development is not just a step expected from the companies or corporate citizens at a given point in time, but something more. The application of this strategy has a positive effect on the overall performance of the company and it brings strong positives in the field of marketing and branding.

From the exposition it is evident that irrespective of the type of corporate social responsibility an organization engages in, there are benefits to the organization as well as the society. This means that all the 6 types of CSR fulfil the economic and the philanthropic responsibility presented in the Carroll's CSR pyramid. By providing the people with services and support that helps to improve the quality of life, the philanthropic aspect of Carroll's pyramid can be traced in all the six types of CSR. The marketing and branding benefit helps organizations to position themselves in a way that makes their products and/services more marketable hence, encouraging sales and improving their profitability, which is what the economic responsibility of Carroll's pyramid purports.

Marketing using any of the six types of CSR is a marketing strategy that most organizations are shifting to in this era (Kotler & Maon, 2016). This new era of marketing ensures that both the organization and the customer base benefit from the operations of the companies. With CSR, the operations of organizations are focused on winning the support of their current and prospective customers through the products and/or services they provide, as well as their operations in sustaining the environment. Considering this exposition, marketing 3.0 seems to be the best thing that happened in the field of marketing. This is because it benefits both the organization and the people while ensuring sustainability of the environment.

#### **5. Conclusion**

In conclusion, we may say that the natural economic logic suggests that the companies are created and managed with the aim to generate profit through satisfaction of certain market wishes and needs. The changed paradigm of the traditional business shows however that with time, a substantial part of the society begins to expect from the companies not only to achieve good economic results, but to see them as catalysts for sustainable development of the society. More and more are the business organizations that actively seek ways to respond to this challenge. It is the Corporate Social Responsibility that proves itself as an efficient way for reaching stable balance between the realization of the corporate interests focused on the maximization of the profit and the maintaining of competitive advantage through "sustainable productions" on one hand and the aim of the society for social, economic and ecological justice expressed through "sustainable consumption" on the other hand.

In marketing context and in particular in the branding, the Corporate Social Responsibility has a number of positive effects which in turn is another argument in favor of the necessity for including it as compulsory element in the marketing strategies of the modern companies positioned as good corporate citizens.



## 6. Recommendation

This exposition on the marketing aspect of sustainability using an organization's Corporate Social responsibility provides information to organizations on how to choose the type of CSR that fits their marketing goals. It is important to note that companies can employ a multiple type of CSR to achieve their marketing goals if needed. This research therefore recommends that organizations pay attention to their marketing goals and match them up with the best CSR choice. However, irrespective of their choice of CSR, there would always be a way to turn it around for their benefit. This is because sometimes organizations must engage in CSR, not for their own benefits but because there is a problem that needs support. In providing the help to the people, the organization acts in the best interest of the people. By doing this, the organization proves to be more concerned about the people rather than their own benefits. They therefore have an upper hand in marketing their CSR over that of their competitors who chose CSR based on their own personal benefits.

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