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Is it ethical to use CSR as a branding tool

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Abstract

Corporate Social Responsibility is often seen as a mandate to fulfil by many companies. It is a way for companies to benefit the society while benefitting themselves. Some organisations do not go beyond serving and treating their employees well in the name of CSR. Other consider being environmentally-responsible as socially responsible, followed by more such perspectives. While engaging in genuine CSR activities does make a difference socially, the fact cannot be ignored that it does impact the goodwill and business of the corporates as well. Brand differentiation in competitive markets make corporates embrace CSR as a branding tool, and they can flourish on its sustainability.

Keywords: ethical, CSR, branding tool

Before questioning the concept of whether branding the CSR is ethical or not, knowing the dynamics of CSR itself comes prior. We start with three aspects of CSR by taking a hypothetical company, 'Trespa Ltd.'. One aspect is, what are the CSR activities that Trespa is engaged in, i.e. how does Trespa see CSR as. Second is what is our perception about those activities, i.e. how do we see those activities as an outsider. And third one, the most relevant, is what Trespa Ltd. ideally should be doing under the name of CSR. It may seem complex to have these three dimensions in mind at a single time, but each aspect is equally important to analyse the situation.

We need to understand first that what corporate is doing under the name of CSR and if that is linked with the profits/growths of the business or is self-independent of those factors or not. Many (16%) organisations do not go beyond serving and treating their employees well in the name of CSR. Other 16% think environmentally-responsible is the leading way to be perceived as socially responsible (Eric Biel, 2010). Rest follow with other smaller percentages of activities. Then we reach to the point where we see that if company is branding its CSR initiatives or reaping any benefit out of it, or not. From *Branding* we mean "the marketing practice of creating a name, symbol or design that identifies and differentiates a product from other products" (Entrepreneur.com, n.d.). This means that there are competitors in the ground and branding makes you stand out from them. So would it matter if strength of standing out is the company's CSR initiatives? They (initiatives) refer to the company's practice of conducting business with ethical values, their concern towards the society, and thinking beyond the business. While they carry this out, they generally strategically partner with the non-profit/non-government organisations for long-term; and why they should not! When they are pooling their resources for a social cause, addressing a social issue, they should market their image, product, or their service for mutual benefit.

Take example of the same company, Trespa Ltd. who is one of the leaders in the market in its field. It has a huge base of its customers for the products and services provided in the market. Trespa partnered with an NGO, say 'Earth Vision' (hypothetical) to make hand-made cards and sell them, the money of which shall go to those underprivileged children's education who have made those cards under Earth Vision. So one does not see any harm in printing a logo of 'Trespa Ltd.' on the cards. It is funding and supporting the NGO work, and also bringing the brand of 'Earth Vision' in the limelight. Trespa is having a huge customer base who trust the company in its services, and will build the brand for Earth Vision along with itself through this initiative. In future, if a Trespa customer is going to see a Earth Vision jute bag in a mall, chances are that he/she will buy it.

So in this way, Trespa can gain a stand-out position from its competitors by going beyond

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the business sector and making its identity as a socially-responsible company. But as we discussed, it is not just Trespas who's benefiting by branding its corporate social responsibility activity, but Earth Vision too is getting benefitted.

Corporate Social Responsibility Branding Survey 2010 revealed that 75% people who have read about a company's social responsibility agenda on its website are more likely to purchase a product or service from that company in future, and 38% consumers are willing to pay more for products with added social benefits, despite the recession (Eric Biel, 2010).

Well it is not a one room isolated decision on whether or not a company should go for social responsibility. It depends on factors like, the current brand image (goodwill) of the company/its products in the market, performance of the company, budget available for CSR activities, human resource available, the actual need of addressing the particular social problem, and such. Carrying out CSR initiatives may be a genuine eagerness or interest of the organisation, or at times, triggered by business motive too. For example, say Siemens want to set up a production unit in an area where there is a potential conflict with the local people. In such a situation, Siemens will bring its socially responsive image to curb the conflict (may be working on environment-friendly technology in production). This makes way for governing the goodwill of the company.

Branding will be done through communication channels chosen according to the target groups of the audience. Media is a wonderful tool. It can build a starry image within seconds, and tarnish it in even lesser seconds. Organisations, while using media to brand their socially responsible activities, have to be very very careful therefore. Management is constantly realising the corporate reputation is an important asset to the organisation, more so in a competitive market. To go back where we started from, a company needs to stand out from other players in the ground, and when your weapon is CSR, you have all the rights to flaunt it and capture the attention and interest of your potential customers. Therefore, even a slight dent on the brand image, can bring down the whole corporation if anywhere media is handled immaturely. Social Media, for example, is one of the fastest growing means to spread the information. Consider Trespas branding itself with its social activity of selling cards made by underprivileged children of Earth Vision. Within no time of its launch of print ads, and products selling at the end point to the customers, there could be negative videos on social websites, such as YouTube with people frowning over Trespas's production plant destroying their local natural environment. Take another example of McDonalds. When it got tremendous negative publicity on its unhygienic food production in kitchens, and use of indigestible raw materials (Junsulovex, 2007), McDonalds responded back to its customers not just by correcting and answering those problems, but also with activities engaged in CSR with double pace. Few of the activities being environment friendly production techniques, Waste Management, nutrition increase for kid's meals, to restore trust and brand value (YouTube, McD CSR, 2010). They had used Branding media tools like Viral Marketing (that was the fastest spreading source of negative publicity at the first place) (YouTube, Inside McDonalds Meat Processing Plant, 2007), ads in newspapers, on televisions etc. But still, videos exist against McDonalds's processing practices. (Pre-Chicken

Nugget Meat Paste, AKA Mechanically Separated Poultry, 2011)

With the internet age and the power of media, maintaining goodwill is very tough. So if there is so much of vulnerability in the market, how will the corporations survive? Some times to hide their unethical practices, they cover them by highlighting their other ethical practices (as discussed the case of Siemens), and sometimes they do it to build the brand to stand out in the market. A genuine concern to do something good for the society is rare but is a slowly increasing phenomenon. So it cannot be afforded to let go as a 'voluntary engagement' if you actually are in the competition. Teams in the field have held companies to account by embarrassing the ones that particularly offend against the principles of CSR, and channelizing the public sentiments against them.

So how much of this CSR profession has given to the society actually remains a question. Do they report all the good things in their reports just for branding and focus still on profits, or those words actually hold credibility at the ground? It is "hazardous" (Economist, 2005) to generalise this as many folds of CSR and its activities gets company/market situation specific. CSR initiatives may do well, or affect badly, or make no difference, but corporations need to know how capitalism can best work to serve the public good, keeping the ethical practices enabled in their own organisational structures.

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