

Marketing Effectiveness and Corporate Social Responsibility

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Introduction

Corporate social responsibility (CSR) is advocated as an essential component of the social contract between businesses and society. As businesses actively pursue economic growth through internationalization, the concept of corporate social responsibility (CSR) is gaining importance in today's business environment. Due to the fact that businesses are evaluated not only based on their financial performance but also on their social image, CSR has gradually become a concern for business managers. In 1997, shortly after both organizations were established, the Business Council for Sustainable Development of Taiwan (BCSD-Taiwan, ROC) officially joined the World Business Council for Sustainable Development (WBCSD). The objective was to organize seminars, follow international trends and carry out research projects that support the long-term growth of Taiwanese businesses. The "Excellence in Corporate Social Responsibility" award (hereinafter referred to as "ECSR") was established in 1997 by Taiwan's Common Wealth Magazine to examine companies' responsibilities to shareholders, employees, partners, society and the environment from four primary perspectives.

Description

Common Wealth Magazine took the lead in advocating the importance of corporate social responsibility (CSR). Corporate responsibility, social engagement, environmental protection and corporate governance. The "Social Enterprise Award," formerly known as the "CSRA," and the "Corporate Social Responsibility Award," formerly known as the "SEA," were also established by Global Views Monthly with the intention of encouraging businesses to have a more positive impact on society and the environment. CSR is no longer a foreign concept; rather, it is one that has gradually come to influence the choices of investors and consumers thanks to the promotion of the magazines' investigations and reporting. Furthermore, Taiwan's CSR reporting rate increased by 11 percentage points between 2015 and 2017, according to the KPMG Survey of Corporate Responsibility Reporting 2017. One of the ten nations with the highest rates of CSR information in annual financial reports was Taiwan at the same time. Multiple domestic and international forums have debated the formal definition of CSR, but it remains inconsistent [1]. Emphasizes that CSR has always been characterized as a hazy, elusive and complicated idea. The WBCSD defines corporate social responsibility (CSR) as a commitment to ensuring a high-quality life for employees, families, communities, localities and society in order to achieve long-term economic growth. While the relationship between CSR and product market power has been the subject of a few studies, the impact of CSR on financial performance has been the subject of others [2].

Strong product market power enables greater adaptability to unforeseen shifts in consumer product requirements. Also, strong market power is linked to

stable cash flow, lower stock return volatility and better stock liquidity. Previous research has shown that CSR performance can make a company look good, improve its reputation and give it a competitive advantage in the market. Participation in CSR activities has the potential to boost a company's stock price as well as its sales growth. In addition, it is abundantly clear that, during times of crisis, green funds established by businesses with high scores on environmental, social and governance (ESG) metrics or even funds specialized in sustainable, non-polluting and environmentally friendly businesses show higher risk-adjusted returns. By participating in CSR activities, businesses can also improve their image, build relationships with stakeholders and encourage stakeholder advocacy; The salmons as a result, the researchers in this study believe that putting a greater emphasis on corporate social responsibility will assist businesses in increasing their product market power. Using CSR awards as a social responsibility indicator, we examine a sample of listed Taiwanese companies from 2005 to 2017 to determine the connection between CSR and product market power [3].

Companies that have received CSR awards have a higher excess price-cost margin and market share, indicating that CSR activities can help them gain a competitive advantage in the product market. The awards-winning level of businesses has a significant positive effect on excess price-cost margin, according to related results. As businesses actively pursue economic growth through internationalization, corporate social responsibility (CSR) has grown in importance in the current business climate. However, issues regarding the connection between CSR activities and financial performance have been the subject of the majority of the existing literature on corporate governance. Problems related to increasing a product's market power have rarely been the subject of previous research; we therefore conducted an empirical analysis of the connection between CSR and product market power with the intention of carrying out extensive research on CSR. As a result, we attempted to determine whether or not companies gain a competitive advantage by focusing on CSR initiatives.

CSR has been recognized as one of the most important marketing activities for attracting customers. Maintaining positive relationships with customers shows that businesses' socially responsible behavior has a direct and positive impact on customer loyalty. Additionally, CSR activities have the potential to foster supportive attitudes and actions among stakeholders. Improved stakeholder advocacy behaviours, improved relationships between stakeholders and the company and a better public image are all advantages for businesses. In addition, point out that consumers are more likely to boycott the products and services of irresponsible businesses and that the majority of interviewees were found to expect fairly high levels of CSR. As a result, businesses with poor CSR performance may encounter consumer opposition and lose their competitive advantage in the market [4].

In addition, it is advantageous for businesses to improve advocacy behaviours, increase consumer loyalty and strengthen relationships between stakeholders and the company, all of which contribute to an increase in their market competitiveness. Our sample included firms from 2013 and 18,253 firm-year observations from 2005 to 2017. Firms with CSR awards have a higher excess price-cost margin and market share, according to the empirical findings, which we used as a social responsibility indicator. According to this finding, companies can increase the competitive advantage of their products in the market by engaging in CSR activities, which can benefit them financially as well as socially. In addition, the CSR award-winning level significantly improves excess price-cost margins. Firms are encouraged to try to pay more attention to CSR activities as a result of our research's contribution to our understanding of the connection between CSR and product market power. As a result, we come to the conclusion that expanding the concept of corporate

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social responsibility and participating in CSR activities can assist businesses in enhancing the market competitive advantage of their products [5].

Conclusion

In this study, there are two main limitations that need to be acknowledged and addressed. The first restriction is that not all Taiwanese businesses will be assessed using CSR awards. As a result, additional CSR measures can be included in subsequent research. In addition, this study can take environmental, social and governance (ESG) into account as a set of criteria investors uses to choose companies to invest in. This suggests that further research into the connection between ESG and product market power would be interesting.

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