

Consumer's perception on the initiatives of corporate social responsibility – product industry

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ABSTRACT

Research on CSR towards Consumer's perspective is still in the infancy stage, there is an increasing attention in studying the inter-relation between CSR and marketing. There is a need to explore the various directions to find the ways in which consumer's responses depend on their perception towards CSR. The Indian consumers are now aware in order to maximize their business activities, companies now have to show more responsibility towards community and the environment where they are operating and perceive CSR as a strategy to promote and create an advantage in the market. This paper focuses on the consumer responses towards the CSR initiatives in a Supermarket. The author measures the CSR awareness level of Consumers in a Super store in Chennai using the primary data. There exists a positive correlation among the Independent variables (Corporate Evaluation, Product Association, and Purchase Intention). The research also finds a slight mean variance among age groups with regards to CSR awareness. Only if consumers have a good knowledge on the CSR initiatives by the corporates, they would express an ethical behaviour.

Keywords: Corporate Social Responsibility, Corporate Evaluation, Product Association, Purchase Intention, Consumer Awareness

1. INTRODUCTION

The idea of CSR has been the important point of many discussions and inquiry. The term CSR may be relatively new to India but the history of Corporate Social Responsibility has been started in ancient times where CSR was informally practiced in form of charity to the poor and disadvantaged. CSR activities have related selling and manufacturing practices and organization's goal advancement (Drumwright and Smith, 1994). Many corporates have started engaging in CSR activities but the number of companies involving in these kind of social activities is very less. The Government of India enacted a mandatory CSR spending act- The New Companies Act 2013 in order to attract more companies to involve in CSR activities. Lack of information on company's CSR practices does not allow them to enjoy any benefits (Bert Van De Ven, 20028). As the demands of the customers have been increasing and keeps changing the marketers are forced to make innovative strategies to meet their requirements (Ptacek and Salazar, 2001). This paper will analyze the relationship between Corporate Social Responsibility and Consumer's perception that measures corporate Evaluation, Product Association and Purchase intention. For the study the author has taken the FMCG industry for reference. FMCG sector contributes huge for the economic growth of India.

Review of literature: The theoretical framework of Corporate Social Responsibility was developed by Archie B Carroll and the four fields of CSR are ethical, legal, economic, and philanthropy (Carroll, 1991). Corporate social responsibility has been described as wide and complex (Mohr, 2001). This enables companies to act in diverse areas of business, to mediate CSR initiatives (Pirsch, 2007). Previous authors have argued on consumer's demand that the companies need to show ethical behavior. CSR initiatives inspire consumer behavior buying intentions in the long run. Relationship of Consumer and Company through CSR initiatives would be stepped up through many constructs like Awareness (Meryem EL and Alaoui Amine, 2013). Brand familiarity, Consumer Trust, Cause Specificity (Saju Jose, 2012) Customer Loyalty (Auger, 2003), Knowledge, Positive brand attitude (Brown and Dacin, 1997), Brand Loyalty (Cryer and Ross, 1997). This paper identifies the key variables that cause substantial impact on Consumer-Corporate relationship.

Consumer Responses: It is identified that Company Evaluation, Product Association, and Purchase Intention as the most prevailing dependent variables that as an high impact on the consumer's perceived level more than the firms objectives (Bhattacharya and Sen, 2004). To study the consumer perception towards CSR, Companies have to not only focus on the Purchase intention, but also on consumer's knowledge, their intentions, and characteristics about why corporates are participating in CSR initiatives. Consumers are now actively willing to participate in these CSR activities through consumption behaviors that would bring a social change through their purchase behavior (Sana, 2011). Consumers who have would show a positive behaviour in their daily consumption (Jamaliah, 2015)

Customer's Perspective: An organizations financial benefit of CSR depends on how consumer's perceived choice of Brand and brand recommendations (Marin, 2007). Even so, existing research has usually found CSR effects on product judgments to be light or indirect (Lee Samuel Davcid, 2012). Knowledge about the thrust areas of CSR and the Firm's CSR policies, activities are essential for the customers in order to showcase a rewarding or punishing behavior (Loan Plaias et al., 2011).

Consumer not with much knowledge on CSR might purchase similar products without such social-responsibility attributes (Becker, 2006). The (Marin, 2007) a company's CSR initiatives affect the customer's intention to buy the product (Frederick and Webster, 1975). It is eventually coherent that CSR efforts need to be lined up with the company's priority to create value that is articulated by Schuler & Cording (James and Scott, 1991). In this study, a client-centric approach is taken up to formulate a model for assessing the strength of a company's CSR initiatives. This study also explores the relationship that CSR has on consumers' product quality evaluation, consumer's company evaluation and purchase purposes.

Objective:

- To study the effects of firm's social initiatives in Consumer's perspective
- To determine the consumer's product quality evaluation, company evaluations and purchase intentions to CSR initiatives with respect to age and gender.

Hypothesis:

H1: There exists a positive correlation within Corporate Evaluation and Product Association

H2: There exists positive correlation within Corporate Evaluation and Purchase Intention

H3: There exists positive correlation within Purchase Intention and Product association

H4: The mean difference among age groups with respect to CSR Awareness is equal

H5: The mean difference among Male and Female consumers with respect to CSR Awareness is equal

2. RESEARCH METHODOLOGY

This theoretical model is tested using empirical data. The data was collected using Mall intercept survey method from 176 consumers in a Retail Super Store at Chennai metropolitan city. The data were gathered from the respondents of Big Bazaar which is one of the biggest Retail stores. The questionnaire was given to the participants and if any difficulty in reading the author would read and explain the respondents.

3. DATA ANALYSIS

Data Analysis was analyzed using SPSS 20 package. Descriptive statistics was used also used to pick out the demographic information of respondents. Among the total samples, 54.1 % were female and 45.9 % were male. Most participants were aged from 25 to 34 (54.1 percent), followed by (18-24)25.5 % and from 35-44 (18.4 %) and from 45 and above (2 %). For scale reliability, Cronbach Alpha value was proven. Alpha coefficient is used here to measure the reliability and Cronbach Alpha value. The Cronbach Alpha value that is greater than 0.7 is acceptable. The relationship between the independent variables – Corporate Evaluation, Product Association, Purchase Intention, Age and Gender – and the dependent variable – CSR Awareness was examined using Multiple regression as mentioned in Table 1 and 2.

MEASURES

Reliability analysis Test

Table.1. Reliability Statistics

Cronbach's Alpha	Number of Items
0.726	11

Table.2. Definition

	Frequency	Percent	Cumulative Percent
Maximizing shareholders value	2	1.1	1.1
Complying with laws and regulation	12	6.8	8
Contribute to charitable organizations	75	42.6	50.6
Participating in community services	76	43.2	93.8
Upholding human rights and minimizing discrimination	11	6.3	100
Total	176	100	

Most of the respondents felt that Participating in community services (43.2%) and Contribute to charitable organizations (42.6 %) as a definition of CSR. The respondents are of the opinion that the CSR is aimed at working for the community as the CSR activities are centered at the up-liftment of the underprivileged which can likewise be transmitted through the charities who have entree to the residential areas. Participating in community services followed by Contribute to charitable organizations are the most important definition of CSR (Xin Deng et al., 2012)). The results are parallel to the previous literature.

Sources of Information:

	Frequency	Percent	Cumulative Percent
Newspaper & Magazines	24	13.6	13.6
Ads Through Channel Media	68	38.6	52.3
Friends & Family	31	17.6	69.9
Store Layout & Activities	14	8.0	77.8
Product Label and Packaging	26	14.8	92.6
Company's Websites	13	7.4	100.0
Total	176	100.0	100.0

Most of the respondents felt that Ads through Channel media (40.8 %), through Friends and family (18.4 %), Product label and packaging (14.3 %), through Newspaper & magazines (12 %) was their source of information about CSR.

Table.4.Factors of Importance while Purchasing

	Minimum	Maximum	Mean	Standard Deviation
Variety	1	4	1.66	0.690
Price	1	4	1.57	0.818
CSR	1	5	2.63	1.093
Brand Image	1	5	1.95	1.019
Reputation Quality	1	4	1.39	0.658

CSR Mean (2.63) is greater than any other factors Brand image & Reputation (1.95), Variety (1.66), Price (1.57), Quality (1.39). From result analysis, it is clear that consumers have included CSR as an important factor while purchasing. **Pearson Correlations:** To analyze the relationship between the Independent variables Pearson Correlation is used. The correlation is significant at 0.05 % level between corporate evaluation and Product Association and at 0.01 % significant at Purchase Intention and Product Association. Since the significance value was less than .05, H₀ is rejected and the alternate hypothesis (H₁ – H₃) is accepted. Accordingly, the findings indicated that there exist positive correlations between all independent variables.

Table.5.One Way Anova

	Sum of squares	df	Mean Square	F	Sig
Between Groups	88.649	3	29.55	16.682	0.00
Within Groups	304.663	172	1.771		
Total	393.313	175			

Table.6.Comparisons Test Tukey HSD Exogenous Variable: CSR Awareness

Age	Age	MD	P-Value
18-24	25-34	-1.13684*	0.00
	35-44	-2.11515*	0.00
	45 and above	-1.6	0.186
25-34	18-24	1.13684*	0.00
	35-44	-.97831*	0.002
	45 and above	-0.46316	0.934
35-44	18-24	2.11515*	0.00
	25-34	.97831*	0.002
	45 and above	0.51515	0.918
45 and above	18-24	1.6	0.186
	25-34	0.46316	0.934
	35-44	-0.51515	0.918

There is a difference found between groups and differentiation among age groups was highlighted using the one-way ANOVA. There is a substantial difference among age groups as the p value is less than 0.05 for the four age groups (18-24, 25-34, 35-44, 45 and above) ($F(3, 172) = 16.9$ $p=0.001$). The researcher used Tukey's Post hoc comparisons tests to find the mean score for all the age levels. 35-44 ($M=8.51$, $SD=0.93$) is slightly varied from the age group ($M=6.40$, $SD=1.32$) and from 25-34 ($M= 7.53$, $SD= 1.45$). The highest mean difference (2.11515) is between the 18-24 and 35-44 age groups with regards to CSR awareness.

There is slight difference among male and female consumers with regards to CSR awareness. The study has found

a significant level of difference between age groups pertaining to CSR awareness. There is a strong relationship existing within corporate social responsibility and Consumer Responses i.e. Corporate Evaluation, Product Association, and Purchase Intention towards CSR initiatives by corporates.

4. CONCLUSION AND SUGGESTIONS

Consumer awareness towards CSR initiatives with respect to age and gender is measured using One Way Anova. The outcomes of this survey show that consumers are more aware of the term CSR. Consumers have started looking at CSR as a significant factor while purchasing the merchandise. From the analysis, an association within the corporate social responsibility and responses of Consumers is found. The results from the study exhibits a strong link between corporate social responsibility and consumer's Corporate Evaluation which goes in line with the studies conducted (Lee and shin, 2010) and (Maignan and Ferrell, 2004). This study reveals that the Consumers are having an interest in corporate social responsibility and these results reveal that corporate social responsibility is becoming an crucial factor in consumer's purchases. The study found slight variance among male and female consumers pertaining to CSR awareness. The study also found a slight mean difference within the age levels with regards to CSR awareness. This study explores only on the Consumer awareness and consumer responses to CSR. There are certain similarities exist when this study is compared with previous research. In the future researchers might tryout the corporate social responsibility scale between various other segments pertaining to consumers. The research work should focus on the link between Consumer emotions and the CSR initiatives of the corporates.

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