Corporate Social Responsibility – Its influence on Marketing Strategies adopted by an Organization – A Study of IT Sector in India

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ABSTRACT

The study examines the influence of the concept of Corporate Social Responsibility on the marketing strategies adopted by an organization ; a study of IT Sector in India.

The data used in paper is primary in nature and method of collection is questionnaire and personal interview in the form of questionnaire from a sample of 110 IT professionals working in different IT Organizations in India.

Key Words : *corporate social responsibility, CSR , marketing strategies, corporate governance, brand equity*

Introduction

Influence of Corporate Social Responsibility on the Marketing Strategies adopted by organizations belonging to IT Sector in India..

Our study points to the fact that more and more organizations are using Corporate Social Responsibility as a tool to carve out a competitive business strategy. Factors like building Brand Equity, building competitive advantage within target market, increasing employee satisfaction, building deeper relationship with Financial Institutions and o verall community play an important role in adoption of CSR by these organizations (apart from mandatory compliance).

In face of increasing competition, additional pressure on profitability, employee attrition; each organization is finding itself in a unique position where the market has started resembling a combat zone with the survival of the fittest. In this scenario, Corporate Social Responsibility initiatives taken by an organization are no longer driven purely by altruistic motive or regulatory compliance. It has now become a key tool for brand building and a key differentiator for an organization. From our research, it has emerged clearly that Corporations are using CSR in order to promote their Brand Equity and overall Corporate Image . Moreover, the respondents spelled out clearly that overall CSR activity adds to the competitive edge of the organization in the minds of the consumers - both institutional and individual. This has led to a 'competition' where different organizations vie with each other for carrying out CSR activity. It has also been observed that many MNCs operating in India despite not falling in the ambit of providing compulsory CSR activity (as mandated by government), regularly take the initiative of carrying out CSR activities and sometimes go an extra mile in order to ensure publicity for these activities in media and social network.

A trend is clearly emerging where the organizations (especially those belonging to IT Sector in India) are aligning their strategy, especially in the field of Marketing, to ensure success of the Social activities undertaken by them. Extra care is taken to ensure that not only is the activity carried our successfully and meaningfully but also that it receives proper visibility in front of target market segment. Moreover, the key stakeholders of a company are always concerned about these activities in their organizations and they see to it that they themselves are aligned with the companies that focus and deliver on the CSR front. CSR is now more than a basic requirement for an

organization as it helps promote the company's cause while at the same time it also attracts and retains both the internal and external stakeholders of the company (Mazurkiewicz, 2004).

With an increasing focus and emphasis on Corporate Governance, there is an additional emphasis within the organizations (and independent Business units within the organizations) on fairness, transparency (in decision making) and overall accountability with regards to official matters. Although CSR and Corporate Governance operate differently from each other, they both are inter-related and may be used to achieve the aims of each other (Mitchel, 2007). During the course of our research, 61% of the respondents felt that Corporate Governance and CSR were inter-related and were important for an organization.

Our study pointed out that CSR had a distinct impact on the Marketing Strategies adopted by an organization. CSR activities were deliberated highlighted in the marketing campaigns and were part of overall brand building initiative. Other forms of integrating CSR with marketing initiatives included highlighting commitment to local society (for example "Indianness" of the company); highlighting "Green" and environmental friendly operations and their connection with the "spirit" of India. Important product launches are increasingly timed to coincide with CSR initiatives. Moreover some of the key products were named after Indian entities including some mythological characters.

Review of Literature

Confederation of Indian Industry (2002) conducted a survey jointly with UNDP, the British Council and PricewaterhouseCoopers (PwC) to ascertain the predominant perceptions on CSR in India and the role that companies define for themselves in the society. The results shows that the desire to be a good corporate citizen and improved brand image are the main drivers of CSR among companies along with the consumers.
Caroll, Archie B (1991) stated that "Economically speaking, all firms have a responsibility to earn a profit, since capitalism and a free market society deem that this is necessary. Businesses were created as economic entities, designed to provide goods and services to societal members."

Chow Hoi Hee, (2007) - A closer look and study would reveal that if the empty rhetoric is stripped away, the marketing strategies of majority of the corporations in IT Sector in India are not only mirror images of each other but follow a path which ignore the very factors which these organizations were earlier trying to accommodate viz. social and cultural paradigm

Objective of the study

To study the impact of Corporate Social Responsibility (CSR) on Marketing Strategies adopted by an organization in IT Sector in India.

Research Methodology

This study is an empirical research and based on the survey methodology.

The data was collected by means of questionnaire and personal interview. The sample size used consisted of 110 IT professionals working across different IT companies in India. These organizations consisted of MNCs operating in India, Large Indian Service providers and middle sized Indian organizations.

A well-designed questionnaire was used for personally collecting data from different professionals.

Findings of the Study

The sample consisted of 70% male and 30% female respondents.

More than 85% of the respondents were of the opinion that the organizations undertook CSR in order to improve corporate image and overall Brand Equity

About 31% of the respondents were of the opinion that CSR influenced the marketing strategy of the organization.

About 46.6% of the respondents felt that the CSR activities were planned in advance and the organizations gave importance to their planning and implementation.

About 42% of the respondents were of the opinion that CSR activity influenced the strategic marketing initiatives of the organization.

About 40.1% of the respondents opined that CSR activities were important consideration in driving the organization's relationship with its channel partners. This was important as organizations were now including their channel partners in their CSR activities.

About 24% of the respondents believed that the organizations used CSR as a tool to gain competitive advantage within the target market.

Conclusion

The empirical study clearly showed that CSR activities were no longer taken up in isolation but were seen as an important tool not only for the society at large but also a key diffrentiator in the marketplace. So much so that CSR activities are now influencing the Marketing Strategies and some of the Strategic Initiatives taken up by the organization.

A well-defined CSR activity was now marketed by an organization to ensure that its overall goals were in synergy with the society and there was a growing trend to showcase it to the target customer segment. There was also an increasing trend in expanding the CSR to include the partner ecosystem as it not only lead to better implementation on the ground but also an increased visibility amongst the customers.

There is now a growing acceptance that the organization cannot treat the CSR activity in isolation but needs to align the Marketing policies with these initiatives. This would ensure that the CSR reaches its desired result and the same can be integrated with overall Marketing initiatives for the customers.

Recommendations

With the growth of CSR activity in the industry, these activities cannot be carried out in isolation and in an arbitrary manner. The companies need to plan out the CSR calendar and also need to ensure that its key Marketing strategies are properly aligned and synergized with the CSR planning.

A well planned and executed CSR activity can not only lead to a social upliftment of a section of the society but also help the organization build a bridge with the community as a whole. Some large American and European conglomerates are already carrying out CSR not only in their parent country but also spending substantial funds in poorer countries of Africa and Asia. Some of the Multi-National companies also utilize CSR to showcase their commitment to local population and country.

A well planned CSR activity which is in sync with the broad strategic goal of the organization can help an organization to not only connect to the community but also drives home the concept of Corporate Governance. This helps in reducing the employee attrition and also helps in long lasting bond with the channel partners. A dedicated and detailed study can help in identifying the precise relationship between various parameters like brand Marketing Budget, CSR spend (money and man hours), Index of Corporate Governance and competitive advantage. This would be of great benefit to not only the business housed but also to various regulators which are part of government agencies in India.

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