

## CSR REPORTS IN THE MARKETING STRATEGY OF A COMPANY

JANUSZ KROIK – ADAM ŚWIDA

**Abstract:** *The paper assesses relations between the marketing strategy of a company and the content and form of social reports it creates. These reports are related to image building and the adopted concept of operations of a company. It discusses findings of surveys conducted in a group of respondents with a good grasp of the role of social reports. Three reports of companies being at the head of Polish CSR rankings were assessed using one of the selected methodologies. It was proved that the effectiveness of linking the marketing strategy with social reports depends particularly on the awareness of recipients and susceptibility to restrict excessively information about companies' errors. The question remains as to whether marketing strategy and social reports guarantees the achievements of CSR goals. This research concerns also the understanding a social responsibility by staff and workers of Polish corporations. In the conclusion authors presents obstacles and profits to the future practice of firm's CSR and marketing strategy.*

**Keywords:** *marketing, strategy, corporate social responsibility, reports*

**JEL Classification:** *M14, M31*

### 1. THE PROBLEM

Social (corporate social responsibility) reports have become even an obligation with regard to communication with contemporary company's stakeholders. Even smaller companies have been trying to adapt to the stream of exposing their social attitude. A frequent question is whether it is a vogue, civic obligation or strategic challenge. P. Kotler and N. Lee define CSR as an obligation to improve social welfare by voluntary business practices with the use of organizational resources [4].

Social responsibility permeates various types of companies' activity in the scope defined as CSR standards. A leading example of this scope is the standard ISO 26000 covering 7 aspects (areas), the accomplishments in which are to show the level and scale of a complex approach to CSR in a company. It is "Responsibility of an organization for the impact of its decisions and activities (products, servicing, processes) on the society and the environment, by moral behavior that:

- contributes to sustainable development, health and welfare of the society,
- takes account of expectations of stakeholders,
- is consistent with the binding law and consistent with international norms of conduct,
- is consistent with an organization and practiced in its relations" [15].

Thus, reference can be made to the CSR strategy that should be linked with the general strategy of a company and be consistent with its marketing strategy. The marketing strategy is determined using one of the following methods as: a function in an organization and operating concept of a company. It is not a global strategy of an organization, but is strictly related with it because it is formulated according to the principles of global strategy formulation. Marketing as well as the marketing strategy as an operating concept of a company refers to the whole activity [9]. The marketing strategy helps thus a company to adapt to a competitive market, adapt to changes taking place, envisages behaviors

of companies on the market and accordingly reacts and affects an organization. On the other hand, CSR is undergoing evolution: from a defensive attitude and profit maximization, through charity, promotion, image building, strategic actions involving pursuing CSR, to social responsibility for acts and omissions [7].

In the discussion on the elements in which CSR manifests itself, CSR is approximated to the category of sustainable development, formulated in the 1980s as a response to global environmental and social problems, such as climate changes, poverty, food safety or lack and contamination of water. It is beneficial to encourage many researchers and experts to treat both concepts in an integrated manner, since it permits substantive concentration rather than searching for distinctions [3].

Marketing strategies can be classified in many ways. One of them is a division with regard to communication, which is important from the point of view of the problem raised in this paper. W. Wrzosek notices three strategies that are distinguished with regard to the conditions of its application, including one entitled marketing communication strategy used in relation to various groups of buyers (other two are related to the product development cycle phase and market form and organization's market position) [9]. Assuming, extensively, that these groups can be related to stakeholders, social reports of companies can become an important element of this type of strategy.

The source of the research problem is the perception of corporate social responsibility reports as marketing communication by the selected groups of stakeholders, and the role they perform. The conducted research and case studies of three known companies in Poland enable drawing conclusions in this respect.

### 2. MARKETING STRATEGY VERSUS CSR STRATEGY

An increasing meaning of the aspect of corporate social responsibility affects change in the comprehension of marketing activities. A contemporary definition of those

activities, apart from satisfying needs with profit, mentions also values for consumers, partners and the society. In marketing as an operating concept of a company functional and emotional values are supplemented with building social value. Taking account of companies' response to social problems of the environment and methods of undertaking and incorporating social goals in the management process, the following corporate social responsibility strategies can be distinguished: passive, reactive, proactive and interactive. They are presented in Tab. 1. The passive strategy shows lack of response to social problems, only alleviates conflict situations, which can unfavorably affect conducting business operations.

**Table 1** CSR strategies of companies

NAME OF STRATEGY	TYPE OF RESPONSIBILITY	AREA OF RESPONSIBILITY	CRITERIA OF ACTIVITY
Passive Reactive Proactive Interactive	resistance social obligation social response social contribution	economic legal ethical philanthropic	freedom of activity legalistic stakeholders utilitarianism

Source: [1]

The reactive strategy is based on responding to changing law or environment. An organization fulfills its obligations towards stakeholders who have protection in legal contracts. The proactive strategy of corporate social responsibility consists in responding to the environmental expectations before social problems occur. Positive relations are formed with stakeholders according to ethical and legal standards. On the contrary, the interactive strategy is based on active participation of an organization in fulfilling social goals and takes into account incorporation of expectations and potential of stakeholders in the management system. The CSR strategy may be regarded as a functional strategy and is incorporated in the marketing strategy of a company. Corporate social responsibility is based on a clearly defined mission, which is also the basis for building the overall strategy of a company [5]. The CSR concept is the answer to a kind of pressure by the society and takes account of the needs of stakeholders in operations of a business organization. Therefore, corporate social responsibility considers internal and external determinants of functioning of the organization, what makes it fulfill one of the functions of corporate strategy. Companies acting according to the principles of CSR gain trust and loyalty, generate profits and stand out in comparison to competitors. Additionally, good relations with stakeholders in the long run enable creating image of an organization. CSR activities contribute to the development of an organization, growth in its value, therefore are linked with the marketing strategy (communication strategy) [2]. Marketing absorbs the social context, creating various kinds of tools and programs as; ecolabeling, activities focused on the change in attitudes or behaviors of a given group of people by means of the mass media as the message carrier (social marketing), commercial activity taking account of both marketing goals of a company and its social needs (the so-called cause-related marketing - CRM).

Social reports are intended to reach stakeholders defined by a company whereas the content of messages should lend credit to its CSR and sustainable development activities. The presentation formula for these contents has

been improved for years and some developed reporting standards are acknowledged as a factor of professionalism and credibility. A common tool in reporting on corporate social responsibility are GRI (Global Reporting Initiative) guidelines, which contain a set of international recommendations relating to preparing reports on economic, environmental and social activity. In accordance with GRI requirements, reports include [1]:

- presentation of vision, strategy and company,
- profile, i.e. presentation of corporate social responsibility policy, operations of an organization - structure and management systems
- ethical programs and actions, relations with stakeholders,
- presentation of a GRI report in the form of a table,
- result indicators that cover categories with economic dimension, environmental dimension, working practices and conditions, human rights, responsibility towards society, product liability.

Reports contain information about a company, thanks to which they enable building trust towards an organization and the image it presents, as well as present rankings that select companies that are worth investing. Each attempt to define their role and usability in practice for recipients enables improving their content and form.

### 3. ASSESSMENT OF SOCIAL REPORTS BY INVOLVED RECIPIENTS

The surveys conducted at the turn of 2014 and 2015 were aimed at obtaining opinions from individuals who are interested in reports and take appropriate actions and decisions on their basis (Notwithstanding surveys an opinion poll was conducted among 110 randomly selected people with the question about knowledge of companies' social reports. A small part of 12% (13 individuals) either has heard or used social reports). A questionnaire was sent electronically to the administrator of the group "Social reports " on *Facebook*. The survey was filled in by individuals belonging to this group and by people who declared knowledge of a report while carrying out the interview. The survey was raising both general issues related to the perception and knowledge of social reports and more detailed issues concerning the impact of social reports on consumer decisions of the surveyed. Main goals of the conducted surveys:

- check reasons for reading social reports,
- determine the effectiveness of social reports,
- explore the attitude towards prepared social reports of companies,
- relate to various reporting standards,
- identify expectations towards companies that report on socially responsible actions.

Total 61 surveys were received, mainly from young people, aged below 25 years (51%), aged 25 – 35 (34%), and aged 36 years and more (15%). The survey consists of eight closed questions. The questions of the conducted survey were answered by 41% of men and 59% of women.

Interest in reports is shown, first of all, by the environment of marketing specialists (68%), the academic environment (21%), and the so-called Internet community (11%). This result can prove that the dominant group of

individuals who read and analyze reports are individuals inspired by need or professional interest. The results are not surprising, as the content of social reports is addressed most often to the people professionally involved in research of market and companies and investors. Often, due to the specialized content, they cannot be focused on satisfying the expectations of "an ordinary customer" because their closer analysis requires knowledge and devoting time. It is confirmed by an answer to the question whether the involved respondents gain their knowledge in a way focused on single cases, or aim at expanding it onto a large spectrum of companies. This second direction of approach was pointed out by 84% of the respondents.

The reason for reaching to reports and any possible arising decisions is cognitively and practically important. Answers to the above two issues are specified in table 2.

Another issue is the effectiveness of getting information sought by involved recipients. The vast majority was of the opinion that social reports contained messages they were seeking and these messages were very easy to find (73%). The remaining part believed that the most important issues were not contained in the report.

The fifth question related to the role performed by social reporting standards. The answered concerned the most often used GRI standard. The surveyed perceive a social report as more credible and scrupulous (74%). A possibility to compare companies from one industry (57%), as a result of the use of uniform guidelines in the reports, also turned out important for the respondents. They were also asked (question 6) whether they noticed in a social report the relation between corporate strategy and social responsibility strategy; most answers were yes (62%).

The seventh question consisted in assessment of the authenticity of statements on the role of social reports. The findings showed that it consolidates company's reputation (85%), is considered as a tool of communication marketing of a company with stakeholders (77%). On the other hand, however, it does not contain information about committed errors (74%). The role in image and dialog with stakeholders

was confirmed. The respondents mentioned almost unanimously that a social report did not contain information about errors committed by a company (91%). Companies incidentally inform in statements about their "stumbles". It was one of the elements that is permanently ignored in reports. This fact may affect drop in trust towards a company.

The last, eighth question was to check which form of communication about corporate social responsibility is the most effective. The assessment covered five tools such as: CSR report issued in the paper form, information on the website, information on the product packaging, information in the form of a poster at the shop window/inside, television, press and radio advertising. The respondents acknowledged TV, press or radio advertising as the most effective form of communication. As many as 41% of the surveyed acknowledged that it was very effective. Also information on the product packaging was recognized as a very effective form of communication. The least effective tool of CSR communication indicated by respondents is a social responsibility report. This phenomenon may have two causes. The first one is associated with the fact that reports are often addressed to potential co-workers and investors, rather than to a wide group such as customers. On the other hand, this may be also associated with the fact that these are usually very extended publications, which describe in a very detailed manner all activities of a company and, consequently, are not interesting but are overwhelming for an individual. The distribution of answers about the effectiveness of communication forms is included in table 3.

The obtained results confirm big special character of social reports as a communication marketing tool. They should be treated with great caution when addressing them to consumer with normal needs for information, but on the other hand, they may be a valuable source for involved recipients. Social reports as a form of professional linkage between CSR achievements and image needs of a company should demonstrate appropriate characteristics.

**Table 2** Reasons for interest and type of decisions resulting from analysis of a social report

REASON FOR INTEREST IN SOCIAL REPORT? (several reasons could be indicated)	POSSIBLE DECISIONS AFTER ANALYZING A SOCIAL REPORT OF A GIVEN COMPANY? (several decisions could be indicated)
Exploring specific issues of sustainable development of a given company - 58%	Purchasing product/service - 52%
Information about general company profile - 51%	Investing in/divesting from a company - 40%
Knowledge about CSR strategy implementation - 23%	Establishing dialogue/cooperation with regard to social and environmental issues - 29%
Information for the use of scientific and research work - 37%	Participation in partnership offered by a company - 26%
Assessing social responsibility of a given company - 12%	Willingness to get employed - 23%
Undertaking in the future a decision on the selection of product/service of a company - 36%	--
Journalistic purposes - 4%	--

Source: prepared by the author

**Table 3** Assessment of the effectiveness of different forms of communication about social activity of a company (in %)

ASSESSMENT	CSR REPORT ISSUED IN THE PAPER FORM	INFORMATION ON THE WEBSITE	INFORMATION ON THE PRODUCT PACKAGING	INFORMATION IN THE FORM OF A POSTER AT THE SHOP WINDOW/INSIDE	TELEVISION, PRESS, RADIO ADVERTISING
INEFFECTIVE	32	2	0	1	0
RATHER INEFFECTIVE	19	10	2	6	1
NEUTRAL	40	24	17	23	11
RATHER EFFECTIVE	9	44	51	47	47
EFFECTIVE	0	20	30	23	41

Source: prepared by the author

## CSR Reports in the Marketing Strategy of a Company

This assessment has cognitive and practical qualities. One of the approaches to this assessment was adopted in own research on three companies being at the lead of Polish CSR rankings.

### 4. ASSESSMENT OF SOCIAL REPORTS OF SELECTED COMPANIES BY THE RESEARCH METHODOLOGY

Companies whose social reports for 2013 or 2014 were assessed can be considered long-term leaders of CSR and sustainable development activity. The first entity is Kompania Piwowarska S.A. It is a leader, for instance, in the CSR ranking 2014 for the restaurant industry [10]. It received also many times the golden leaf of CSR in the ranking "List of 500" of the magazine POLITYKA [14]. The basis for the conducted assessment was The Report on Sustainable Development of Kompania Piwowarska 2014 [11]. The second company is PKN Orlen S.A. From among the achievements of the company it can be emphasized that the Concern was included for the eighth time in the stock exchange index of socially responsible companies RESPECT. It ranks first (as of 14.01.15) in that Index. The basis for assessment was the Report on Corporate Social Responsibility 2013 [12]. The third entity is KGHM PM S.A. It was even a leader in the RESPECT Index; at the beginning of 2015, it ranked fourth in this prestigious ranking. It received the white leaf of CSR 2014 in the said ranking "List of 500". The basis for assessment was the Annual Integrated Report for 2013 [13].

The selected reports were assessed in accordance with the methodology proposed by P. Wachowiak [8] which was used to assess, among others, the research hypothesis formulated as "Social reports prepared by companies operating in Poland communicate their social sensitivity in an unsuitable manner to their environment" [8]. To prove, among others, this hypothesis, assessment was compared with three main dimensions, i.e. criterion of complexity, communication and trust. For the needs of the present article, the first two of these criteria were used. In the below table 4 are specified subcriteria forming the main criterion (dimension). Each of subcriteria was assessed in a uniform numeric rate scale, whose level was interpreted as; fail, fair, good, very good, respectively.

**Table 4** Subcriteria for dimensions of complexity and clarity of companies' social reports

CLARITY	COMPLEXITY
Structure of a social report	Profile of activity
Clarity of message	Key direct and indirect social and environmental effects of activity
Conciseness	Indicators used to describe activity in the areas of social sensitivity of a company
Availability	Cooperation with employees and non-business stakeholders
Attractive presentation of information	Goals adopted in the areas of social sensitivity
Ecological character	Scope of a social report

Source: [8]

A fundamental analysis covered reports of selected companies in terms of the aforementioned subcriteria. The precise analysis and conclusions are contained in the paper by S. Srebrniak [6]. The below tables 5 and 6 present synthetic assessments of reports in three selected companies in the scale proposed by P. Wachowiak.

**Table 5** Assessment of social reports of selected companies in terms of clarity

CLARITY	Kompania Piwowarska	Orlen	KGHM
Structure of a social report	Very good	Very good	Very good
Clarity of message	Very good	Good	Fair
Conciseness	Good	Fair	Fair
Availability	Good	Good	Good
Attractive presentation of information	Very good	Very good	Very good
Ecological character	Good	Good	Good

Source: [6]

**Table 6** Assessment of social reports of selected companies in terms of complexity

Complexity	Kompania Piwowarska	Orlen	KGHM
Profile of activity	Very good	Very good	Very good
Key direct and indirect social and environmental effects of activity	Good	Good	Fair
Indicators used to describe activity in the areas of social sensitivity of a company	Very good	Very good	Very good
Cooperation with employees and non-business stakeholders	Very good	Fair	Very good
Goals adopted in the areas of social sensitivity	Very good	Good	Good
Scope of a social report	Very good	Very good	Very good

Source: [6]

The specified assessments of reports are subjective but allow to notice the difference in characteristics of social reports. They are of particular importance in the case of dealing with involved recipient who notices and is "sensitive" to detectable deficiencies of a report. It is not aimed at making a deepened comparative analysis of three companies. Synthetic assessments are an initial measure of the quality of reports; this quality is important because of the pursued marketing strategy. The analysis confirmed also results of surveys with regard to restricting information objective but unfavorable for a company or committed errors, which characterize operating risk of each company.

### 5. CONCLUSION

CSR reporting (reports) is a relatively new phenomenon and often unknown by recipients. It was confirmed in the opinion poll before the surveys. This is both a barrier and an opportunity for companies creating their marketing strategies. If social reports of companies are not understood by recipients, are too comprehensive and irregularly focused on groups of stakeholders, it becomes necessary to take care of other marketing communication tools, and indeed such actions are taken. Low level of awareness among consumers about the CSR strategy and related reporting process is, however, an opportunity which may be used in a long run. The marketing strategy should take account of this shortage of knowledge. On the other hand, involved recipients are in turn a group that understands the scope and role of reporting. Opinions obtained in surveys indicate it clearly. This relatively high level of their awareness with regard to the role of reports applies to people interested in marketing, image and valuation of social value in the activity of companies. An additional positive thing for the future is that these opinions come from relatively young people.

## REFERENCES

- [1] ADAMCZYK J. 2009. *Spółeczna odpowiedzialność przedsiębiorstw*, Warszawa: Polskie Wydawnictwo Ekonomiczne, 2009
- [2] JASTRZĘBSKA E. 2011. *System społecznej odpowiedzialności warunkiem skutecznego wdrażania koncepcji CSR*, [in:] *Spółeczna odpowiedzialność biznesu – perspektywy i kierunki rozwoju*, KARASZEWSKI R., KARWACKA M., PALUSZEK A., Toruń: Wydawnictwo Naukowe Uniwersytetu Mikołaja Kopernika, 2011
- [3] JONKER J., RUDNICKA A., REICHEL J. 2011. *Nowe horyzonty. Przewodnik po społecznej odpowiedzialności i rozwoju zrównoważonym*, Łódź: Centrum Strategii i Rozwoju Impact, 2011
- [4] KOTLER P., LEE N. 2005. *Corporate Social Responsibility*, New Jersey: Wiley, 2005
- [5] ROGOWSKI W., KORPUS J., DELUGA K. 2011. *Wybrane przykłady wdrażania strategii społecznej odpowiedzialności przedsiębiorstw działających w Polsce*, [in:] *Spółeczna odpowiedzialność biznesu – perspektywy i kierunki rozwoju*, KARASZEWSKI R., KARWACKA M., PALUSZEK A., Toruń: Wydawnictwo Naukowe Uniwersytetu Mikołaja Kopernika, 2011
- [6] SREBRNIAK S. 2015. *CSR w strategiach marketingowych przedsiębiorstw*, unpublished, Wrocław: Wrocław University of Technology, Faculty of Computer Science and Management, 2015
- [7] VISSER W. 2010. *CSR 2.0: The Evolution and Revolution of Corporate Social Responsibility*, [in:] *Responsible Business: How to Manage a CSR Strategy Successfully*, POHL M., TOLHURST N., Wiley 2010
- [8] WACHOWIAK P. 2013. *Wrażliwość społeczna przedsiębiorstwa. Analiza i pomiar*, Warszawa: Oficyna Wydawnicza Szkoła Główna Handlowa w Warszawie, 2013
- [9] WRZOSEK W. 2012. *Strategie marketingowe*, Warszawa: Wydawnictwo Ekonomiczne, 2012
- [10] *7th Ranking of Responsible Companies 2014*, Supplement to Dziennik Gazeta Prawna, no. 81
- [11] *Report on Sustainable Development of Kompania Piwowarska 2014*, Kompania Piwowarska S.A., Poznań 2014
- [12] *CSR Report 2013*, Internal Report of PKN ORLEN, Płock 2013
- [13] *We Build the Future Responsibly. Integrated Annual Report 2013*, KGHM Polska Miedź S.A, Lubin, 2013
- [14] <http://www.lista500.polityka.pl/articles/show/59> (downloaded on: 15.01.2015)
- [15] <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:PL:PDF>, (downloaded on: 21.11.2014).

**Janusz KROIK, Adam ŚWIDA**

Wrocław University of Technology, Faculty of Computer Science and Management  
 Department of Management Infrastructure  
 Wybrzeże Wyspiańskiego 27, 50-370 Wrocław, Poland  
 e-mail: janusz.kroik@pwr.edu.pl, adam.swida@pwr.edu.pl