AN OVERVIEW ON CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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Abstract- In this era of global competition, declining brand differentiation, and increasing media clutter, companies are going beyond the conventional marketing mix to increase the value of intangible assets. Over the years there is a shift from functionally centric brands to emotionally centric - brands to values - centric brands. Today, brands must be inspirational in a socially responsible way to all stakeholders. To achieve the same Corporate Social Responsibility (CSR) has become more common in business practices. CSR remains a very relevant strategic Marketing tool. Many companies use CSR as a way to increase their image, generate brand equity, and increase employee loyalty. Corporate social responsibility is a form of corporate self-regulation integrated into a business model. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit. The purpose of the paper is to understand the various CSR activities carried down by select MNC's in India and how are they integrating Corporate Social Responsibility into their marketing strategy to build and sustain a competitive advantage.
Keywords- CSR, Marketing strategy, MNC's in India, Competitive Advantage, Brand equity

Introduction

Corporate Social Responsibility (CSR) is defined as operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. In the last twenty years, there has been a sea change in the nature of the triangular relationship between companies, the state and the society [1]. CSR has become increasingly prominent in the Indian corporate scenario because organisations have realised that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large [2]. This is one of the key drivers of CSR programs. CSR is coming out of the purview of 'doing social good' and is fast becoming a 'business necessity'. Corporate houses are realizing that 'what is good for workers - their community, health, and environment is also good for the business [3]. Corporate social responsibility is a form of corporate self-regulation integrated into a business model. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit. A more common approach of CSR is philanthropy [4]. Another approach to CSR is to incorporate the CSR strategy directly into the business strategy of an organization. CSR may be based within the human resources, business development or public relations departments of an organization [5]. Corporate Social Responsibility is what an organization does to influence the society positively in which it exists. The concept of CSR has been evolving for decades. CSR is a multi dimensional concept. While some take CSR as an obligation, others consider it as a strategic tool [6]. CSR focuses on the social, environmental and financial success of the company. The increasing relevance of CSR in India has stemmed from the fact that a business cannot succeed by ignoring the human and social needs of our society [7]. Corporations have emerged as one of the foundations of modern global society. With this increased power has come the demand by society for social accountability, commonly referred to as corporate social responsibility. Ever since their inception, corporates like the Microsoft, HUL, Coca-Cola, Canon,Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community through donations and charity events, many other organizations have been doing their part for the society to develop the application of Social Brand Capital [8].

MNC's in India

Multinational companies are the organizations or enterprises that manage production or offer services in more than one country. And India has been the home to a number of Multinational companies. In fact, since the financial liberalization in 1991, the number of multinational companies in India has increased noticeably. Globalization and development of the new market economy in the last decade have brought the global multinationals and investment houses to India for competing in the domestic and international markets.

As many as 90 percent of the Fortune 500 companies now have explicit CSR initiatives. In a globalised world, the role of the state is diminishing and non-state actors, including corporations, are undertaking many functions previously performed by the state. There is no doubt that this has created a more open and liberal business environment, promoted competition leading to a better quality of products and services, improved the efficiency and effectiveness of the services offered and, indeed, given rise to profits. But corporations have to make conscious efforts to become socially responsible, recognizing that the role and functions they perform inevitably have an impact on society. Corporate social responsibility ensures that corporations promote corporate citizenship as part of their culture. Corporate social responsibility is about businesses transforming their role from merely selling products and services with a view to making profits and increasing their revenue to the development of a society through their abilities of generating capital and investing it for social empowerment.

CSR and Marketing

Today, branding has become the most important strategic differentiating activity in a company's arsenal. In the future, a brand that can forge a durable psychological bond between itself and all of its stakeholders / constituencies, its customers, employees, suppliers and shareholders will represent the only real and sustainable source of competitive advantage. CSR plays a vital role in taking commercial brands out into the commercial marketplace with a theme that is appealing to the sense and sensibility of the modern consumer. CSR is therefore a valuable tool that marketers can use to market their brand with equal panache and commercial effectiveness. The modern consumer understands CSR that much more intimately. Marketers who ignore the responsibilities to other stake holders face the prospect of a devalued corporate image and or legal reprisal. To meet the responsibilities effectively organizations must address the concerns in the development of marketing strategy. A company which builds the image of producing quality products that last longer though they may not be on the cutting edge of technology will actually be able to gain strategic advantage in emerging economies. Firms all over the world are beginning to grasp the importance of intangible assets, be it brand name or employee morale. Only firms that have gained the goodwill of the general public and are ideal corporate citizens will be to develop these intangible assets into strategic advantages.

Companies are beginning to realise the fact that in order to gain strategic initiative and to ensure continued existence, business practices may have to be molded from the normal practice of solely focusing on profits to factor in public goodwill and responsible business etiquettes. Corporate social responsibility is arguably the most important thing on any brand marketer's mind. It's important because studies increasingly show that consumers will spend their money on brands that reflect their values and concerns. CSR can also be seen as an expression of marketing. By including the brand name in social responsible campaigns, brand awareness and brand recognition are raised. It's clear that the concepts of value and values are rapidly merging in the minds of consumers. People want to be engaged with companies that share their values. As corporations pursue growth through globalization, they have encountered new challenges that impose limits to their growth and potential profits while some companies use CSR methodologies as a strategic tactic to gain public support for their presence in global markets, helping them sustain a competitive advantage by using their social contributions to provide a subconscious level of advertising.

As world changes, so do consumer attitudes and expectations of brands. While many large companies have adopted corporate responsibility to improve business practices, consumers are asking more. As global competition for hearts, minds, and wallets intensifies, it will no longer be a question of whether a business should practice responsible consumerism. This will be expected and demanded -while becoming another point-of-entry hygiene factor. What will increasingly differentiate brands are the quality and sustainability of this responsible consumerism. Brands whose organizational purpose, vision, and values are driven by this are set to flourish. Companies and their brands are key players on the global stage, and individuals have the power to effect change through their buying choices. The benefit of a brand using its marketing power to contribute responsibly can surely outweigh the cynicism or option of doing nothing at all. Investments in corporate social responsibility are believed to create value not only for stakeholders of the corporation, but also for a corporation itself. One possible way in which this value for the corporation can be created is through the marketing of corporate responsibility. Marketing tools and techniques can also be used in projects to promote good causes in a more effective way.

In today's competitive market environment, corporate social responsibility represents a high profile notion that has strategic importance to many companies. Importantly, along with increasing media coverage of CSR issue, companies themselves are also taking direct and visible steps to communicate their CSR initiatives to various stakeholders including consumers. CSR contributes positively to firms' market value. Managers can obtain competitive advantages and reap more financial benefits by investing in CSR. Companies should realize that CSR initiatives can represent a robust public relations strategy, particularly in the current market environment in which stakeholders such as customers may have strong social concerns. CSR is reported to affect, either directly or indirectly, consumer product responses, customer-company identification, customer donations to nonprofit organisations and more recently customers' product attitude. In crowded marketplaces, companies strive for a unique selling proposition that can separate them from the competition in the minds of consumers. CSR can play a role in building customer loyalty based on distinctive ethical values. Act as a brand differentiator. If companies do not inform consumers properly about the CSR initiatives they take, they will not reap the benefits of their investments in CSR.

CSR at India

Several major CSR initiatives have been launched in India since the mid-1990s. Nearly all leading corporates in India are involved in corporate social responsibility programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The 2010 list of Forbes Asia's '48 Heroes of Philanthropy' contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility disclosure norms. Tata Group an India-based indigenous multinational enterprise with a unique 140-year

old commitment to the community is the pioneer in India for CSR activities. Despite the 2008-2009 global recession, the Tata Group topped the economic value creation charts. In 2008-2009, the Group had grossed US$70.8 billion in revenues. 64.7 percent of the Groups revenues were now coming from outside India. It explores value-creation, leadership, ethics and sustainable development on the backdrop of rapid internationalizations and shifting stakeholders' expectations for corporate social responsibility.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. For example, organizations like Bharath Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development on a faster track.

The Emerging Challenges

Clearly society expects many things from the corporate sector. Enterprise are being asked to move beyond the commercial sphere. Different stakeholders place varying demands on organizations. Such demand varies over time and in different contexts. The primary expectation centers on wealth creation or profit function of the enterprise, but this not the only expectation. Beyond, this, consumers continue to demand products that are safe, reliable and useful services that are responsive to the changing needs and advertising that is honest and informative. The public at large expects business to help project the physical environment and the health and safety of all those who are exposed to dangerous technologies or substances. Issue such as corporate power and corporate compliance, corporate activities and corporate disclosures of information will continue to concern an increasing number of people in the community. Clearly the emerging multipurpose corporations will demand multipurpose goals and synergistic policies that accomplish more than a single goal at time. This compels organizations to develop new measures of performance. Instead of focusing on the single bottom line of profits as in the past, organizations are expected to focus attention on multiple bottom lines-social, environmental, political and ethical- which are all interconnect.

CSR at Microsoft

Microsoft has been right in the forefront when it comes to programmes that address the semi-urban, rural, non-English speaking people in the country. Apart from the grants that Microsoft has made, to the tune of more than $1.15 million in the country, Microsoft is frequently coming up with software that addresses the needs of this section. Recently, as part of its efforts at bringing an affordable local language computing solution for India the company launched its Windows XP starter edition exclusively developed for India.

CSR at HUL

Hindustan Unilever is involved in number of CSR initiatives in India. The main objective of Project Shakti of Unilever is creating rural entrepreneurs. It trained 13,000 underprivileged Indian women distribute the company's products to 70 million rural consumers. The company is working with women's self-help groups to teach selling and book-keeping skills and build commercial knowledge. The women who participate in this programme are, by and large, able to double their household income. Shakti has also allowed Unilever to increase its reach to 30% more of India's rural population since its inception in 2000. The company is joined in its efforts by some 300 groups, NGOs, banks and various government entities allowing it to take part in strategic public private partnerships.

CSR at Coca-Cola

Coca-Cola India worked hard towards water conservation and community development has been given Golden Peacock Global award 2008 for CSR. The award has been conferred to Coca-Cola India for its efforts in water conservation and management and community development initiatives. The soft drink major now has 320 rain water harvesting implements across 17 states in India, and it has also been successful in restoring water conservation programme. Side by side, the company is running the 'Elixir of Life' project that provides drinking water to 30,000 children in 100 primary and panchayat schools in around Chennai. Coca-Cola India undertakes a diverse range of activities for the benefit of the community across the country.

CSR at Canon

Corporate Social Responsibility at Canon is a true effort to influence society in a manner that earns the trust and respect of stakeholders and society. According to Canon, All people, regardless of race, religion or culture, harmoniously living and working together into the future. CSR seems to be a mandatory practice adopted by almost all companies but at GE India, CSR being handled in a different way. GE had adopted an NGO called Vidya which has been educating underprivileged children for the past 18 years at New Delhi. GE's association with Vidya began when 15 employees of GE India started mentoring school children and helping them in clearing their 10th and 12th standard examinations. GlaxoSmithKline Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities. SAP India in partnership with Hope Foundation, an NGO that works for the betterment of the poor and the needy throughout India, has been working on short and long-term rebuilding initiatives for the tsunami victims. Together, they also started The SAP Labs Center of HOPE in Bangalore, a home for street children, where they provide food, clothing, shelter, medical care and education. PepsiCo plans to widen its product its portfolio in India and build the brand's image around corporate social Responsibility. Nike managed CSR as a core part of business.

Benefits of CSR

A new era of social consciousness is evolving throughout the world. Over the last 20 years, we have shifted from functionally centric brands to emotionally centric brands to values-centric brands. Today, brands must be inspirational in a socially responsible way. It is no longer enough for brands to define themselves in terms of what they are: they must make a statement—environmentally, culturally, and socially—about what they want to be. A key advantage of these corporate initiatives is that unlike in the traditional brand-marketing domain, a firm's intangible assets, when strategically deployed, can be marketed not just to its customers but to other stakeholders as well. Clearly, measures of intangible assets and their dependencies are growing more important. Many companies use CSR as a way to burnish their image, generate brand equity, and increase employee loyalty. In this era of global competition, declining brand differentiation, and increasing media clutter, companies are going beyond the conventional marketing mix to incorporate corporate-level intangible assets such as their identities and reputations and the goodwill associated with being a good corporate citizen into their marketing initiatives in efforts to gain sustainable competitive advantages. Companies have been encouraged to adopt and expand CSR efforts as a result of pressures from customers, employees, communities, investors, activist organizations and other stakeholders. As a result CSR has grown dramatically in recent years. Companies have experienced a range of bottom line benefits from being engaged in CSR which include improved financial performance, reduced operating costs and increased sales and customer loyalty A number of studies conducted in past arrived at positive association between CSR and financial performance. A company considered socially responsible can get benefit both by its enhanced reputation with the public as well as its reputation within the business community. Social action programs create favorable public image. Hindustan Unilever Ltd. (HUL) through its Surf Excel brand gained immeasurable reputation in the course of its campaign of education to poor children. In a survey conducted by Confederation of Indian Industry, majority of the corporate respondents had the perception that CSR leads to improved brand image. Companies going for CSR find it comparatively easy to recruit and retain the skilled employees for a sufficient long period of time which are vital for the success of business. Consumers expect firms to conduct business ethically, and they also showed their willingness to reward ethical behavior and punish the unethical behavior of firms through their purchase behavior. Customers prefer to purchase from the companies which are conscious about CSR.

Companies are changing the way they market their corporate social responsibility (CSR) initiatives - more and more of them are becoming increasingly transparent about their supply chains and are fostering dialogue with their customers. Companies such as Nike and Hewlett-Packard have led the way by making information available online regarding their supply chains. Openness builds trust and trust translates into transactions. Corporations often willingly engage in socially responsible behavior precisely because it enhances shareholder value. Moreover management believes such activities create goodwill among customers in excess of their price tag. Today companies with the help of CSR reaping the benefits that are proactively and strategically building their "Social Brand Capital". Social Brand Capital (SBC) is the loyalty value that stake-holders attribute to a company's brand as a result of the company's commitment to social/environmental causes. GE and FedEx are great examples of companies in this stage of building their SBC. FedEx is introducing a low-emission hybrid electric powered delivery vehicle that could become the standard medium duty delivery truck in FedEx's fleet. CSR helps in increased market share and new market penetration and also helps understand and transform public perception of a company and industry. In fact companies can successfully make a business case for improving profitability through higher market share and increased customer loyalty if they can demonstrate their CSR practices as unique differentiator. CSR is considered to be an important aspect of business success through efficient resource management, environment protection, employment, eco-friendly atmosphere, etc.

Conclusion

The concept of CSR has become more and more common in business practices and customers today almost expect companies to be socially responsible. Even though CSR is very important for companies, it has historically not been a very lucrative approach for them to involve in these activities. The business of the 21st century will have no choice but to implement CSR. Like any successful management strategy, a CSR process needs both high level management vision and support, and buy-in at all levels of the company. CSR does not give immediate results. The same CSR initiative will also not work for all types of organizations. Designing CSR initiative requires careful planning and implementation mechanism. Corporates should integrate the innovative CSR strategies into different marketing communication strategies to build and sustain a competitive advantage.

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