Chapter 4

Corporate Social Responsibility: Strategy for Boosting Brand Perception and Competitive Advantage

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ABSTRACT

This chapter examines the extent to which corporate social responsibility (CSR) could generate and boost better brand perceptions and improve competitive advantage within some selected banks in Ghana. The concept of CSR, brand perception, and competitive advantage are discussed in relation to findings from a study that was conducted at the national headquarters of GCB Bank and Barclays Bank Limited in Accra. The results showed a good understanding of the concept of CSR from both customers and employees of both banks. There was a significant and positive connection between effective implementation of CSR initiatives, brand perception, and competitive advantage. CSR was discovered as a tool for business success in the banking sector in Ghana. This chapter explains the benefits of CSR activities to the development of impalpable organizational assets, and as a result, generating better results for banking institutions in Ghana. The authors make a case for the inclusion and active involvement of customers and employees in the CSR initiatives of banks in order to boost brand perception.

INTRODUCTION

The perception that large corporations, trans-national and global companies make huge amounts of money by exploiting some of the world’s most impoverished communities only to turn around and offer them a pittance to assuage their conscience by way of CSR is rife. Various arguments have been made both for and against the practice of CSR. Followers of the growth of the firm theory believe that the sole goal of a firm ought to be to make profits for its owners (Penrose, 1959). Likewise, Friedman (1970) supports this theory as he indicates that it is illogical for firms to spend money on social projects as they decrease

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the funds available for running the firm. He posits that the sole responsibility of a firm is to make high profits for its stakeholders.

On the other hand, proponents of CSR assert that organizations have an obligation to act responsibly. Several people are becoming progressively aware of the environmental and ethical effects of the activities of corporations. Issues like environmental protection, employee protection, and customer convenience have become major highlights in the media in this era and are shaping and influencing the relationships between organizations and their stakeholders. Universally, governments have tightened laws and standards to regulate social and environmental challenges. Some shareholders also now consider the CSR of businesses in making decisions concerning investments. Consequently, corporations are now compelled to operate in ways that can sustain them economically, socially and environmentally.

In the light of these pressures, organizations are saddled with the burden of incorporating CSR programs into their core business strategy. The importance of integrating CSR with business strategy has become virtually impossible to ignore as it is becoming very complex for business stakeholders to keep up with future business development (Saeed & Arshad, 2012). CSR is a central aspect of managing the costs and benefits of business activities both internally (i.e., employees, stockholders, investors, etc.) and externally (regulators, inhabitants of the community a firm operates in, civil society organizations and other corporations).

In the face of growing interests in CSR, the main literature available on CSR concentrates mainly on activities that are geared towards the fulfillment of laws, government concerns, stakeholder management and satisfaction, and fulfilling community concerns of the triple bottom line. Although some researchers have tried to link CSR with competitive advantage from a strategic management perspective, most of the emphases have been on the financial return to be realized from these activities. The study of CSR in relation to gaining strategic competitive advantage has not been explored in-depth.

This chapter, therefore, seeks to achieve the following objectives:

1. To assess the CSR initiatives and competitive advantage of some banks in Ghana.
2. To investigate the relationship between CSR initiatives and Brand Perceptions of some banks in Ghana.
3. To measure the connection between Competitive Advantage and Brand Perceptions of some banks in Ghana.

BACKGROUND

The Concept of Corporate Social Responsibility

CSR is perceived as situations where organizations undertake social initiatives in support of the communities within which they operate, which goes beyond their interests as well as the requirements of law (McWilliams & Siegel, 2000). The term CSR was first propounded in the 1950s and received much attention in management studies in the 1970s. Principally, CSR initiatives are categorized into three groups: economic growth, ecological balance, and social progress (Saeed & Arshad, 2012). In the estimation of Saeed and Arshad (2012), the accepted influence of CSR includes its effect on a firm’s Financial Performance (FP) and social performance. In underdeveloped nations, charitable CSR practices are being considered by several businesses; for instance, humanitarian acts in the society as well as
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