

# CORPORATE SOCIAL RESPONSIBILITY IN MARKETING

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**Abstract.** The influence of the corporate social responsibility on companies marketing activities has been discussed in the paper. The stages of CSR implementation in Polish companies as well as the CSR assessment prepared by the research managers have been presented. During the Forum of the Responsible Business in years 2003, 2010, 2015, the evolution of marketing definitions formulated by AMA as well as the idea of stakeholder oriented marketing were discussed in order to identify the influence of CSR on the marketing philosophy and orientation changes. The paper conclusion includes the CSR and marketing development prognoses.

**Key words:** corporate social responsibility, social marketing, marketing of stakeholders.

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## Introduction

Nowadays the concept of CSR – Corporate Social Responsibility is an important issue both in the academic discussions and in business practice. Numerous reasons decide upon this. On one hand, there exist many adverse phenomena connected with the globalization, activities of companies and multinational corporations that administer the capital bigger than the Gross Domestic Product of some countries. These phenomena are manifested in the degradation of the natural environment, numerous and controversial corruption scandals, cases of financial fraud or companies non transparent activities towards employees, clients, customers etc. On the other hand, democracy and civil society development, ecological, ethical and political consumerism, social movements and communication-information technologies cause that the conviction referring to the necessity of bearing responsibility for the negative, social, ethical and environmental results of companies' activities as well as their participation in the implementation of the sustainable development idea increases.

The aim of the paper is explaining the CSR impact on the companies' marketing orientation change: from the attitude concentrated on customers and competition to the orientation taking into account the expectations of various groups of stakeholders. Considerations are based on literature studies and the analysis of research results conducted by the Forum of Responsible Business among Polish companies' managers in the period of 2003-2015.

## 1. Significance of CSR

In the course literature it is possible to find out many CSR definitions that have been formulated at various stages of this concept development. The definitions that are most often quoted are those suggested by the European Commission in 2001: “CSR is a company voluntary consideration of social and environmental dimensions within company activities as well as within relationships with all stakeholders” (Lewicka-Strzelecka 2008), and in 2011: “CSR is the companies’ responsibility for their influence on a society” (EU 2011).

ISO 26 000, AA 1000, SA 8 000 and GRI standards, which include the rules and a mode of auditing, implementing and communicating the socially responsible activities, constitute the crucial assistance for companies that apply for CSR implementation into their management systems.

ISO 26 000 standard is not either the certification or obligatory norm. It is a practical guide for companies and organizations. The guide describes a concept, rules and methods of implementing the socially responsible behaviors into the areas of various activities. In the ISO 26 000 standard, the social responsibility is defined as: “Organization responsibility for its decisions and activities (products, service and processes) influence on a society and an environment through the transparent and ethical behavior which:

- contributes to the sustainable development, society health and prosperity;
- takes into consideration the stakeholders’ expectations;
- complies with applicable law and is coherent with international standards of behavior;
- is consistent with an organization and is practiced within relationships” (Lewiatan 2010: 83).

The following basic rules are the elements of the social responsibility:

- „accountability,
- transparency,
- ethical behaviour,
- respect for stakeholders’ interests,
- respect for the rules of law,
- respect for international norms of behavior,
- respect for human rights)” (Lewiatan 2010: 82).

The Rok’s definition is worth mentioning here. It defines CSR as “a process of cognizing and including the stakeholders’ changeable expectations into the management strategy as well as monitoring the influence of such a strategy on company competitiveness and on the increase of a company value on the market. So, it is the art of meeting the stakeholders’ expectations, searching for the dynamic balance among all stakeholders’ interests in accordance with the law and socially accepted ethical standards” (Rok 2008: 158).

The following pertinent research question arises from these definitions: the identification of company stakeholders and match their expectations. The stakeholders need to be recognized by the management as entities, which co-design the company activities area in the scope of CSR and which also account a company for its responsibility. The companies' managers' objective is to get acquainted with those entities expectations and to elaborate a strategy that would match social and business goals. The purpose of joining but not contrasting the social and business objectives has been noted by Porter and Kramer. They presented the concept of the social and economic value. The value creation requires reformulating products and markets, redefining the productivity that refers to the value chain, creating conditions that are appropriate for the development of local clusters (Porter and Kramer 2011: 36-57).

The process of CSR implementation in every company depends on many external factors such as: the level of a nation, a region or a sector development, participation democracy, consumerism, media and internal conditions for example: a company size, branch, type of business activity, type of proprietorship. The pace of the process implemented in Polish companies is presented in Table 1. The data included in the table provide that in recent years the companies' interest in undertaking ventures and formulating the social responsibility strategies has increased.

Table 1. Social responsibility concept development in Poland

| Period    | Characteristics                                                                                                                                                                                                                |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1997-2000 | – lack of interest in business social responsibility problems                                                                                                                                                                  |
| 2000-2002 | – reluctance to the business social responsibility idea on the side of the business majority leaders and economic publicists                                                                                                   |
| 2002-2004 | – interest in the concept of business social responsibility,<br>– trend in public declarations recognition for the role of ethics and social responsibility as activities fundaments of every reputable company                |
| 2004-2005 | – applying for specific, sometimes partial, projects concerning the implementation of the social responsibility idea, the projects include some significant areas of a company functioning                                     |
| 2006-2009 | – matching the business social responsibility concept with other strategies implemented in a company, for example: communication, personal, marketing or corporate governance strategies.                                      |
| from 2010 | – formulating the business social responsibility strategy in companies and undertaking ventures according to this strategy objectives,<br>– beginnings of announcing the activities implementation in this scope by a company. |

Source: Wachowiak 2013: 81.

The results of research conducted among Polish companies' managers in 2003, 2010 and 2015 and prepared by the Forum of Responsible Business with other institutions cooperation confirm this phenomenon. The research data indicate that the number of managers who appropriately interpret the CSR core

and who are convinced that the social responsibility provides the beneficial effect for a company financial result is increasing in time<sup>1</sup>.

The managers, who were researched in 2015 and who dealt with the implementation of social issues into the company strategy, said that thanks to the dissemination of the CSR idea in the period of the last 15 years, the companies have been experiencing the following changes:

- “employees’ awareness of their rights (introduction of anti-discriminations and anti-mobbing policy) increases;
- number of initiatives for the employees’ non-wage motivation practices (private health service, elements of work-life balance, hobbies development for example through involving employees in sport sections that are established and financed by a company) increases;
- consumer welfare (“ethical promotions”, non-commission remuneration for traders – these help make a good choice of a product, do not force customers to buy a product, cause that customers take into consideration not to take the 0% loans that propel the debt spiral) is taken into consideration;
- need for business transparency (reports of activities that are being conducted) is noticed;
- companies are managed on the basis of ethical codes, whose implementation is currently monitored not only by the public but also by company internal departments;
- companies declare or undertake pro-ecological activities;
- companies are involved in philanthropy, they participate in social campaigns (FOB 2015: 14).

Ventures undertaken by companies concentrate mainly on three areas: natural environment protection, social assistance and chosen forms of personnel and consumers education. According to respondents’ opinion, the natural environment protection activities, which aim at decreasing the negative impact of companies’ activities on the environment, usually do not require great financial expenditures but they provide the measurable financial benefits and construct the positive image of a company. A company’s response to the needs of a local community as well as cooperation with various stakeholders’ groups encourages the creation of a company image.

Improving the image and reputation of a company is considered as the most important reason for undertaking activities within the CSR area and as the most crucial benefit resulting from these activities implementation. This opinion was identified by managers on the basis of the research conducted by FOB in 2003 and 2010. In the research carried out in 2015 managers found that in the period of the last two years and thanks to the CSR implementation, their

<sup>1</sup> Research results were published in the following reports: FOB 2003, 2015; Goodbrand 2010.

companies reached benefits in the form of increasing the level of the employees' awareness in the scope of ethics (74% of respondents), increasing the level of employees' involvement (71% of respondents), increasing the recognition of a balanced company brand (70% of respondents), improving the relations with local communities (69% of respondents) (FOB 2015: 9). The results of the research, which was carried out in various years, are not fully comparable, however they can indicate the broader and beyond branding perception of CSR advantages within 2015.

## **2. CSR in marketing**

The CSR concept increasing acceptance and better implementation into the management practices caused significant changes concerning the philosophy, orientation and marketing activities. This was reflected in the definition formulated by AMA (American Marketing Association) in 2007: "marketing is an activity, a set of institutions and processes of creating, communicating, providing and exchanging offers that possess appropriate values recognizable by clients, recipients, partners and a society as a whole" (Kamiński 2009: 10). This definition determines new marketing development trends, expands the scope of marketing interests by adding the analysis of conditions and results of social changes that occur on the market and on the side of a society. In the definition from 2007, it was distinctly indicated that preparing and exchanging offers, which possess values for various groups of stakeholders, is the marketing essence. Creating, communicating and providing offers that meet expectations of not only customers but also business partners and a society cause that marketing is becoming socially responsible for economic, environmental and ethical effects of decisions that are being made. In the AMA's definition the important social role of marketing, was emphasized. It was assumed that marketing is an activity (not a function, as it is defined in a definition from 2004) conducted by a set of institutions (producers, wholesalers, retailers, market research agencies, advertising etc.) and run by processes implemented with regard to regulations and applicable social standards. In the AMA's comment concerning the social marketing definition, it is insisted that commercial companies, institutions, public and private organizations as well as non-profit organizations can function as entities applying social marketing.

While following the development of this marketing concept, it is possible to notice that meeting the needs (with regard to profits) of purchasers as the company main stakeholders, what is provided by the marketing essence, is gradually expanded by other stakeholders' groups. At the turn of XX and XXI century, the concept of value marketing, which emphasized the marketing role in meeting the stakeholders' needs, and the concept of relationship marketing, which was based on constructing the long lasting relations with the company six markets like: internal market, market of suppliers, customers' market,

market of trade brokers, influential institutions market and market of potential employees, were developed.

In XXI century many sub-disciplines of the broadly understood social marketing (socially responsible marketing) such as: ethical marketing, ecological marketing (green and environmental), sustainable marketing, cause related marketing CRM, sponsorship marketing, 3.0 marketing and other types of marketing emerged. What is also worth mentioning is the holistic marketing, which concludes that everything has a marketing meaning – consumers, employees, cooperating companies, competitive companies, society as a whole. It also includes the internal marketing, relationship marketing, integrated marketing and social responsible marketing (Keller and Kotler 2006: 16-22).

The main inspiration of the new recently presented marketing concept: the stakeholder marketing, is considered as the basis of the CSR theory provided by stakeholders. The stakeholder marketing, or the stakeholder oriented marketing, is based on the relation management, which helps create and provide benefits for all or for chosen groups of stakeholders in a company (Maignan and Ferrell 2004: 3-19; Hillebrand et al. 2015; Bhattacharya 2010: 1-3; Hult et al. 2011: 44-65; Laczniaak and Murphy 2012: 284-292). “Despite the fact that the stakeholder marketing traditionally concentrates on customers, its new logic is directed to an exchange that uses competences, knowledge, skills and benefits of all stakeholders” (Kamiński 2015). Therefore, in the marketing management the crucial meaning is devoted to the stakeholders’ identification, establishing which stakeholders groups are the priority. The important issue is also connected with answering the following question: should a company always be interested in expectations of all stakeholders or should it be interested in expectations of chosen groups of stakeholders? Should this always happen or should it happen only when these expectations determine the behaviors of clients and contractors? Depending on the answer, the course literature distinguishes two approaches: the soft form of the stakeholder marketing and its hard form (Laczniaak and Murphy 2012: 284-292).

The stakeholder marketing soft form is connected with strategic management and it has rather pragmatic nature. It concentrates on a company and it has to contribute to the competition advantage and should guarantee a company profit. A company is interested in taking into consideration the expectations of only those groups of stakeholders, which contribute to the company objectives implementation in a best way. Sometimes a company can consider stakeholders expectations as a result of the public pressure, administrative decisions or court judgements” (Kamiński 2015: 8). The basic criteria according to which a company is interested in given stakeholders groups is the groups potential, influence on company objectives implementation, power, method of claims articulation, diligence and possibility of these claims gratification by a company.

The stakeholder marketing hard form is based on the assumption referring to the company social responsibility towards all groups of stakeholders, thus towards the whole society, regardless, whether the undertaken activities are financially beneficial for them. This commitment results from a social agreement according to which a company fulfills the waving stakeholders expectations, acts ethically and implements defined social functions. According to the stakeholder marketing hard form, a company objective is broader. It goes beyond the company framework. Marketing aims at creating the common welfare. Marketing managers are obliged to undertake activities in a responsible and socially sustainable way. They have to bear responsibility for negative consequences of their decisions towards all stakeholders groups. It requires giving up establishing mutual relations with specific stakeholders but concentrating on creating strong relations within the whole network of stakeholders. In fact company stakeholders' behaviors are related to each other in a direct or indirect way. Meeting expectations of one group can influence the relations with the rest of the groups. Stakeholders differ according to their expectations towards a company. Nowadays, thanks to new technologies, the interests and expectations divergences occurring among stakeholders have become more transparent. Stakeholders have a better access to information referring to a given company activities or company communication tools. They can participate in undertaking mutual initiatives and in the process of creating a company value. In practice some companies (producers, wholesalers, suppliers retailers, media), organizations, social movements and customer groups can influence the decisions referring to a company brand, product features, methods of distribution, advertising (Hillebrand et al. 2015). Marketing mix of eco-products is a good example. Identifying all stakeholders and relations among them, specifying discrepancies and tensions, making decisions and working out the best solutions belong to marketing objectives. These elements help not only shape relations with stakeholders, their integration with a company but also provide the source of the competition advantage and financial benefits in the future.

## Conclusions

Managers participating in the FOB research in 2015 estimated that in the perspective of the next 15 years, the CSR concept development would find its substantiation that would contribute to the process of solving social and environmental problems. Companies would have a significant influence on the economy growth, which would be based on knowledge and a social capital. About 40% of respondents think that company business models will be transformed and the social and environmental issues will be included into these models. About 40% of respondents think that other companies will join the network of responsible companies. 18% of respondents assume that CSR will remain at the same level of development. Only 1/3 of managers estimate that

activities connected with the natural environment protection and the protection of a society increase company functioning costs. The opposite opinion is expressed by about 67% of respondents. CSR development will be assisted and supported by directives and pressures of the European Union, social organizations, public, managers, consumers, trends for a healthy and eco lifestyle as well as inspirations of the competitive companies (FOB 2015: 16-19).

This positive CSR development prognosis lets presume that the stakeholder marketing will be expanded as well. Its concept indicates the need of a new approach to the marketing functions in companies. Marketing management should be based on identifying all stakeholders, establishing a dialogue and long lasting relations with them and creating a company value through the exchange that can provide benefits to all involved companies, individuals and organizations.

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