

AN EMPIRICAL STUDY ON IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER BEHAVIOR

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Abstract: Despite the increasing emphasis on CSR in the marketplace, little is known about the effects of CSR action on consumers (Sen and Bhattacharya, 2001). It is not clear when and how CSR activities influence consumer evaluations (Yoon, 2003). Hence, the basic objective of this study is to study the factors/dimensions related to CSR affecting the behavior of consumers and to draw strategic marketing implications.

Data was collected through purposive sampling from 182 respondents on five point likert scale through a questionnaire. Cronbach's Alpha for reliability of questionnaire was analyzed. Further Factor Analysis with varimax rotation using Kaiser Normalization was applied to the data to know the key factors for consumer behavior.

Keywords: Corporate Social Responsibility, Consumer Behavior, Ethical Commitment and Social Accountability.

Introduction: Maignan & Ferrell, (2004) in their study highlighted that past research has not given any single definition of Corporate Social Responsibility (CSR). He further stated that CSR is the umbrella that covers a variety of theories such as Corporate Citizenship; Stakeholder Theory; Corporate Philanthropy; Corporate Responsibility; Corporate Social Policy. Though there are conceptual differences in these terms but more or less they interpret the similar meaning. Past studies have emphasized the requirement to sustain the corporate governance standards internally as well as externally, specifically in context of CSR (Perrini, Pogutz and Tencati, 2006; Rosam and Peddle, 2004; Grosser and Moon, 2005).

Dimensions of CSR: Corporate social responsibility holds that there are multiple dimensions that should affect a company's actions. Thus, the facets and dimensions of corporate social responsibility include:

Environmental and Social Concerns: CSR can be refer as a series of activities that are undertaken by the business firm for the public welfare beyond the mere compliance of laws and regulations (Ozanne & Menguc, 2000). It further suggests that CSR extends beyond the concept of profit-making and considers its obligation towards the society and the environment (Godfrey & Hatch, 2007). The prime emphasis remains on environment due to the growing environmentalism and increased awareness of society towards environment protection. Competitive advantage, brand awareness and value, value and norms, corporate marketing, cause related marketing are the various sub dimensions which enhance environmental and social concern of CSR.

The Meaning of CSR for Consumers: Morsing, (2008) pointed that consumers nowadays, feel that companies must engage themselves in some sort of CSR activities but do not indulge in publicizing their good deeds as that is generally taken negative by the consumers. Similarly, Vogel, (2006) in his study found that consumers become dubious about the firm involving themselves in marketing of their good deeds and making profit out of it. Thus, it is argued, "the idea that consumers should be a main target for corporate activities related to responsibility and reputation building may itself be inherently flawed" (Boulstridge & Carrigan, 2000).

Consumer support for corporate social responsibility (CSR) is well established, and companies are now expected to engage in some form of CSR (Rundle-Thiele et al., 2008). Bhattacharya and Sen (2004) find that CSR contributes to a consumer's sense of well-being, and that this benefit is "rewarded" by consumers in the market. Outcomes from CSR include positive company evaluations (e.g. Brown and Dacin, 1997), higher purchase intentions (e.g. Mohr and Webb, 2005), resilience to negative information about the organization (Peloza, 2006), positive word-of-mouth (Hoeffler and Keller, 2002), and a willingness to pay higher prices by some consumers (Laroche et al., 2001).

Impact on Consumer Behavior: To understand the impact of CSR activities on consumer behavior, it is crucial to identify the factors influencing consumer behavior. Consumer buying behavior is influenced by its search and product evaluation behavior which in turn is influenced by various factors like cultural, social, personal, and psychological.

Research Methodology: The study attempts to investigate the factors of CSR activities affecting the consumer behavior. We shall also find differential effects across consumer age, gender and working status. Data was collected from the secondary sources (journals, magazines, books, press releases, and reports published in government and private organizations) as well as primary sources (data collected directly from the respondents with the help of a self-administered questionnaire). The study was conducted in Delhi. Questionnaires were distributed to 200 respondents. However, only 182 were collected and found to be suitable for the purpose of analysis indicating a response rate of 90.1% approximately.

Objectives of the Study: (a) To study the factors/dimensions related to CSR affecting the behavior of consumers. (b) To draw strategic marketing implications.

Hypotheses of the Study:

H1. CSR has positive influence on consumer behavior.

H2. More the Accountability towards stakeholders more is the positive attitude of consumer towards company.

H3. A higher level of ethical commitment affects consumer behavior.

H4. Social Accountability of Companies positively influences consumer behavior.

H5. More is the attitude towards environment protection and sustainability more is the buying of the product.

H6. Fair business and transparency have positive influence on the buying behavior of companies.

H7. Factors of CSR activities differ across age, gender and working status.

H8. Consumer Behavior differs across age, gender and working status.

Reliability Testing: Cronbach's alpha of all the cases is more than 0.6 except social accountability and fair business and transparency factor which implies that there is high degree of inter-correlation among the variables.

Correlation and Regression: In Table 1.1 we highlight the relationship between the consumer behavior and different factors of CSR activities. On the basis of Table we can say that accountability towards stakeholders, ethical commitment and social accountability factors have significant effect on consumer behavior because in all these cases the significance level is less than .005.

ANOVA: Dependent Variable -Factors of CSR activities-Net Effect on Consumer Behavior Independent Variable – Age, Gender and Working Status. On the basis of Table we can say that factors of CSR activities differ across age and working status because in both cases the significance level is less than .005. Net Effect on Consumer Behavior also differs across age and gender as significance level in both the cases is less than .005.

Factor Analysis: The factors of the study:

- a) Factor 1- Four items loaded onto factor 1. It is clear from the table that these items are related to the quality and cause related marketing.
- b) Factor 2- Four items loaded onto factor 2 which covers two dimensions i.e. CSR activities have positive influence on buying behavior of consumers and it build positive attitude towards its product.
- c) Factor 3- Three items that load onto factor 3 shows CSR activities help in brand awareness and it is important tool of communication with consumers.
- d) Factor 4- Two Items loaded onto factor 4 are all related to company do CSR activities only because of law or competitive advantage.

Reliability Tests were conducted on these four components and the results show that Cronbach's alpha is 0.5 in all the cases which implies that there is high degree of inter-correlation among the variables.

Conclusion and Implications: Boulstridge & Carrigan, (2000) has identified CSR as one of the crucial factor influencing consumer's purchase decision. Conventionally, product's price, quality, easy availability, labeling and convenience were considered as influencing factors in determination of consumer's buying behavior. But with increased awareness towards human rights, animal welfare and environment protection consumers have become more conscious about impact of firm's operations on the society as a whole. However, Beckmann, (2001) argued that consumer buys product or service to satisfy their own needs and wants and not for the society. Market and Opinion Research Institutes (MORIs) conducted a survey of essential attributes that consumer considers while making judgment about a company and found that company's performance is judged on the basis of its fulfillment of "social responsibility" (Sarbutts, 2003). Sen and Bhattacharya (2001) in their study found that when there is imbalance between consumer's perception and company's CSR initiatives, it decreases consumer's intentions to buy a company's products. Thus, the prime purpose of the study is to propose a theoretical framework to explain why some CSR activities may result in positive outcomes while others do not. Thus, CSR is essentially an organizational response to meet primarily shareholder and secondly multi-stakeholder requirements.

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Appendices:

Table 1.1: Correlation Regression Analysis

Factors	R	R SQUARE	F Value	Sig. Level)
FC	.184	.034	1.676	.202
STK	.392	.154	8.367	.004
VAR	.388	.151	8.342	.003
EPS	.227	.051	2.549	.117
SA	.357	.127	7.159	.001
FT	.225	.051	2.570	.115

Table 1.2: ANOVA

Factors	Mean	Standard Deviation	AGE – F Value (Significance Level)	Gender F Value (Significance Level)	Working Status F Value (Significance Level)
FC	4.4	0.576	3.738(.0030)	3.508(.067)	3.615(.0034)
STK	4.34	0.508	.706(.498)	1.985(.164)	1.272(.289)
VAR	4.49	0.426	.112(.894)	3.424(-070)	.907(.410)
EPS	4.65	0.403	.051(.957)	1.138(.291)	.3099(.0053)
SA	4.27	0.491	.165(.849)	.774(.382)	.756(.474)
FT	4.55	0.462	.364(.697)	.427(.516)	.107(.899)
CB	3.7825	.55694	5.891(.0019)	5.589(.0022)	.103(.903)

Table 1.3: Rotated Component Matrix^a

Particulars	Component			
	1	2	3	4
CB8	.770	.005	.259	.033
CB12	.763	.331	-.069	-.190
CB6	.747	.035	.151	.341
CB9	.459	.222	.237	.420
CB4	.005	.846	.232	-.042
CB3	.145	.766	.094	.114
CB7	.205	.538	.482	.309
CB5	.508	.527	-.094	.348
CB10	.053	.107	.850	.108
CB11	.103	.300	.823	-.172
CB13	.404	-.060	.512	.284
CB2	-.130	.260	.055	.886
CB1	.284	-.075	.016	.780

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser

Normalization.

Table 1.4: Factor Analysis Components Extracted

Particulars	Grand Mean	S.D	Cronbach's Alpha
Component 1	14.44	3.202	0.748
Component 2	15.14	2.906	0.774
Component 3	11.93	1.906	0.589
Component 4	7.72	1.658	0.686

FC- Factors of CSR activities.

STK - Accountability towards stakeholders.

VAR- Variable of Ethical Commitment

EPS- Environment protection and sustainability

SA-Social Accountability

FT-Fair Business and Transparency
