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**IMPACT OF CSR ACTIVITIES ON CONSUMERS  
PERCEPTION: A EMPIRICAL STUDY**

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# Impact of CSR Activities on Consumers Perception: A Empirical Study

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**Abstract – The social responsibility of business is considered a comprehensive set of practices, programs and policies that are integrated into business operations, supply and decision making in all channels of the organization, where the organization operates, and includes responsibility for the current and past actions and future impacts. Over the past 20 years, there has been a radical change in the nature of triangular relationship between business, government and society. No more that they can continue to act as independent entities, regardless of the interest of the general public. The evolution of the relationship between business and society has been a slow transformation of a hardcore corporate philanthropy. In light of this context, the ' objective of this article is to analyze the expectations and perceptions of consumers towards social responsibility. This paper seeks to know the difference between expectations and perceptions of consumers about companies about their social responsibility, and this document also helps companies understand consumer expectations about corporate social responsibility, so that companies are able to perform out their duties in an appropriate manner.**

**Keywords: Accountability, Expectations, Perceptions, Policies, Consumer**

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## INTRODUCTION

Multinational companies introduced the stakeholders at the end of 1960. Interested parties have been described as those who were in any way influenced by the company's activities. Soon after, the term "corporate social responsibility" came into common use. The goal of corporate social responsibility (CSR) is to assume responsibility for all actions of the company and have a positive impact on the environment, communities, workers, consumers and other interested parties is social responsibility business a form of self-regulation integrated into a business model companies. Essentially, CSR is the voluntary integration of public interest in the decision-making process of the company, and the respect of a triple bottom line: people, planet, profit.

The concept of corporate social responsibility (CSR) has grown to become a practice not entirely unconscious under the provisions of all the official acts or moral, but more like a habit that the organization must exercise and obey. Engage in CSR activities, companies will gain greater recognition as responsible citizens from the point of view of international investors and local authorities. The traditional view of society is mainly to maximize profits. However, traditional views are no longer accepted in today's economic environment, in which, consequently, companies have adopted the concept of CSR, which is interested in the economic, environmental and social. Recently, we

introduced the broader concept of corporate social responsibility, where the concern of the company is seen as moving toward broader components of CSR, which includes consumers as one of the most important components. Studies suggest that consumers are turning to ethical products (Berry and McEachern, 2005). Since we live in an era in which unethical practices are the biggest threat to sustainable living, this is a positive sign. In response to this trend, companies are increasingly concerned about how to use corporate social responsibility (CSR) to improve the delivery of products to customers (Maignan 2001 Lee and Shin, 2010; Strong, 1996. Augeret al, 2009).

The movement of ethical consumption is concentrated in developed countries, but extends to developing countries, especially countries in transition such as China, India and others in Asia. In these countries, the growing social awareness of consumers has already had a profound impact on the way many companies deliver their products to consumers in these markets (Auger et al., 2010). These economies in transition have the purpose of giving billions of new consumers in the near future, is the main source of growth (Erying, Johnson and Nair, 2010). Currently, there are over 20,000 multinational corporations (MNCs) operating in these countries. Two public opinion surveys on education and consumer perceptions of CSR said that consumers want an increase in CSR activities. In fact, 88% of

consumers think companies should try to achieve their business goals, improve society and the environment. 83% of consumers think companies should support charities and nonprofits with financial donations.

## CORPORATE SOCIAL RESPONSIBILITY

In our day, one of the important issues for the company is its responsibility and corporate social responsibility term is widely used in day to day business. CSR has a long history. Bowen is considered the father of corporate social responsibility, because its definition is regarded as the first definition of corporate social responsibility. According to Bowen, "CSR refers to" the obligations of business to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society "(Carroll 1999, 268-270).

Commission of the European Communities (2006, 2) defined CSR as " a concept whereby companies voluntary integration of social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

The World Business Council for Sustainable Development (Baker, 2004) defines CSR as "corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of workers and their families and the section of the local community and society in general."

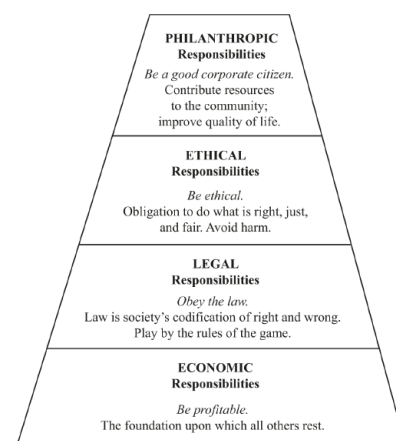
For both academics and practitioners of corporate social responsibility (CSR) has been a major topic of debate and are trying to explain what it means to CSR, because the company should adopt CSR and what are its benefits to the organization's effectiveness but there is no generally acceptable definition and clear meaning to do it, how it should be implemented and similar problems related to the concept. Previous research has shown that stakeholders who can influence the organization are especially concerned that the other interested parties. And 'shareholders are worried that customers and employees, and 18 are very concerned given the company and the environment. Considering that CSR involves all are of equal importance (Crowther and Capaldi2008, 3, 23). Crowther and Rayman - Bacchus (2004: 3) has defined CSR in two ways: first as "a relationship between a company and the local community in which he resides and works" and secondly "the relationship between a company and its stakeholders."

Carroll (1991) proposes four types of social responsibility constitute CSR. These are economic, legal, ethical and philanthropic.

- **Economic Responsibility:** The most common responsibility of business organizations is the economic responsibility.

Since the creation of industries, professional organizations producing goods and satisfy the customer wants. They have created new jobs and pay for the worker. It was made a profit for the owner, as well as the service has been delivered to the customer (Lantos, 2001, 596-597).

- **Legal liability:** The professional organizations should not only make a profit, but must also operate under the laws and regulations of state and local government. As expected of a commercial organization of social responsibility to operate within the law (Carroll, 1991).
- **Ethical responsibility:** the ethical responsibilities come after the completion of the legal and economic responsibility is mandatory. Ethical responsibilities are not mandatory and are in practice because the owner or the company believes this is a good thing to do. Be respectful of the environment; pay fair wages for workers are an example of ethical responsibilities. Business enterprises are forced to operate their business in accordance with law by the ethical responsibility (Carroll, 1991).
- **Philanthropic Responsibility:** The Company expects business organization to be good corporate citizens. This can be done by providing the good will of the community. Goodwill may include doing charity, social protection and financial support to NGOs. This responsibility is different from ethical responsibility. The difference is that the responsibility of philanthropy is not as important as the ethical responsibility. This is only the desire of society (Carroll , 1991).



Source: Carroll (1991, p. 42)

Figure 1: The pyramid of corporate social responsibility

Activist non-governmental organizations and others put more pressure on multinational enterprises (MNEs) to implement CSR. However, the practice of CSR in

their business was very strong advantage. The risk reduction, employee retention satisfactory personal and financial security were the benefits for the integration of CSR principles. It also gives a good company public face among stakeholders and contribute to increased organizational reputation (Dalton and Croft, 2003, 130-131). The concept of CSR is based on the expectations of stakeholders and corporate marketing, is very important. There is a network between the organization and stakeholders, and the action of stakeholders can influence directly or indirectly the organization. Therefore, the well-being of stakeholders engaged by the company. The company has four different responsibilities to stakeholders. They are economic, legal, ethical and discretionary (Podnar and Golob , 2007 , 327-329 ) .

## **TYPES OF CSR INITIATIVES**

According to Kotler and Lee (2005), there are six different types of CSR initiatives. These six types of different CSR initiatives are outlined below:

- **Cause Promotion:** this entrepreneurial initiative provides funding and trying to raise awareness and concern for social causes to inform people about a cause. It also tries to convince people voluntarily contribute to the cause and attend an event. Promote the cause differs from other initiatives in the field of CSR. And ' different from cause-related in such a way that the contributions are not tied to the sale of certain products marketing company. Causes Promotions includes awareness on a case by showing them statistics and figures, to get people to learn more about the cause, volunteer their time, donate money and actively participate in an event. Manufacturers, service providers, retailers are some of the companies involved in the promotion of the cause (Kotler et al. , 2005 , 49-52 ) .
- **Cause - Related Marketing:** "A company is committed to making a contribution or donation of a percentage of revenues to a specific cause based on product sales Very often, this offer is for a period. Moment and for a given product and specified charity" (Kotler et al. , 2005 , 81-82 ) . This differs from other initiatives contributing to society depends on the response of consumers. This is also further promote which means more money must be spent on advertising. Therefore, it is managed by the department of marketing ( Kotler et al. 2005). In 1980 , when American Express has raised funds to renew the status of freedom, then tied to a cause marketing started. After this task on the basis provoked became powerful brand builder. the positive aspect of cause-related marketing are
- improving the corporate image, helps to increase the number of business and increase your profits by helping to attract new customers and retain existing ones also encourage employees and built strong relationships with stakeholders ( Dalton et al. , 2003 , 146) .
- **Corporate Social Marketing:** it is a tool used by a company to develop and implement a behavior change to improve the public health, safety or welfare. The goal of this initiative is always a change in behavior. And ' specially developed and implemented by the State, the local public sector and non - profit organizations. Examples of social marketing companies are the prevention of tobacco use, early pregnancy, suicide prevention, the use of pesticides, etc. Benefits to society is to make a strong brand position, creating any brand, increase sales, etc. How is tied to a change in the results of behavior cannot be seen in a day if the critics are still there. ( Kotler et al. 114 to 116.143 in 2005 )
- **Corporate Philanthropy:** In this initiative, the companies make a direct contribution to a charity or cause in the form of cash, gifts, service. Sponsorship is the most traditional form of CSR initiatives. It 'also known by other names, such as donations from the community, community relations and corporate citizenship and community affairs. Donations of money, technical expertise, offering to operate the equipment are some of the typical corporate philanthropy programs. The recipients of these grants are for the most part non-profit organizations, public institutions such as schools. The benefits of this initiative are helping to build the company's reputation and goodwill among customers, motivate employees (Kotler et al. 144 to 147.174 in 2005).
- **Community Volunteering:** In this initiative, the company encourages and motivate employees, business partners to give their time to support causes. Employees volunteering their talents, ideas, skills and drop the physical efforts of the volunteers of the work. Employees of the organization are involved as a volunteer to help the cause. Volunteer programs in the community include the typical setting of specific volunteering for specific events, to encourage employees to volunteer to pay for the work on time. All community volunteers CSR initiatives is considered authentic and satisfying. Volunteer programs help to build strong relationships with local communities, motivate employees, and improve corporate

images, as does good for the community (Kotler et al., 2005, 175-177, 205).

- Socially Responsible Business Practices:** In this initiative, "A society adopts and do business and investments that support social causes to improve the welfare and protection of the environment discretionary" (Kotler et al 2005, 208.) It focuses on activities. Are discretionary and are not required by law. Among the activities that are includes the design of systems for the protection of the environment, stop offering products that are harmful and illegal, the development of programs to support the well-being, and so the benefits of this initiative are the financial benefits due to lower costs operational, employee productivity has increased, strengthening the position of the brand, improves quality and improves the brand (Kotler et al. , 2005 , 208-211) .

**RESEARCH OBJECTIVE**

- To measure the impact of CSR activities on Business performance
- To analyze the impact of CSR activities on consumer's perception and corporate

Descriptive research was used for the study. A pilot study was conducted to determine the possible variables that are seen mostly from customers before buying the products. The study population consists of all the people who purchase products from Delhi NCR. Simple random sampling is to use as we have already decided our target audience. Sample size was taken as 120. The data required for the study were collected mainly primary data . Instrument used in the research undertaken by me is questionnaire (annexure 1) . It is designed for different points of view variables WRT customers. Likert scale was used to obtain customer responses.

**ANALYSIS**

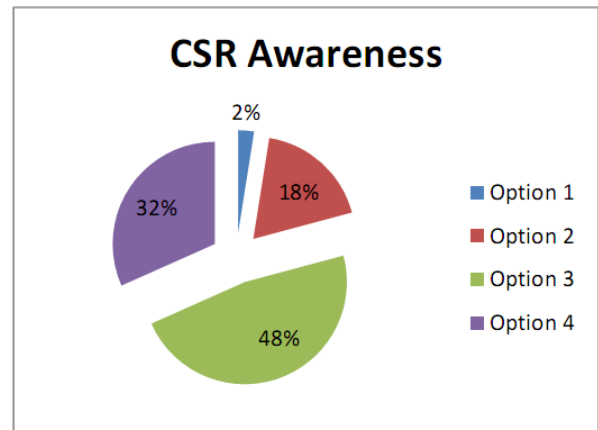
Corporate Social Responsibility (CSR) means

**Table 1: Meaning of CSR**

Options	No. of Respondents	Percentage
Corporates committing themselves to social initiative	48	40
Putting people before profits and creating a sustainable environment	34	28.3
Philanthropic and charitable activities of a corporation	21	17.5
Undertaking public service tasks that governments should be doing	17	14.2
<b>Total</b>	<b>120</b>	<b>100</b>

According to table 1, most of the respondents CSR to them means companies that are involved in social activities and are concerned about environment and people and not just profits thus explaining the positive preference building towards brands with higher social activity involvements.

- To what extent has your own knowledge and awareness of CSR increased in the last five years?



**Figure 2: CSR Awareness**

In past few years Customer social responsibility has been a major marketing strategy for MNC's which helped customers to learn about it. With increased number of customers with CSR Knowledge, today evitable population of customers are aware of CSR activities of companies and it helps in building their buying behavior and brand image.

- The CSR strategy of a corporation impacts its reputation?

**Table 2: Impact of CSR Strategy**

Options	No. of Respondents	Percentage
Not at all	14	11.7
To a minor extent	21	17.5
To some extent	36	30
To a major extent	49	40.8
<b>Total</b>	<b>120</b>	<b>100</b>

According to table 2the responses from respondents it shows that there is an intensive effect of companies' corporate social responsibility on their reputation in the market as well as individual customers. With the increase awareness of CSR activities by various companies, customers prefer these companies over other companies.

- CSR practices of a company contribute to its profits



**Table 3: CSR Practices and its impact on profit**

Options	No. of Respondents	Percentage
Not at all	23	19.2
To a minor extent	35	29.1
To some extent	44	36.7
To a major extent	18	15
<b>Total</b>	<b>120</b>	<b>100</b>

Table 3 shows that companies actively participating in CSR activities enjoy benefits of paid as well as unpaid promotion and henceforth it adds on to their sales. Customers also prefer companies with major CSR activities over other companies. With increase in sales profit goes higher than competitors.

- In the recent past, have you noticed companies marketing their products in the name of CSR?

**Table 4: Notices about companies CSR Activities**

Options	No. of Respondents	Percentage
Yes, several times	25	20.8
Yes, occasionally	21	17.5
No, didn't notice till you mentioned it	36	30
No, I wouldn't call it the marketing of CSR	38	31.7
<b>Total</b>	<b>120</b>	<b>100</b>

Table 4 clearly shows that respondents not much of the companies have used CSR activities to promote their products and services. A few companies have combined their CSR activities with their promotional activities. This strategy has worked wonders for them in the market. This indicates the advantage of companies involved in CSR activities.

- Classmate, a producer of notebooks, states that for every notebook sold, Rs 1 is set aside for educating children. Would you purchase a classmate notebook instead of your usual notebook?

**Table 5: Customers influence for purchasing products due to CSR contribution**

Options	No. of Respondents	Percentage
Yes	72	60
No	48	40
<b>Total</b>	<b>120</b>	<b>100</b>

Customers showcase interest in buying products and services which helps them in contributing to the society and environment. This is a easy way of doing their bit for uplift meant of the society which in return satisfy their inner self and provides them with a feel good factor.

- Weave India is a small organization that works with weavers from rural areas across India, making garments that are stylish and modern, while supporting the dying trade in distant villages. These garments come at an extra price when compared to ones sold by larger corporations, but do not differ in quality and style. Would you spare the extra money to support these rural weavers and buy from Weave India on a regular basis?

**Table 6: Customers Responsibility to buy**

Options	No. of Respondents	Percentage
Yes	32	26.7
No	47	39.1
Unsure	41	34.2
<b>Total</b>	<b>120</b>	<b>100</b>

Table 6 depicts that most of the respondents were not very interested about paying extra for uplifting the dying trade for the same product offered by big companies. There were a few respondents who strictly try to buy products to help the weavers and small scale industries and a few were not sure and said they would decide at the time of purchase.

- What are the reasons for the answer you provided in (Q6)

**Table 7: Reasons for answer question 6**

Options	No. of Respondents	Percentage
I would after all be contributing to a good cause	32	26.7
Buy it once to support the orphanage	47	39.1
I'm not sure if the money is reaching the weavers	41	34.2
<b>Total</b>	<b>120</b>	<b>100</b>

Table shows that major respondents agree to buy their products to support special cause and orphanage. Few agreed after all to contribute to a good cause, where buying the product doesn't make any such difference. With 34.2% of respondents

having a doubt on whether the money is reaching to the weavers or not.

- **A high CSR rating for a corporation will make a positive impression on me?**

**Table 8: CSR Rating**

Options	No. of Respondents	Percentage
Not at all	17	14.2
To a minor extent	48	40
To some extent	34	28.3
To a major extent	21	17.5
<b>Total</b>	<b>120</b>	<b>100</b>

In the above pie chart we can clearly infer that majority of the respondents do not think that having a corporate social responsibility impression of a corporation would make a big difference in their buying behavior. Whereas, the least with 14% of respondents believe that a CSR rating not at all influence them to buy their product.

## CONCLUSION

Approach to CSR combines a strong sense of responsibility with modern business sense and a commitment to: quality service for customers and a culture of continuous improvement; an emphasis on strong public accountability; responsible employment practices with well – trained, well – managed and motivated employees, who are fairly rewarded; contributing to community well-being and playing a full role as a corporate citizen; a sustainable approach to environmental issues, including the use of natural resources and energy; actively managing risks to businesses, clients and stakeholders, as well as to company's reputation and a good return to shareholders.

This study concludes that the Consumer, who is the most important element of the society and is known to be the king of the market, is not satisfied with the companies' attitude as expected. Consumers have higher expectations as compared to what they perceive. It creates huge gaps between the expectations and perceptions of the consumers regarding the social responsibility of the companies. This can increase the dissatisfaction and frustration among the Consumers, as this is already happening in America these days. Consumers/Normal residents of the America try to capture the Wall Street in New York. So Companies should concentrate on their social responsibility seriously and should try to make more efforts for this job, otherwise it will lead to the proletarian revolution in the society and it will become a big threat for the free market economies.

## RECOMMENDATIONS

Future research on the influence of CSR in purchase decisions could employ quantitative methods. More

specifically, the identified factors could be cast in a questionnaire, and a large scale survey could attempt to measure the influence of the factors we identified in different consumption situations and the relationship between these identified factors would offer another promising possibility for further research. Another point for future investigation would be a cross cultural study to assess whether the identified factors differ in various cultural settings. Furthermore, as level of information is acknowledged to be a crucial point for evaluating corporate CSR initiatives and future research could focus on potential communication strategies and their impact on the target audience. Lastly, the relationship between CSR initiatives and price perceptions as well as the role of consumers' personal value system offer promising avenues for further research.

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**Annexure I : QUESTIONNAIRE**

**SURVEY QUESTIONNAIRE**

**Q1.** What, in your opinion, does Corporate Social Responsibility (CSR) mean?

- Corporates committing themselves to social initiative
- Putting people before profits and creating a sustainable environment
- Philanthropic and charitable activities of a corporation
- Undertaking public service tasks that governments should be doing

**Q2.** Do you think it is important for corporations to understand the social setting within which they operate and should contribute positively to it?

- Not at all
- To a minor extent
- To some extent
- To a major extent

**Q3.** To what extent has your own knowledge and awareness of CSR increased in the last five years?

- Not at all
- To a minor extent
- To some extent
- To a major extent

**Q4.** The CSR strategy of a corporation impacts its reputation

- Not at all
- To a minor extent
- To some extent
- To a major extent

**Q5.** The CSR practices of a company contribute to its profits

- Not at all
- To a minor extent
- To some extent
- To a major extent



- Q6.** In the recent past, have you noticed companies marketing their products in the name of CSR?
- Yes, several times
  - Yes, occasionally
  - No, didn't notice till you mentioned it
  - No, I wouldn't call it the marketing of CSR
- Q7.** Classmate, a producer of notebooks, states that for every notebook sold, a certain portion of the cost price is set aside for educating children. Would you purchase classmate notebook instead of your usual notebook?
- Yes,
  - No
- Q8.** What are the reasons for the answer you provided in (Q6)
- I would be contributing to a good cause
  - I think it is a marketing gimmick from Classmate
  - N/A
- Q9.** Weave India is a small organization that works with weavers from rural areas across India, making garments that are stylish and modern, while supporting the dying trade in distant villages. These garments come at an extra price when compared to ones sold by larger corporations, but do not differ in quality and style. Would you spare the extra money to support these rural weavers and buy from Weave India on a regular basis?
- Yes,
  - No
  - Unsure
- Q10.** What are the reasons for the answer you provided in (Q8)
- I would after all be contributing to a good cause
  - Buy it once to support the orphanage
  - I'm not sure if the money is reaching the weavers
- Q11.** A high CSR rating for a corporation will make a positive impression on me
- Not at all
  - To a minor extent
  - To some extent
  - To a major extent
- Q12.** Corporations are not profit making machines and have a duty/responsibility towards society?
- Not at all
  - To a minor extent
  - To some extent
  - To a major extent
- Q13.** As a consumer who is aware of organizations and their irresponsible behavior at times, mark the action that you feel are most harmful to society
- Offering harmful products
  - Overpriced goods and services
  - Evading tax
  - Mistreating employees
  - Polluting the environment
  - Don't know
- Q14.** Have you ever purchased a product or availed of a service, simply because a company's CSR practices, or a particular CSR campaign that was being carried out at the time?
- Yes
  - No
  - Unsure
- Q15.** Based on your viewpoint select a factor that influences customer purchasing behavior the most?
- Price of the product/service
  - Quality of the product/service
  - CSR profile of the company
  - Company's reputation in the society where it operates