

# “SOCIAL RESPONSIBILITY AND MARKETING”

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## Abstract

This Paper explains the concept of Corporate Social Responsibility. There are opposing points of view as to the social i.e. ethical, responsibility of marketing and hence marketers because marketing is the primary interface between a firm and its publics the ethical behavior of marketing has considerable consequence as to how the firm is perceived as a good or bad citizen, issue of whether a social responsibility is an organizational construct or whether it is inseparable from people who run the organization. In other words, can or should there be a separate set of ethical values for the firm and for its employees? From time to time political and business scandals involving abuse of power or trust, dumping of hazardous waste, and bribery have prompted a renewed concern for a set of ethics to inform, guide, and judge behavior in business. Much of this concern has been reflected in the literature which has attempted to describe the ethical situation faced by marketers as they try to balance the needs of their company, their customers, and themselves For many years marketing literature has stressed the need to understand the linkage between ethics, social responsibility, decision making, strategy, business, and marketing .

## INTRODUCTION

Marketing is the interface between different and often competing value systems the firm's the customers and those of other publics with which businesses must deal. Marketing is the most visible portion of a company's policies and as such is the focus of consumer and media attention. If marketing is to continue to play a responsible role in society marketers need to know the role played by ethics in their activities. To understand ethics one must examine how they have evolved and how they impact on society and on individual lives. The notion of "social responsibility" is introduced. This concept justifies different and often competing systems of ethic finally the paper considers multiple ethical system whether or not they are needed, what maintains then and the present status of business ethics.

## DEFINITION OF SOCIAL RESPONSIBILITY

Social responsibility entails developing businesses with a positive relationship to the society which they operate in. According to the International Organization for Standardization (ISO), this relationship to the society and environment in which they operate is "a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance." Marketing is the process of promoting selling and distributing a product or service. When companies look to develop products or services for a consuming public they must adhere to a measure of social responsibility. Marketers don't just sell products and services but must be keenly aware of their actions and responsiveness in addressing social issue. The idea that companies should embrace its social responsibilities and not be solely focused on maximizing profits.

## CONCEPT OF SOCIAL RESPONSIBILITY

There is no agreement on the definition of the term "Social Responsibility" since it depends on the usage situation and on the backgrounds of the people involved. One way of dealing with the concept is to group all usage situations into three domains or aspects. The three domains are:

1. The Social Contract.
2. Personal Responsibility

### 3. Responsibility of Leadership

The "social contract" domain, of social responsibility, is based on balancing what is received from society with what is owed. It is embodied in the idea of "quid pro quo" and is widely practiced. This domain represents a middle ground between the two extremes of "personal responsibility" and the "responsibility of leadership." Convention or common practice guides behavior. The domain of "personal responsibility" is centered on the notion of the interdependence of man and of the responsibility of individuals to consider others in conducting their lives and business. Social interaction is governed by the religious and traditional values taught at home and in church and ought to be conducted in an atmosphere of goodwill toward all men. The final domain of social responsibility is that of the "responsibility of leadership" based on the concept of casuistry. Under this system, leaders, or others in positions of power, are exempted from the restrictions of traditional or religious values if it can be shown that they serve a group or value system beyond themselves. Leadership operates on the basis of "whatever works" that getting the job done overrides all other consideration. Typical members of this group include politicians business leaders and soldiers. The latter group is included because they fight to maintain instill or forward a value system using means to which they do not necessarily subscribe on a personal level.

#### TYPES OF CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility can encompass a wide variety of tactics from donating money to local charities to not producing goods in third-world sweat shops. Here are some of the ways businesses worldwide are practicing social responsibility:

**Environment:** One primary focus of corporate social responsibility is on caring for the environment. Businesses both large and small have a large carbon footprint. Any steps that can be taken to reduce those are considered both good for the company and society as a whole. Examples include everything from curbing pollution to developing clean energy solutions.

**Philanthropy:** Donating to national and local charities is another way business are practicing social responsibility. Whether it involves giving money or time businesses have a lot of resources from which charities and local community programs can benefit.

**Ethical Labor Practices:** Treating employees fairly and ethically are other ways companies can practice corporate social responsibility. This is especially true of businesses that operate in international locations where employees are not always treated with the same respect that workers are in the United States. That consumers especially those in the United States are extremely quick to turn on companies found operating sweatshops or violating other ethical labor practices.

#### SCOPE OF SOCIAL RESPONSIBILITY AS A MARKETING CONCEPT

In today's world of business the wants and needs of society are an important contextual consideration. Firms must not only produce excellent goods and services and produce a healthy profit but also be concerned with their relationship with society at large as well as with the environment. The marketing concept has evolved into market orientation and firms are more heavily focused on wants and needs of consumers but this is no longer sufficient. There is a broader context in which the firm operates and the well-being of society and consumers must be taken into consideration. Not only do consumers expect that corporations will operate legally and fairly they also want them to act ethically help charitable causes clean up the environment and improve conditions for citizens locally, regionally, nationally, and in some cases internationally. Companies should now be socially responsible.

#### ETHICAL NORMS AND VALUES FOR MARKETERS

Professional associations and accrediting bodies have identified guidelines for ethics in marketing. According to one of those associations the American Marketing Association the following rules guide marketing behavior. The American Marketing Association commits itself to promoting the highest standard of professional ethical norms and values for its members. Norms are established standards of conduct that are expected and maintained by society and / or professional organizations. Values represent the collective conception of what people find desirable important and morally proper. Values serve as the criteria for evaluating the actions of others. Marketing practitioners must recognize that they not only serve their enterprises but also act as stewards of society in creating facilitating and executing the efficient and effective transactions that are part of the greater economy. In this role Marketers should embrace the

highest ethical norms of practicing professionals and the ethical values implied by their responsibility toward stakeholders (e.g., customers, employees, investors, channel members, regulators and the host community).

1. Responsibility of the marketer: Marketers must accept responsibility for the consequences of their activities and make every effort to ensure that their decisions, recommendations and actions function to identify, serve, and satisfy all relevant publics customers, organizations and society
2. Honesty, Integrity and Quality are far more important than quick profits. (Shel Horowitz)
3. Rights and duties in the marketing exchange process:- Participants should be able to expect that products and services are safe and fit for intended uses that communications about offered products and services are not deceptive that all parties intend to discharge their obligations financial and otherwise in good faith and that appropriate internal methods exist for equitable adjustment and / or redress of grievances concerning purchases
4. Organizational relationships: - Marketers should be aware of how their behavior influences the behavior of others in organizational relationships. They should not demand, encourage, or apply coercion to encourage unethical behavior in their relationships with others.
5. Conduct your business so as to build long term loyalty. When you get a customer you want to keep that customer and build a sales relationship that can not only last years but also create a stream of referral business. (Shel Horowitz)
6. Marketers must do no harm. This means doing work for which they are appropriately trained or experienced so that they can actively add value to their organizations and customers. It also means adhering to all applicable laws and regulations and embodying high ethical standards in the choices they make.
7. Marketers must foster trust in the marketing system. This means that products are appropriate for their intended and promoted uses. It requires that marketing communications about goods and services are not intentionally deceptive or misleading. It suggests building relationships that provide for the equitable adjustment and / or redress of customer grievances. It implies striving for good faith and fair dealing so as to contribute toward the efficacy of the exchange process.
8. Marketers must embrace communicate and practice the fundamental ethical values that will improve consumer confidence in the integrity of the marketing exchange system. These basic values are intentionally aspiration and include honesty, responsibility, fairness, respect, openness and citizenship.

#### **ROLE OF SOCIAL RESPONSIBILITY IN INDIAN COMPANIES**

In a global CSR study undertaken in 7 countries (viz. India, South Korea, Thailand, Singapore, Malaysia, The Philippines and Indonesia) by the U.K. based International Centre for CSR in 2003, India has been ranked second in the list. This ideally shows the value that is important to customers in India. Bharat Petroleum and Maruthi Udyog have been ranked as the best companies in the country. The next comes in the list are Tata Motors and Hero Honda. Canara Bank, Indal, Gujarat Ambuja and Wipro are involved in community development work of building roads, running schools and hospitals. ACC has been rendering social service for over Five decades. They are setting up schools, health centers, agro-based industries and improving the quality of rural life. BHEL is actively involved in the Welfare of the surrounding communities is helping the organization to earn good will of the local people BHEL is also providing drinking water facilities, construction of roads and culverts, provision of health facilities, educational facilities, and so on companies like ONGCs are encouraging sports by placing good players on their pay rolls. TISCO, TELCO and HINDALCO won the award for excelling in CSR, jointly given by FICCI and Business world for the 2003. ONGC has also committed resources by adopting a few villages to implement president Dr. Abdul Kalam's idea of PURA (Provision of Urban Amenities in Rural Areas). NTPC has established a trust to work for the cause of the physically challenged people. Similarly in the private sectors like Infosys, Wipro and Reliance are believed to be most socially responsible corporations. In 1999 Kofi Annan of the United Nations invited corporate leaders for a Global Compact to promote nine principles covering three areas: human rights, labor rights, and sustainable development. Today, India can be legitimately proud to have had the second largest number of companies from any country subscribing to the Global Compact. Several public sector companies have joined together to form the Global Compact Society of India.

## **SOCIAL RESPONSIBILITY OF BUSINESS BY MULTINATIONAL COMPANIES IN INDIA**

In the last twenty years, MNCs have played a key role in defining markets and influencing the behavior of a large number of consumers. Globalization and liberalization have provided a great opportunity for corporations to be globally competitive by expanding their production base and market share. Recent years have seen many progressive organizations in our country keenly playing a social role. In some of these organizations the approach has been to take up only business-centric activities, i.e., Which are directly relevant to their business. The guiding philosophy in these organizations is that social reasonability is good only if it pays. This approach benefits both the organization and the stake-holder. Thus, ITC has been afforesting private degraded land to augment the supply of raw material for its paper factory. Similarly, Hindustan Lever which requires good quality water for the manufacture of its food products has been improving the quality of water in many communities. Companies like Cadbury India, Glaxo and Richardson Hindustan are helping farmers to grow crops which serve as raw materials for them. Lipton in Eath district of Uttar Pradesh has started veterinary hospitals in the region from where it buys milk. British Gas (which sells compressed natural gas to India) has recently started teaching unemployed youngsters how to become mechanics for gas-based auto rickshaws in Delhi. In some other organizations the approach has been to take up such philanthropic activities in which they can make a difference.

### **Coca – Cola**

As one of the largest and most global companies in the world Coca – Cola took seriously its ability and responsibility to positively affect the communities in which it operated. The company’s mission statement called the Coca-Cola Promise, stated: “The Coca-Cola Company exists to benefit and refresh everyone who is touched by our business.” The Company has made efforts towards good citizenship in the areas of community by improving the quality of life in the communities in which they operate, and the environment, by addressing water, climate change and waste management initiatives. Their activities also included The Coca – Cola Africa Foundation created to combat the spread of HIV / AIDS through partnership with governments UNAIDS and other NGOs and The Coca – Cola Foundation focused on higher education as a vehicle to build strong communities and enhance individual opportunity. Coca – Cola’s footprint in India was significant as well. The Company employed 7000 citizens and believed that for every direct job 30 – 40 more were created in the supply chain. Like its parent, Coke India’s Corporate Social Responsibility (CSR) initiatives were both community and environment – focused. Priorities included education, where primary education projects had been set up to benefit children in slums and villages, water conservation where the Company supported community – based rainwater harvesting projects to restore water levels and promote conservation education, and health..

### **PepsiCo**

Pepsi Cola is also helping in rural areas in their economic development. It further offered to transfer food-processing, packaging, and water-treatment technology to India. Pepsi’s bundle of benefits won four Ps for entering a market, Pepsi added two additional Ps, namely, politics and public opinion. Similarly almost all MNCs like Microsoft, Mc Donald, Nokia, Unilever, ITC are also adopting social responsibility of business in order to have sustainable market development and growth not only in their countries but also in the host countries.

## **CONCLUSION**

Several forces are driving companies to practice a higher level of corporate social responsibility: rising customer expectations, changing employee expectations, government legislation and pressure, the inclusion of social criteria by investors, and changing business procurement practices. Companies need to evaluate whether they are truly practicing ethical and socially responsible marketing. Business success and continually satisfying the customer and other stakeholders are closely tied to adoption and implementation of high standards of business and marketing conduct. The most admired companies in the world abide by a code of serving people’s interests, not only their own. The following are the suggestions that the society must use the law to define, as clearly as possible, those practices that are illegal, anti-social, or anticompetitive. Next, companies must adopt and disseminate a written code of ethics, build a company tradition of ethical behavior, and hold its people fully responsible for observing ethical and legal guidelines. And, individual marketers must practice a “social conscience” in their specific dealings with customers and various stakeholders. It is my belief that good marketing is ethical marketing. Good marketing is about satisfying and developing a long-term relationship with our customers. Caring about your customers not only results in profits (or achieving your organization’s objectives if an organization is not-for-profit), it is the ethical thing to do. Deceiving

customers may help a firm's profits in the short-run, but is not the way to build a successful business. The same goes for social responsibility. A firm has to care about all stakeholders: customers, employees, suppliers and distributors, local communities in which they do business, society, and the environment.

