



Using csr to strengthen company performance

By Mari Harris

In the new, ultra-connected “global village” every global and local brand has stated its existence in every corner of the earth in diverse domains such as manufacturing, logistics, selling, and encouraging consumption. Therefore, stakeholders of each global brand are affected by the management of their competitors. Corporate social responsibility (CSR) can be used as a competitive advantage for any brand – either global or local.

But what is this concept “BRAND”? Unsurprisingly there are many definitions, but let’s look at the one coined by the doyen of marketing, Philip Kotler: A brand is “a name, term, sign, symbol (or a combination of these) that identifies the maker or seller of a product.”¹

But a brand is also more than this ... the award-winning brand strategist Aarti Parmar successfully captured something of that almost indescribable quality of a brand: “A brand is a created perception. It is those perceptions that form beliefs. What intentional beliefs are you forming?”

A brand differentiates a product, service or company from its competitors, and it can help build a strong relationship between the product, service or company and its consumers or stakeholders. The marketing of a company or a corporation rest on these same principles. Corporate branding is focusing on how an organisation wishes to be seen and is achieved using logos, branding, design, marketing, communications – and Corporate Social Responsibility (CSR).²

The new world

From a corporate perspective COVID-19, climate change and the ability of technology to inform and empower individuals have had a major impact on companies. In a global pandemic it is expected of companies to demonstrate behaviours that are aligned to the needs of employees – and of society.

Ipsos’ recent Reputation Council report³ stated that in future business strategy and societal expectations will be increasingly intertwined. “Where traditional hierarchies and communication processes are giving way to a more inclusive, transparent and collaborative approach. Where the dividing line between external and internal communications is increasingly blurred and where the role of the corporate communicator as a strategic advisor has never been so important.” And CSR as an expression of these new developments has never been so important...

CSR in the new world

¹ “Principles of Marketing,” Philip Kotler, Gary Armstrong.

² Branding research is conducted at Ipsos by our divisions called “Brand Health Tracker”, “Customer Experience” and “Innovation”.

³ “The Ipsos Reputation Council: Findings from the 15th sitting – exploring the latest thinking and practice in corporate reputation management from across the world” www.reputation.ipsos.com

In gauging reputation standing of a company, the CSR dimension that we as Ipsos use captures an encircling definition of CSR in a company as being genuinely trying to live up to the principles they communicate, holding a positive impact on society through everyday business, caring about the planet and our environment, having a positive impact on the economy in the country and having a purpose that goes beyond the normal ambitions of the company.

In the past (pre-COVID) CSR was often only used to bring about and support a competitive advantage for a company or brand. However, for many institutions it was only a “tick-box exercise” and the Ethical and Philanthropic Responsibilities of CSR did not get much attention.

In the media, articles were published regularly about one or other big corporation which has invested in a local community or were working together with a community or country to effect some change – complete with pictures of the most important person in the company handing over the keys or turning on a tap. There was very little reported about the longer-term effect and sustainability of these undertakings on the communities and people that were the intended direct beneficiaries.

In this new volatile, uncertain, complex and ambiguous world, reality of a lingering COVID-19 pandemic, half-forgotten new (old?) viruses like monkey pox, climate change and unpredictable droughts and floods, the war in Ukraine and the resulting energy crisis, high inflation, economic and political uncertainty CSR deserves a lot more attention and a rethink (... and yes, it will still build the brand/s involved, but in a way, this should not be the primary focus).

Increasingly CSR programmes (or ESG activities – as we will see later) need to focus on all four terrains of responsibility of businesses operating in the world today: the Ethical, Philanthropic, Environmental and Economic. The aim is to act, operate and sell products and brands to the advantage of the company or business, but also to take the advantage of consumers/citizens into account.

This was vividly illustrated in an interview with the CMO of one of the four biggest banks in South Africa on Wednesday, 25 May 2022. He admitted that, with the advent of the pandemic, companies have had to ensure that they tap into their consumers’ increased need for brands to connect with empathy, trust, integrity and “being real”. These elements of a brand (or service) should be supported by and even built by appropriate and expertly communicated CSR activities.

CSR also makes financial and reputational sense. Studies show that 42% of the image of a company is derived from its CSR activities. Corporate Reputation (a whole field of study and research)⁴ is influenced strongly by the CSR activities of a company. These activities can build trust and trust is one of the main pillars of the reputation of any business. Trust convinces your consumers to come back again and again, to tell their friends and families about you and to support the business during a crisis. If you trust a company, it is also unlikely that you will immediately believe bad news about the company and chances are that you will accept the company’s point of view and support it again in future.

Why CSR?

Many companies now realise that CSR – more and more often referred to in modern strategy documents and discussions as ESG (involvement in Environmental, Societal and Governance issues) – is more than a check-box activity which, if done well, can reduce headwinds with

⁴ Ipsos has a division specialising in Corporate Reputation.

stakeholders and employees and build trust among other key constituents. As such, it has moved from a line function within organisations and (metaphorically) into the boardrooms of the corporate world. This highlights the significant increase in importance that companies place and that stakeholders demand on their CSR/ESG performances.

Companies are also learning that they no longer need to be so modest about their activities. Where companies did not want to be boasting about their CSR/ESG work at the risk of being labelled as insincere and trying to pull wool over the eyes of stakeholders, consumers now want and even demand to know about what companies are doing to address issues like sustainability, diversity and inclusion, responses to environmental crises, representation, and social justice matters.

In a 2021 Ipsos study called Global Trends it was established that Africans feel very strongly about the responsibility of businesses to tackle environmental issues. They also want business leaders to play a stronger role and engage with governments to tackle these issues together. For many business leaders this is an unknown terrain, mostly seen as the realm of government, but consumers/citizens realise that governments alone will not solve or cope with these issues, therefore the strong call on business leaders to get involved. Research on trust has illustrated that consumers/citizens are placing their trust more and more in big corporations, rather than only in government to address systemic socio-economic issues.

The writer is the Knowledge Director SSA, Ipsos Public Affairs (mari.harris@ipsos.com)