THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY IN THE CORPORATE BRAND BUILDING

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1.0 INTRODUCTION

There’s a wide range of factors that believed to have impacts in creating and enhancing the corporate brand. These factors can be separated into internal and external. Internal factors include the business strategy, marketing diversification, internal programs (conventions/ seminars/ courses), through stakeholders and employees. In the other hand, the external factors covered all but not limited to several categories such as cultural, suppliers and buyers. This paper will focus on the internal factors of a business via marketing diversification in creating and enhancing the corporate brand. Marketing is the action or business of promoting and selling products or services to the market with the assistance received from market research and advertising.

ABSTRACT : Corporate brand will always portray positive image of a business. A good corporate brand is also associated with positive value perception of the stakeholders (consumers, suppliers and even the employees) and shareholders towards the business. The corporate brand has been long-time known as the best strategic distinguisher that differentiates a business with other businesses which simultaneously became a strong competitive advantage against others. In real entrepreneurship world, companies and organizations (mostly profit oriented) have spent noteworthy time and huge investment to develop, manage and protect their corporate brand. There are even organizations that exhaustively spent their significant resources on the ranking and rating of their brands to be the “super-brand” which is also becomes the top corporate brands among others. The corporate brand also broadly viewed as a structured object that can be manipulated, controlled, projected and brought “to life” by an organization. When described in more detail, it is said that “a corporate brand will potentially possess rich heritage, assets and capabilities, people, values and priorities, a local or global frame of reference, citizenship programs, and a performance record.

KEYWORDS - Corporate brand, corporate social responsibility, social donation, sponsorship marketing, social alliance, value chain CSR, corporate image.
Many firms and organizations today declared that CSR is to be part of their marketing strategy and positioned it to their corporate brand. They also published their corporate value, and build distinctive corporate and brand identity to distinguish themselves with their competitors (Brammer and Millington 2006). Several popular approaches of CSR programs can be found in the marketplace include: corporate philanthropy, employee volunteer programs, sponsorship, cause-related marketing, corporate sustainability and corporate charity fund. Since there are number of approaches of CSR activities, many companies and managers are now facing with big challenges of making the right choice of appropriate CSR strategic orientation to boost up their corporate brand name.

2.0 LITERATURE REVIEW

2.1 Definition of CSR

According to Wood (1991), CSR is a broad effort. The impacts of CSR not only can be seen in business (profit and sales) but expanded to the society well-being. The societies are the internal customers and external customers. He stated that, the CSR effort is much related to other field of aspects such as the macro-environment surrounds the business (economic environment, legal environment, ethical environment). The outlines of any CSR activities should take into consideration the requirements of these environments which at the end, the changes in these environments will also bring changes into the CSR efforts simultaneously the society.

Moreover, CSR is also defined as

“.....the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements for the firm...to accomplish social benefits along with the traditional economic gains which the firms seeks.” Davis (1973, p312).

As summarized by Carroll (1991), according to above definitions, a socially responsible firm should “strive to make a profit, obey the law, be ethical, and be a good corporate citizen”. The definition of CSR will be also affected by the acceptance from the society, but then as the time flies, it has been grown from a small scope into broader scope. It ranges from one that is specifically focused on stakeholder satisfaction or societal happiness or rule and norms obligations or maximizing shareholder value. As for others, they assume and consider that CSR as “ethics driven” beyond the interests of the firm and it is already required by law, and the most recent thinking believe in utilizing CSR as means to create value for the society and business. The variation of the assumptions, hypotheses and theorizations of CSR creates various responsibilities to the firms at different levels in implementing the CSR programs, from the intention to boost up the corporate brands to the different social and environmental context in order to satisfy the stakeholder or the society (Pirsch, Gupta, and Grau 2007).

2.2 The needs of CSR

Several reasons need to be considered when answering the question why we need CSR? The CSR effort is mushrooming due to:

2.2.1 The shrinking role of government

In the past, it is the government responsibility to fully take care of the society wellbeing by relying on legislation and regulation to deliver social and environmental objectives in the business sector. Nowadays the landscape has changed. The shrinking of government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives by the businesses. In some country like Malaysia, some budget allocation to several agencies has been adjusted due to limitation of government resources (due to lack of Malaysian monetary market and decreasing of oil price).

2.2.2 Demands for greater disclosure
There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations. Traditionally, there were no business connection between corporate and stakeholders. The relationship ended after the sale closed. However, with the evolvement of stakeholder relationship ideology towards the wealth of business, stakeholders nowadays not only play their role as stakeholder, but beyond that. One of the best ways to professionally expose the business operations to the stakeholders is through the CSR activities.

2.2.3 Increased customer interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent 2016 survey conducted by Environics International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance. Shamsudin M. F. et al., (2015a) stated that customers in 21st century becoming more complicated and Consumers are one of the important stakeholders of a business. Traditionally, they have little say on what have been done by business. As for them, as long as what they needs are satisfied, then everything is good about the business. However, under the Societal Marketing Concept (Kotler, 2010), consumers are known to be affiliates of any business. Any directions of a business should be based on what customers’ say, what they do and what they think. Thus, their interest towards a business is crucial and need to be taken as main concern in any business journey to success. It is clearly seen here that, CSR activities will be the best ways to meet the interests of the stakeholders including customers.

2.2.4 Growing investor pressure

Investors (shareholders) are changing the way they assess companies’ performance, and are making decisions based on criteria that not solely based on profitability, but include ethical concerns. The Social Investment Forum reported that in 1999, there was more than USD2 trillion worth of assets invested in portfolios that used screens linked to the environment and social responsibility in the US. A separate survey by Environics International revealed that more than a quarter of share-owning Americans took into account ethical considerations when buying and selling stocks. As a party who have direct interest towards the business, it is the major concern of any investor to making sure that whatever they have devoted in a business could bring positive impacts, beneficial forms of gratitude as well as profitable enough to sustain in the market.

2.2.5 Competitive labour markets

Employees are increasingly looking beyond pay checks and benefits, and seeking out whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions (Shamsudin M.F et al., 2015b). Instead, the implementation of any CSR programs or activities will remain as dream without any workforce to implement them. Thus, the availability of existing experts from employees could make this dreams come true. Employees are also became the major contributor to the success of any CSR activities in business. Their ideas, efforts, energies and times are indeed important behind any implementation of CSR activities in the business.

2.2.6 Supplier relations

Good relationship with suppliers is measured not only through quantity but also via quality of the relationship. A quality relationship between business and suppliers is believed to be another important factor that contributed to the success of any CSR program. Business needs suppliers in certain aspects during the implementation of the CSR program and supplier need a good business partner to enjoy the benefits of good image and reputation. Business that cares about the needs of stakeholders, shareholders and society is a good business. Good business usually associated with good image and good reputation. Working and associating with a reputable business is important for suppliers. In the other way around, business also need suppliers with good track records, high reputable and good image.
2.3 Types of CSR

Based on the past literatures, there are three broad types of CSR activities available for business as a recipe to boost up the corporate brand images and names. There are many past researches touched on the issues of relationship between the CSR activities and corporate brand building. Mostly, significance relationships are found in each and every paper. Below is the summarization of model which highlights the several of important CSR activities for business.

Figure 1: Proposed Model for the Types of CSR

![CSR Model Diagram]

Normally, firms and organizations would implement five different CSR initiatives that are broadly employed in the marketplace. The first three CSR initiatives: social donation, cause sponsorship, and cause-related marketing are commonplace marketing-related CSR activities; whereas the latter two: social alliance and value chain CSR are relatively new and innovative.

2.4 Social Donation

It is commonly practice that giving corporate charity is not linked to any explicit revenue purpose. A social donation is a donation to increase the awareness to the society and consumers about the existing of the firms and not linked to revenue producing transactions with the firm (Dean, 2002). In this situation, firm and organization donate millions of ringgit by cash donation, company product/services and so on. For example, Aeon Malaysia (Jusco) donate 21% from the 36 hours sales at JUSCO Bandar Utama to selected charitable bodies. Other than that CANON’s initiative in promoting the reading culture among the younger culminated in the setup of a library for orang asli children in Sungkai, Perak. Even though there is no direct relationship between the firm and cause, an “agency cost” theory still emulates that managers and board members increase their own utility through pure corporate philanthropy (Jensen and Mecking, 1976). For instance, social donation can enhance reputations of managers or directors in their social. Moreover, the positive result from CSR activities can lead to enhanced more secured business license, employee morale and the most important is customer loyalty (Brown et al., 2006).

The drawbacks: Social donations cannot bring towards the company’s motivation as primarily commercial driven but to incur customer scepticism. However, it is often considered that unconditional social donations are defensive,
often engaged to assure business branding, or as a means for solving potential public issues resulting from the firms’ production and marketing process. They are also peripheral and fragmented, consisting of allocating diffuse donations to general charities which are strategically unrelated to a company’s core business and thus contribute little to business development (Porter and Kramer, 2006).

2.5 Cause Sponsorships (CS)

CS is "a cash and/or in-kind fee paid to a property (e.g., non-profit event or organization) in return for access to the exploitable commercial potential associated with that property". Normally, cause sponsorship entails the association between the brand to a non-profit event, function or entity/society which is well known and highly valued by customers. Interaction and persuasive value are often pursued in cause sponsorships to improve consumer awareness, and ultimately achieve purchasing related commercial benefits, such as logo visibility and exposure (Cornwell et al. 2006; Olson and Thjomoe, 2004). Furthermore, companies and organization can utilize CS and the associated event marketing to convey its corporate values (Aaker, 2004), such as Air Asia Berhad corporate sponsorship of English Football Club, known Queen Park Rangers. Most sponsorship-related consumer research with facts groundings has focused on the capacity of sponsorships to improve consumer brand awareness, that is, the recall, recognition, or brand associations held in memory (Cornwell, Weeks, and Roy, 2005). CS will associated with communication, together have few central messages; most of what is communicated can be considered peripheral cues using vehicles such as on-site signage. The mere-exposure effect in sponsorships, in that participant appeared to form favourable evaluations simply as a result of exposure to brand (Olson and Thjomoe, 2003).

The drawbacks: There are several issues and problems come together with CS implementation as strategies to build brand equity. First, sponsorships have minimal communications, marketing stimuli and not able to carry the richness of information that more complex communications (Olson and Thjomoe, 2003). Individuals are not expected to be highly involved with sponsorship communications, higher-order effects, such as preference and purchase, are more difficult for sponsorship to achieve (e.g., Cornwell Weeks and Roy, 2005). Second, in terms of persuasion knowledge in sponsorship, viewing a sponsor as a means for short-term profitability during a persuasion attempt may pose a negative impact on the persuasion episode. Specifically, individuals may have a “change-of meaning” for the sponsorship and perceive the sponsorship as a tactic, thus discount any previously held positive feelings toward the sponsoring firm (Friestad and Wright, 1994).

2.6 Cause-related Marketing (CRM)

CRM can best defined as a company promises to contribute a percentage or set amount of every unit sold of a brand to a charitable cause or organization (Barone, Miyazaki and Taylor, 2000). Through CRM, firm’s contribution to a designated cause being linked to customers’ engaging in revenue producing transactions with the firm and sometimes can increase the awareness of the existing for a company (Barone, Miyazaki and Taylor, 2000). For example is the McDonald’s “McHappy Day’ initiative, which features a donation of 10 cents for each burger sold to the “Children in Need” program. In Malaysia, Syarikat Faiza Sdn. Bhd. becomes a main sponsor “Bersamamu” program by implementing the CRM. Previous research has also described such purchase contingent CSR as “embedded premium” (Arora and Henderson, 2007).

In CRM, strategic alliances between companies and causes can be formed at the organizational level, the product line level, or the brand level (Varadarajan, Rajan, and Menon 1988). From the marketing leverage perspective, CRM, by bundling the charity donation with a certain product sale, is similar to a co-branding or brand alliance process (e.g., Hillyer and Tikoo, 1995). As according to (Alba, Hutchinson and Lynch, 1991), under shallower processing, co-branding can affect consumer product evaluation and choice by:

1) Influencing on the composition of the consideration set;
2) Creating halo effect associated with the subsidiary brand transferring to the cobrand; and
Successful CRM initiatives are reported to have led to incremental sales by increasing trial purchases, repeat purchases, and/or promoting multiple unit purchase (e.g., Barone, Miyazaki, and Taylor, 2000; Lichtenstein, Drumwright, and Braig, 2004).

The drawbacks: CRM addresses many of these social initiatives can be regarded as “constituting a secondary trade-off with economic-oriented strategic action” even though there’s an evidence of the marketing value of CRM. CRM is quite similar to CS and has the issue of customer “change-of meaning” or attribution effects. Some CRM has evolved into a more advanced form of “cause brand alliance”, where the association between the brand and cause is of more enduring and strategic nature (Davidson 1997), most of the CRM is perceived as a striving for short-term pure commercial goals. Webb and Mohr (1998) note that scepticism towards CRM drives are mainly from customers’ distrust and cynicism towards advertising, which is a major component of the marketing mix used in CRM campaigns.

2.7 Social Alliance (SA)

SA is a strategic alliance between a company and a non-profit to accomplish long-term strategic goals for both the business and society. Beyond financial contribution, the partnership for business usually comes in the form of key resources pooling and competence from internal functions such as production, recruitment and marketing (Berger, Cunningham and Drumwright 2006). Term of “social alliance” is used to strategic alliances, example, win-win partnerships that have become commonplace in the business world. SA are known as relationships between organizations which involve the “pooling” of resources, competencies, capacity and expertise, thereby achieving outcomes that add value to what each party would achieve by acting alone (Parkhe 1991; Gulati 1998). A major different between SA and other forms of business non-profit associations is that the partnerships at this level are built around each party’s core complementary competencies. For example of a SA is Microsoft’s five year partnership to support the American Association of Community Colleges (AACC). In this partnership, to answer the challenge of the out-dated technology used in classrooms, Microsoft donates $50 million fund, together with sending employees to colleges to assess needs, contribute to curriculum development, and create faculty development institutes.

The distinct nature of the partnership lies in the fact that the Microsoft staffs were able to use their core expertise to solve the issue. In the meantime, the initiative has a “direct- and potentially significant- impact on the company” (Porter and Kramer 2006). Microsoft employees’ experiences interacting with professors and students as well as designing actual course curriculum can become an important source for future product and marketing idea. As companies move into SA, the motives of companies transcend from social responsibility to competitive enhancement (Austin 2000). Specific strategic goals for companies to enter into a social alliance can include: facilitating corporate innovation and learning, educating customers, enrichment of corporate values and culture, increasing consumer patronage and investor appreciation, and leading consumption trends, improving marketing position and share, (Austin 2000) For public sector partners, the drivers often include fund-raising, increased public policy influence, technology and expertise, services or goods, and greater name recognition, etc.

To achieve the strategic goals, some firms and organization have distinct elements and brought together including resources, roles, responsibilities or types of behaviours that are either the true strengths of each party or add value to other parties (Warner and Sullivan 2004). For profit based companies, beyond monetary contribution as they mostly contribute in traditional CSR, they bring to the partnerships that are part of their respective internal functions, such as production, service delivery, skills and expertise, marketing techniques and financial efficiency. Consequently, the governance of a SA is also more complicated consisting of the system of rules, norms, and processes through which power and decision-making are exercised (Berger, Cunningham, and Drumwright 2004). SA also differ from most of the other forms of CSR in that partnership associations are formed at the organizational level as opposed to the lower brand or product level. Compared with associations at the brand level, SA’s partners typically have easier access to each other’s senior and strategic management resources and have greater opportunities to expand the relationships and networks within and outside the partnership.
The drawbacks: Despite their advantages, SA poses complex obstacles and challenges in alliance management (London et al. 2005). Private and public sectors usually have divergent backgrounds, values, expertise, as well as fundamentally different organizational structures. Because of the same disparate value and historic opposition to one another, public and private sectors almost always have initial low trust and confidence which may considerably impede partnership entry and sustainability (London et al. 2005). Also, formed at the organizational level, a social alliance involves a high level of management complexity and places larger challenges to monitor process and outcomes (Berger, Cunningham, and Drumwright 2004). A review of the literature also reveals that, with few exceptions (Berger, Cunningham, and Drumwright 2006), social alliances have rarely been studied in the marketing domain, nor examined with well-established consumer and market indicators.

The reasons for the lack of attentions may be several. First, while it is increasingly recognized - the importance of social alliances both for businesses and social issues- the actual instances of such practices are still relatively limited (Salem et al., 2015). Second, the social alliance marketplace is still immature. The potential partners in such social alliances (e.g., NGOs, community organization, governments, and other social organizations and professional associations) usually do not have a clear idea of what business model they could follow, and what societal and economic outcomes should be pursued, measured, and monitored (Chen, Moore, and Renaud 2009). Third, generating wide and immediate CSR awareness to consumers is a bigger challenge for a social alliance. Unlike CRM and cause sponsorships, where exposure to the brand can literally be repeated or prominent as a result of the promotional campaigns, a social alliance is often carried out in lack of such commercial campaigns, more importantly with fewer direct consumer interfaces.

3.0 Value Chain CSR (VC)

VC is created for social wellbeing through marketing-related daily operations of the company’s value chain, including supply chain, R&D, production and marketing. As suggested by its name, value chain CSR is pursued not out of particular partnerships with non-profit agents, but mostly by the business through its internal daily functions. According to this definition, examples of value chain CSR can include four components. All components will play their role differently by its major responsibility as follows;

1. Supply chain management

Firms and organization put the responsible into the social and environmental impacts to make the supply chain arising.

2. Research & Development

Products and/or services from research and innovation to cater to long-term consumer interests reflecting social, health, or environmental valuations.

3. Portfolio of products

Products and/or services offering portfolio that are socially responsible and/or environmentally friendly.

4. Sales and advertising

Marketing, including: socially responsible pricing and advertising will voluntary measures.

Through VC, the common approach for a company to create value in a long terms for its shareholder and stakeholders, it must also bring together value to the society. Every activity in a company’s value chain will affects the communities direct and indirectly and depends to the company operations, corporate social agenda will transform in the interest of the whole business operational chain. In the marketing literature, few academic studies have ever conceptualized “value chain CSR”. However, the similar concepts have been taken place, in a more fragmented manner, focusing on various streams or components of a business value chain.
In the upper value chain stream, the ideas such as “supply chain sustainability”, “logistics social responsibility and “purchasing social responsibility” (Carter and Jennings, 2002), have been discussed across individual elements of CSR, such as: environment, workplace diversity, health and safety and community issues. The principle is to embody the management of supply chains where the major dimensions of sustainability - namely, the economic, environmental, and social ones – are taken into account (Seuring et al., 2005).

McDonald, for example, changed the materials it uses to wrap the foods, which has reduced waste by 30%. In the lower stream of a value chain where the focus is shifted from supply base to the customers, value chain CSR focus more on the innovation in product development, i.e., product sustainability (Luchs et al., 2010) and marketing practices that meet the societal long-run interests (Armstrong and Kotler, 2005). Relevant marketing practices such as “societal marketing” or “value marketing” have been called for by marketing scholars to enhance customer value from the firms’ product, service, and marketing offerings (Armstrong and Kotler, 2005).

Conducting businesses in this approach, companies seek converges of the societal long-run interests with their customers’ wants, interests, and the company’s requirements. For example, B&Q, an international chain of home supply centres, analyses systematically the social and environmental impacts its products beings sold in different regions against a list of social and environmental issues, and adjust their product profile accordingly.

**The drawbacks**: First, there’s marketing and consumer studies on value chain CSR as marketing practices concerning their impacts on consumers’ corporate brands and products evaluations, are surprisingly rare. Regarding the consumer effects out of the upper stream of value chain CSR for example, several studies indicate that consumers are concerned about sweatshop issues and would pay higher product prices to support improvements (Elliot and Freeman, 2000). Second, it poses as a barrier for a well-accepted definition and theorization of value chain CSR, and subsequently empirical examinations of the CSR initiative.

Furthermore, CSR activities occurring in different stages of a value chain may have rather different consumer impacts. For instance, supply chain CSR may have a larger degree of impacts on partnering and/or supplying organizations than on consumers, whereas product-related CSR and societal marketing practices may have larger effects on consumer perceptions and preferences. The role of corporate branding has emerged in recent years as an approach to achieve the desired market differentiation, relying on a different set of qualities pertaining to the organization rather than the more traditional use of product attributes (Rao, Agarwal, and Dahlhoff, 2004).

The reason that corporate brands are increasingly becoming valuable assets are due to the growing links between consumption, value, and consumer identity, which has gradually led consumers to view corporations as ‘wholes’ and suppliers of diverse values (Hatch and Schultz 2001). In corporate branding, the branding process occurs from the outset of the production process to the marketing of the final product or service (Tilley 1999), and is targeted to internal and external interests and networks. Corporate values, such as technological superiority, market leadership, social responsibility, or staff morale and excellence, replace product attributes in corporate branding (Aaker 2004).

4.0 CONCLUSION

The development of corporate brand image and name is important for business to sustain in the market. Instead of bringing profit and sales, there are something beyond these which is long term good image and long term good reputation of the business. As highlighted in the previous discussions, there are thousands of recipes available for business to achieve good image and good reputation. One of it is through the implementation of CSR programs and activities in business which purposely to show that the business ultimate goal is not only profit and sales but go beyond far towards the societal well-being. The happy society will lead to profitable business, good corporate brand image, high reputable brand and long term sustainability in the market.

Instead, the development of high quality image of corporate branding is also become the major concerns of any business in the planet. In order to understand corporate branding, one of the key dimensions to consider is “corporate associations”. Corporate associations are defined as a “generic label for all the information about a company that a person holds” (Brown and Dacin 1997, p. 69). Corporate associations can be either “performance-
centred” or “value-centred”. Accordingly, corporate associations in marketing literature are often discussed in light of Corporate Ability (CA) image (i.e., innovation and production capability) and CSR image. Corporate associations play an essential role in corporate outcomes: including reputation, credibility, corporate, product and brand evaluations, financial income, purchase intent, and customer identification with a company. The emphasis on leveraging corporate associations lies in the articulation of a set of values which represents as central, enduring and distinctive (Albert and Whetten 1985) in stakeholders and minds. Brand success has become largely intertwined with a corporation’s CSR performance (Zyglidopoulos 2002) and corporate integrity is considered part of a brand.

For this reason, CSR programs, when spanning the whole organization, are in a better position to create CSR associations than are product-based attributes, thus leverage a corporate brand (Aaker 2004). Empirical studies also confirm that CSR associations and their articulated values can be transposed to all layers of branding at the firm level, brand family level and product level. Consumer responses to CSR and their working processes are the central topic in CSR-related studies in the marketing domain. Growing evidence shows that consumers are willing to give incentives to socially responsible corporations. For example, consumers are willing to pay a premium priced product which is ethically produced, namely, to buy products from a company that supports charitable causes. Typically, consumers tend to evaluate a firm in association with its CSR as having a more favourable corporate association, and as being more reputable. Meanwhile, some evidence shows that consumer reactions to CSR are not straightforward; rather, the process is moderated by factors both at the individual level for example CSR support, consumer expectations, consumer involvement, and cognitive moral development, consumer attributions, and consumer awareness. Finally, in helping build a successful corporate brand, it is vital for a corporation to assess the relevant qualities of CSR practices that will be desired by its stakeholders, while the challenge lies in choosing the relevant CSR options and ensuring a balance between perceived consumption and life values (Palazzo and Basu 2007).

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