

SOCIAL CORPORATE RESPONSIBILITY

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Abstract

Corporate social responsibility (CSR) is not a new phenomenon and various organizations have been practicing it in their own unique style. Different business organizations have different ways of practicing CSR. The recent slowdown of US economy has seen a new trend. Corporate Social Responsibility (CSR) notion is based on the idea that a company's responsibility goes beyond the strict legal and regulatory responsibilities (www.socgen.com). Different organizations have different perceptions toward CSR but majority of them agree that it is an ethical issue. It is regarded as a subset of corporate ethics (www.andygustafson.net). The organizations have started looking beyond the national boundaries and go to the extent of regarding CSR as a "process that guides all company activities in the protection and promotion of international human rights, labor and environmental standards and compliance with legal requirements within its operations and in its relations to the societies and communities where it operates"

Keywords: Social responsibility, customer selection, legal requirements, corporate ethics, regulatory responsibilities

1. Introduction

Corporate social responsibility (CSR) is not a new phenomenon and various organizations have been practicing it in their own unique style. Different business organizations have different ways of practicing CSR. The recent slowdown of US economy has seen a new trend. This paper, through the example of two companies, tries to analyze this new trend of CSR.

We know that corporate, these days, is operating in a complex structure. It is influenced by a large number of factors, some of which may be social, economic, legal, ethical, psychological, etc. Corporate Social

Responsibility (CSR) notion is based on the idea that a company's responsibility goes beyond the strict legal and regulatory responsibilities (www.socgen.com). Different organizations have different perceptions toward CSR but majority of them agree that it is an ethical issue. It is regarded as a subset of corporate ethics (www.andygustafson.net). The organizations have started looking beyond the national boundaries and go to the extent of regarding CSR as a "process that guides all company activities in the protection and promotion of international human rights, labor and environmental standards and compliance with legal requirements within its operations and in its relations to the societies and communities where it operates" (www.bench-marks.org). Wikipedia finds CSR obligatory. "Is a concept that organization, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations. This obligation is seen to extend beyond their statutory obligation to comply with legislation (<http://en.wikipedia.org>).

2. Excellence must include CSR

An organization named Quality Austria, which is in the business of training, consultancy, certifications; etc, has developed the following model of excellence.

- a. Customer Focus
- b. Leadership & Constancy of Purpose
- c. Management by Processes & Facts
- d. People Development & Involvement
- e. Continuous Learning, Innovation & Improvement
- f. Partnership Development
- g. Corporate Social Responsibility the long-term interests of an organization and its employees are best served by ethically sound practices that ideally surpass expectations and minimum

regulations.

h. Results Orientation

3. US ECONOMY

The recent failure in the US subprime market has resulted in a slowdown in the US economy. The US GDP-Purchasing Power Parity was estimated at \$13.86 trillion in 2007, whereas the growth rate of GDP was estimated to be 2.2%. The estimated growth rate of real GDP volume for 2008 has been projected to be just 0.9%.

The trend of the real GDP growth rate of the US economy is shown in the following graph (www.economywatch.com).

Table 1

The Blue Chip consensus forecast of 51 economists sees a 40% chance of a recession in 2008, with growth of just 2.1% between now and the beginning of 2009.

Experts agree on the following five warning signs

- a. Credit markets
- b. Capital spending
- c. Oil prices
- d. Exports
- e. Housing (www.marketwatch.com)

In addition to the above factors, recent international trends is also a thing for the USA to be afraid of. While the United States is narrowly dodging recession, other global economies will be advancing by as much as 10%. The emergence of a growing middle class in such key markets as China, India and Eastern Europe will make global dependence on the U.S. economy a thing of the past. With tens of millions of newly minted consumers ready to spend in China, that country could easily weather a U.S. downturn. (www.moneymorning.com).

4. Introduction to South-West Airlines

South-West Airlines was founded by Rollin King and Herb Kelleher on June 18, 1971. 104 million passengers fly SWA in a year to 64 great cities across USA. It has a strong fleet of 500 aircrafts, which it claims to be the youngest in the USA. Since 1987, when the Department of Transportation began tracking Customer Satisfaction statistics, Southwest has consistently led the entire airline industry with the lowest ratio of complaints per passengers boarded. (www.southwest.com). It is a no-frills airline that has grown third largest in the world (as measured by the number of passengers carried). The carrier is also the only major American airline that has managed to turn a profit since 9/11 (Kapoor).

5. Introduction to Harley-Davidson

With a revenue generation of US \$6143 million,

Harley-Davidson is the only major US maker of motorcycles and the nation's #1 seller of heavyweight motorcycles. The company offers 35 models of touring and custom Harleys through a worldwide network of more than 1,500 dealers. . The company also makes motorcycles under the Buell nameplate. Besides its bikes, Harley-Davidson sells attitude -- goods licensed with the company name include a line of clothing and accessories (Motor Clothes). Harley-Davidson Financial Services offers financing to dealers and consumers in the US and Canada. (www.hoovers.com)

6. Advertisement of South-West Airlines

"FEES DON'T FLY WITH US". The ad campaign is being targeted at the new fees or charges which competitors are announcing almost daily. The ad shows a man trying to put his luggage in the overhead bin but the lock won't open, so he has to put a quarter. When he sits down the seat won't go back, he has to put a quarter. Lastly, when he is given snacks and soft drink the food tray won't open. Then the voice over says that if you fly with SWA, nothing of that sort would happen.

According to Derek Pletch, vice-president and group creative director at Idea City, part of Omnicom, the ad campaign of SWA has an empathetic tone that tells the customers 'we understand what you're going through'. (Elliott) The message is that "Southwest is not going to do that to their customers", said Melanie Mahaffey, senior manager at Southwest's advertising agency, GSD&M Idea City... (SWA is) not going to raise fees on their customers". (Maxon)

7. Advertisement of Harley-Davidson Motorcycles

Harley-Davidson is proclaiming that "freedom and wind outlast hard times." (Elliott) "Over the last 105 years in the saddle, we've seen wars, conflicts, depression, recession, resistance and revolutions. We've watched a thousand hand-wringing pundits disappear in our rear-view mirror. But every time, this country has come out stronger than before. Because chrome and asphalt put distance between you and whatever the world can throw at you. If 105 years have proved one thing, it's that fear sucks and it doesn't last." "It's a very clever ad campaign", Dennis Garrett, an associate professor of marketing at Marquette University, told the Milwaukee Journal Sentinel (MJS). "It's trying to take advantage of the tension that a lot of folks are feeling now". (Trosclair)

8. Conclusion

Marketers, world over, have been accused of encouraging people to purchase what they don't need,

embellishing product claims, discriminating in customer selection, contributing to environmental waste, encroaching on customers' right to privacy among other things.(www.knowthis.com). Whatever social responsibility corporate shows is also taken with a pinch of salt. It is also seen as some sophisticated way of fleecing the customers. From the above discussion and the examples of two leading organizations, we find that marketers are empathic towards the customers and for them the CSR is a serious thing. When we see the ad campaigns of SWA and HD in the light of CSR, we find out that today's marketer has moved up lot a ladder. The advertisements of both the companies seem to be sending a message of national importance, which is similar to a war cry of a general or commander of the armed forces. Thus we can say that marketers are evolving and marketing is also evolving. No longer is marketing a "just sell" proposition, it has evolved into a Nation Unifying Force, which is the need of the hour in these times of international terrorism.

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Table 1

