

## Leveraging Digital Approaches for Transparency in Corporate Social Responsibility

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### Abstract

In recent years, corporate social responsibility (CSR) has gained popularity amongst academicians and businessmen, but this popularity has not properly channelized to consumers awareness. This paper aims to identify the most preferred social cause, meaning of the term corporate social responsibility (CSR), and examines the preferred CSR communication method. The underlying objective of the study is to propose measures for digitalizing CSR communication to the internal and external stakeholders of the company.

### Introduction

The changing demand has made the companies to pay significant attention to their impact on the economy, society as well as the environment. Businesses are gradually integrating corporate social responsibility criteria into their operations. A significant number of organizations are truly interested in corporate social responsibility initiatives which illustrate all facets of CSR as well as their effect on financial benefits (Rashid et al., 2017). Further, engaging in corporate social responsibility dialogues and campaigns as a way of communicating with stakeholders, including consumers, has been recognized as a valuable tactic by brand managers (Fombrun, 2005; Gardberg and Fombrun, 2006). CSR awareness and importance are rising because of the firm's goodwill (Kang, Lee et al. 2010). CSR is critical in shaping a company's brand, credibility, and stakeholder relationships (Etter, 2013). Even then, organisations continue to have a minimal level of communication when it comes to CSR concerns, which poses obstacles when it comes to implementing it in businesses (Vinke, 2011). Stakeholder preferences change frequently, thus a company's CSR interaction must be reviewed regularly (Morsing & Schultz, 2006). Therefore, the focus of CSR communication must turn away from one-way communication toward exchanges (dialogue) between companies and stakeholders. According to a study conducted by Accenture, improved CSR contact interactivity leads to higher message credibility and stronger feelings of identification with the brand, as well as a boost in corporate reputation (Eberle, Berens, & Li, 2013)

## **Literature Review**

Applying the social relationship theory (Aggarwal, 2004) in the context of the consumer-brand relationship, when consumers engage with brands in a social environment, their attitudes toward brands are developed by assessing brands' actions concerning certain social motives and norms, just as social interactions between humans are formed. It is argued that when people see CSR posts from brands on social media site, they are more likely to shape their attitudes toward CSR initiatives (Sreejesh et al., 2019). Similarly, employees' attitudes towards their organization can evolve when they involve in the company's social commitment. Provided, this involvement is voluntarily, and employees are provided application or tools to see the CSR update of the company.

Most of the prior studies on CSR assume that the consumers possess certain knowledge about the CSR activities of the company. Further, the studies on real companies or scenarios are relatively very low as most of these studies are done in a hypothetical setting (Mohre et al., 2001). Due to which the real awareness of consumers is questionable. Further, there is no proper communication mechanism of the CSR programs to the public, which has led to a lack of awareness (Jain et al., 2014). Also, consumers themselves do not pay attention to CSR activities during their purchase (Shabib & Ganguli, 2017). However, it cannot be ignored that CSR can be criteria in the consumer's purchase (Butt et al., 2019), provided the timely information on CSR is provided (Senet al., 2006; Pomeroy & Dolnicar, 2009).

Communicating CSR programs to the stakeholders in particular to employees and customers is multifaceted and fragile. When too much is spoken about CSR, its stakeholders might be sceptical and if too little is spoken then the awareness is not created (O'Sullivan, 1997). Channel of CSR communication can also play a crucial role in creating awareness. The conventional method of communicating CSR on televisions has led the consumers to be sceptical (Webb and Mohr, 1998). Hence, consumers prefer CSR to be communicated through websites or on annual reports (Morsing, and Schultz, 2006). In this internet era, consumers prefer CSR communication through the digital platform, as reachability and accessibility are higher.

## **Research Objectives**

1. To understand the consumers' preferred choice of communication mode.
2. To provide suggestions for disseminating CSR information on digital platforms.

## **Methodology**

The data was gathered through a standardised questionnaire in Mangaluru (Karnataka). Just 384 of the 450 questionnaires distributed were found to be correct and were considered for

further study. A convenient sampling technique was used to collect the data.

### ➤ Instrument / Scales

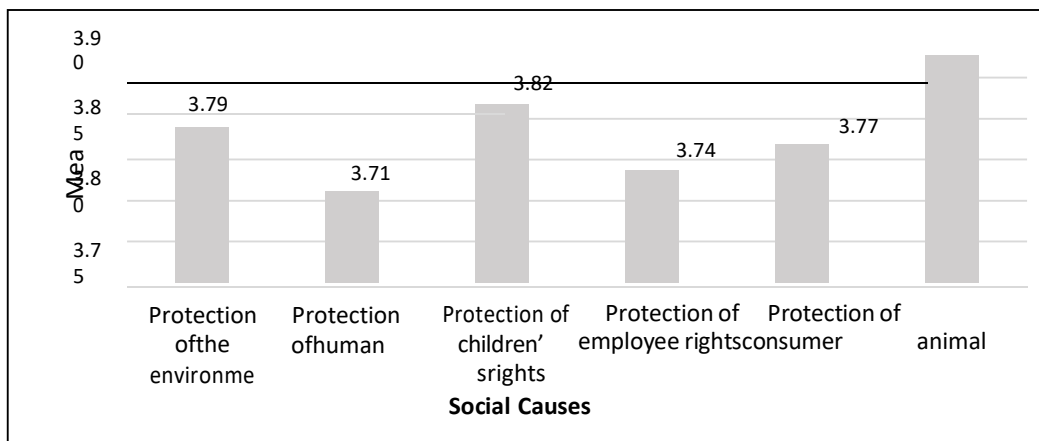
Four multiple-choice statements, such as giving back to society (Öberseder et al., 2013) and using CSR as a method to support a company's product/services (Zdravkovic et al., 2010), were used to assess participants' understanding of CSR. Consumers' favourite social support causes were measured using CSR dimensions found in well-known indices such as the environment, employees, consumers, children, and animals (Galant & Cadez, 2017), all of which were rated on a five-point scale (1 = not at all willing to support, 5 = fully willing to support). The preferred method for CSR Communication was adopted from Schmeltz (2017) and Pomeroy & Dolnicar (2009), the ranking scale was given to measure the preference of the consumers.

### Data Analysis and Results

Demographic profile: Based on the gender there was 47 per cent of male and 53 per cent of female respondents. Millennials (aged 22 to 37 years) made up about 32 per cent of respondents, while generation X (aged 38 to 53 years) made up 12 per cent, post-millennial (18 to 21 years) made up 51 per cent, and baby boomers (aged 54 to 72 years) made up just 5 per cent.

Consumer's willingness to support various social causes in terms of contribution of money or time Chart 1 shows that most respondents preferred to support the cause of saving animals, followed by protecting children's rights, and least preferred was protecting human rights. The mean of the responses was considered to calculate the preferences for supporting different social causes. We can see that these preferences are focused on the degree of knowledge that has been generated in society. Animal compassion has grown, like cruelty to these speechless creatures has gone beyond the point of tolerance.

Chart1: Support for various social causes



Source: Author's calculation

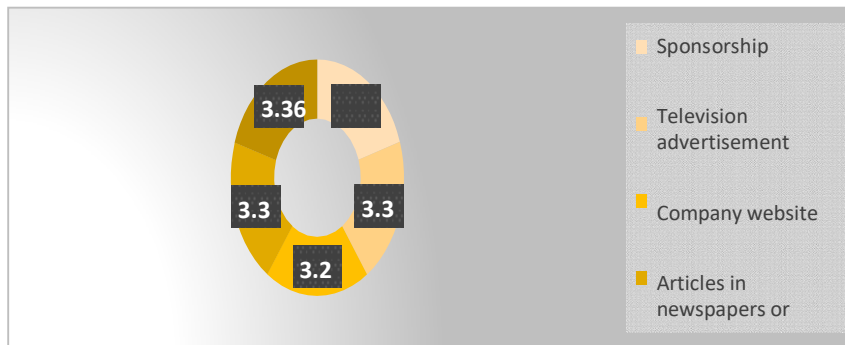
### *Consumers' Understanding of CSR*

Consumers were polled on how they perceived the word "corporate social responsibility." CSR is a way of giving back to society, according to most respondents (51 per cent). About 30 per cent of respondents believe that CSR is a tactic used by businesses to sell their goods. As a result, we can conclude that there is a split of opinion because some consumers view CSR as altruistic conduct while others believe that corporations initiate CSR practices for their good.

### *Channels of CSR Communication*

As seen in Chart 2, when asked to select the favourite medium for CSR communication, most respondents preferred packaging and television advertisements (both mean: 3.36), followed by sponsorship (mean: 3.34) and newspaper articles (mean: 3.33). CSR communication on the company website scored the lowest mean (3.26) indicating that customers tend to use the easily available networks.

Chart 2: Channels of CSR communication



Source: Author's calculation

### **Discussion**

The most preferred social cause found in the study was to protect animals. This could be due to most of the respondents about 50 per cent were in the age group of 15-21 years and their choice of the social cause could be different from other age groups. Most of the respondents understood the term CSR as a way of giving back to society. Furthermore, the study found that television and product packaging were the most preferred methods of CSR communication. While the order of choice varied in Schmeltz's (2017) report, whereby the order was the packaging, articles in newspapers or magazines, corporate website, and television advertisement.

### ***Measures to be adopted by the companies for digitalizing CSR***

Companies can extensively use digital platforms for CSR communication, as it can be more effective than other models of communication. Digital platforms can be adopted for internal as well as external stakeholders. Some of the measures for digitalizing CSR are stated below.

## **External stakeholders**

### **(1) Customers**

Communication of CSR performance of the company usually happens through annual reports (as it is mandatory under the Companies Act), and are also made available on the website. Companies can also adopt the below strategies to educate the consumers on CSR.

- (i) Opinion poll can be collected from the consumers using digital media for understanding the most preferred and needed CSR activity.
- (ii) Update the CSR activities on the social media platform, along with the testimonials of the beneficiaries.
- (iii) Communicating CSR initiatives on the packaging was the most preferred method in the survey done. Companies also speak about their CSR footprints in the packaging. Along with this, companies can also have a QR code given in the packaging, whereby the consumers on scanning can be routed to the CSR website of the company

### **(2) Non-Government Organizations**

- (i) **Transparency with the digital platform:** Most of the organizations work along with Non-governmental organizations for performing their CSR activities. There needs a collaborative working to get the real-time update on the CSR performance. For Example, Godrej Consumer Products Ltd (GCPL) in the year 2019-20 failed to comply with CSR contributions as it did not diffuse the entire amount for the NGO or implementing agency. With collaborative working, all the latest updates of CSR can be shared by the NGO to the company and the required corrective actions can also be taken.

#### **A. Internal stakeholders - Employee**

- (i) **Link employees to the CSR program:** Digital platforms created for the CSR activities of the company can link employees to the CSR programs. Employees can browse at the various CSR initiatives taken up by the company, they can also involve themselves in the CSR activities of the company and they can voluntarily contribute their time in their interest area of CSR. This can also reduce the burden of the human resource department of deploying employees for CSR projects.
- (ii) **Maximizes employee engagement:** Engaging employees on CSR projects can maximize the overall benefit of engagement. Working with deadlines and stressful projects can sometimes deteriorate employee performance. CSR engagements can reduce the difference between the department or colleagues as they would be uniting for a more meaningful and greater cause

## **Conclusion**

The major limitation of the study is that the data is drawn from one region, i.e., Mangaluru city, Karnataka and hence the study cannot be generalised. The survey on CSR awareness is done only on consumers and not on employees, hence an employee survey or interview will give a broader scope for the study. Organizations all over the world are recognising their social and environmental responsibilities and participating in a variety of social and environmental events.

The need of the hour is to digitalize CSR and develop an effective strategy, based on the company's history, content, and unique relationships with its various stakeholders.

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