

CONSUMER'S PERCEPTION TOWARDS CORPORATE SOCIAL RESPONSIBILITY IN INDIA: AN EVALUATION

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Abstract

Corporate social responsibility has become an important area for researchers as well as it grabs attention of corporate; especially in the field of consumer's perception and their response of corporate social responsibility. In developed countries research has been a vital source to grow national economy which shows that research on CSR in a developing country like India seem important to bring changes. Moreover, it is often found in developing countries that consumers are lacking awareness and found less supportive to socially responsible companies. In contrary, consumers of developed nations do support and welcome firms who are committed to social responsibility. Furthermore, choosing a substitute having the same price leads consumers to identify firms engaged in CSR activities.

KEYWORDS: Corporate social responsibility, developing countries, India, consumer perception, corporate social responsibility and buying habits.

INTRODUCTION

A research on corporate social responsibility had been started in the year 1930 when "Berle and Means" suggested incorporating voting rights with greater transparency and accountability for all shareholders of a company (Carroll 1991; Berle & Means 1948). In research Beckman (2007) concluded "research on consumer's perception and response to CSR and in result found positive relationship between company's social activity and consumer's reaction towards company and produces offered by them." However, it is seen that most of the researches on CSR are conducted in developed countries and findings of them suggest conducting CSR research in developing countries also. Visser (2007) suggests four factors for focusing on CSR in developing nation as recognizable from CSR in the developed world. All four factors given by Visser are as under;

1. Developing nations symbolize most rapidly escalating economies and hence the most productive growth markets for business.
2. In developing countries, social and environmental crisis are usually most tremendously felt in the world.
3. Developing countries are likely to have the most remarkable social and environmental impacts both, positive and negative.
4. Developing countries signify quite different CSR challenges which are seen tremendously different in developed countries.

Thus, this paper will evaluate consumer's perception towards corporate social responsibility in developing country of India. Moreover, it will examine whether consumers support socially committed company and do they have positive perception for companies doing CSR activities.

REVIEW OF LITERATURE

As the importance of CSR started increasing many researchers started working on it. One of the pioneers of CSR Mr. A. B. Carroll defines, "The total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical and philanthropic responsibilities. Stated in more pragmatic and managerial terms, the CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen." (Carroll A. B 1991, page no. 43) To become socially responsible enterprise, Mr. A. B. Carroll suggested major four components. First, Economic responsibility, all business units are abiding to earn and expand their business which is fundamental responsibility. Second is Legal responsibility, here business enterprise has to obey law and follow legal framework defined by government while doing business. Third, Ethical responsibility, in this third component business should respect right of their consumers and also meeting expectations of society is a responsibility. Moreover, right and fair actions are expected while serving customers. Fourth and last is Philanthropic responsibility. All business organizations have to work for wellbeing of society. Moreover, business should contribute and support broader community to improve

standard and quality of life (Carroll, 1995; Snider, Hill and Marting, 2003). As per the World business council for sustainable development (2006), business should be committed continuously to behave ethically with contribution to economic development simultaneously enhancing the standard of living of workers, their families and local community at large. Management studies defined CSR as business's commitment to operate in economically and environmentally sustainable way while identifying interest of stakeholders and maximizing economic, social and environmental values. (Matten et al., 2003; Waddock, 2004; Waddock & Post, 1990; Wood, 1991)

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

CSR in developing countries have mostly examined the business point where as the consumer' point of view is rarely examined, especially the views towards CSR. India is world's second largest populous nation with approximately 1.37 billion (www.indiastat.com) and plays significant role in the world economy. However, in context to CSR, India is having two major challenges; 1) Low per capita Income and 2) Low literacy ratio. Addressing first challenge, India has per capita income of \$ 2010/ year (World Bank, 2018) and spends most of them for their basic necessities. In such case spending money on socially engaged organization would be difficult for Indians. Coming forward to next challenge, in India literacy ratio is growing continuously but it is quite low i.e. 74% as per census 2011. The awareness for CSR is seen low.

OBJECTIVE OF STUDY

The prime objective of this study is to inspect consumers view regarding corporate social responsibility. Compared to developed countries, developing nations have many differences like level of education, per capita income which makes higher impact on buying habits and some cultural differences. Therefore, we need to analyze consumer's perception in developing countries.

RESEARCH METHODOLOGY

This study is based on primary data which is collected through well-structured questionnaire from various consumers of different age, income, education and from different occupation. This questionnaire has been designed in 3 parts i.e. demographic information, consumer support to CSR and various attributes evaluating CSR. Total 160 respondents have been approached to measure the view of customers regarding CSR on the basis of convenient sampling method.

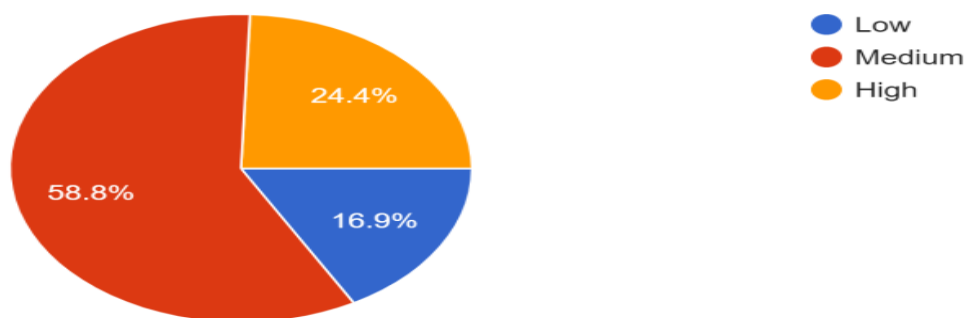
DEMOGRAPHIC INFORMATION

TABLE NO. 1: DEMOGRAPHIC INFORMATION OF RESPONDENTS

Demographic information	Variable	Frequency	Percentage %
Gender	Male	94	58.8
	Female	66	41.2
Age	20-30	97	60.6
	31-40	34	21.3
	41-50	16	10
	51 or above	13	8.1
Education qualification	High school	24	15
	Bachelor	48	30
	Master	65	40.6
	Doctorate/PhD	8	5
	Professional	15	9.4
Occupation	Student	49	30.6
	Self employed	30	18.8
	Employee	74	46.2
	Unemployed	3	1.9
	Others	4	2.5
Monthly Income (₹)	Less than 10,000 ₹	48	30
	10,000-25,000 ₹	35	21.9
	25,000-50,000 ₹	18	11.3
	50,000-1,00,000 ₹	27	16.9
	Above 1,00,000 ₹	32	20
Total		160	100%

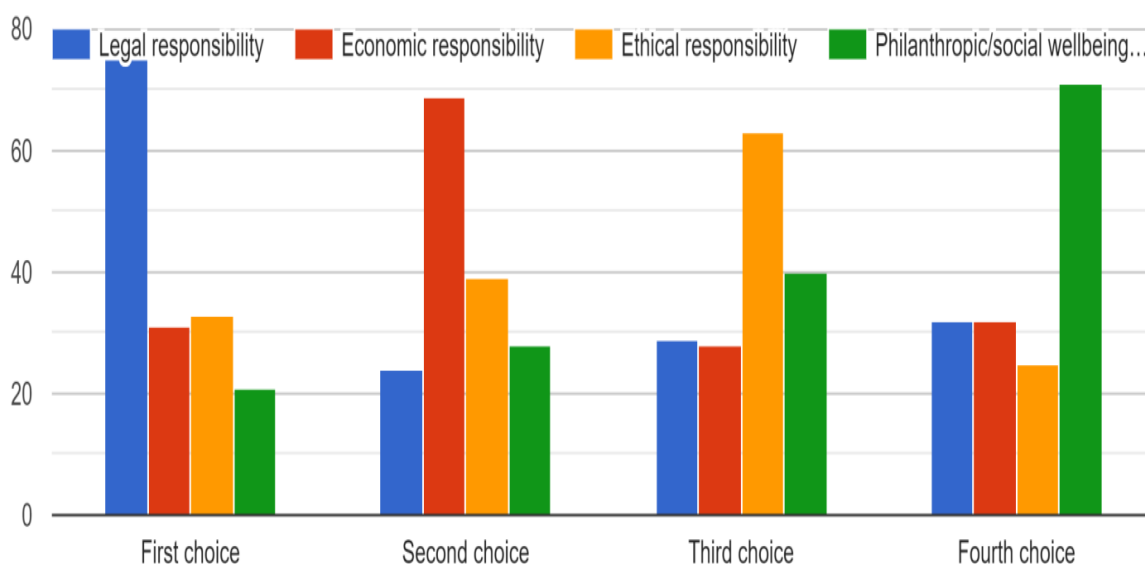
Above table 1, discloses demographic information about respondents. To commence with gender, out of total respondents 58.8% are male while the rest are female. Regarding age group, 60.6% of respondents belong to age group of 20-30, 21.3% of 31-40, 10% of 41-50 and rest are from 51 or above age group. To describe educational qualification, 40.6% have done Masters, 30% have done bachelor, 24% having high school degree, 9.4% are professionals and rest 5% are having doctorate degree. Out of total respondents 46.2% are doing job, 30.6% are college students and others are engaged in different occupation. Classifying on the basis of monthly income, 30% are earning 10,000 or less, 21.9% earning in between ₹ 10,000-20,000, 20% are earning ₹ 100,000 or above followed by 16.9% and 11.3% from income group up to ₹ 100,000 and ₹ 50,000.

CHART 1: CONSUMER'S LEVEL OF UNDERSTANDING ABOUT CSR



The above chart shows understanding level of respondents related to corporate social responsibility. The picture is clear to understand that Majority of consumers have an average awareness about corporate social responsibility which is 58.8%. Whereas only 24.4% respondents are confident about their familiarity with corporate social responsibility and 16.8% of respondents have poor understanding about corporate social responsibility.

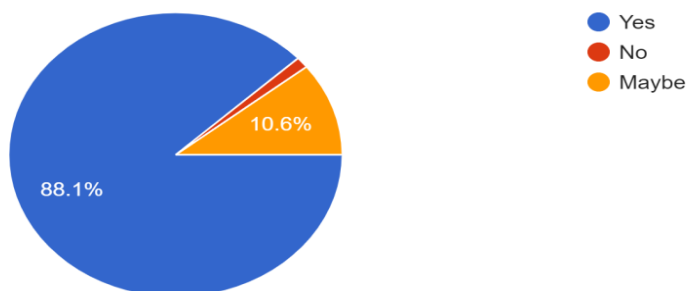
CHART 2: IMPORTANCE GIVEN TO VARIOUS FACTORS OF CSR



The chart 2 is made from the data collected and importance given by respondents to various factors of responsibilities which must be performed by goods and services provider. From chart, it can be said that out of total 160 respondents, for 1st rank, highest priority has been given to legal responsibility, for 2nd rank, highest priority has been given to economic responsibility, for 3rd rank, highest priority given to ethical responsibility and respondents gave the least importance to philanthropic responsibility.

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CHART 3: CSR AND BRAND TRUST OF CONSUMERS



In the well-structured questionnaire, a question was asked whether CSR activities increase the level of trust customers have in brand. Out of total 160 respondents, 141 respondents (88.1%) agreed with statement and only 2 respondents (1.2%) disagreed with statement whereas 17 respondents (10.6%) were not sure about statement.

TABLE 2: ATTRIBUTES EVALUATING CORPORATE SOCIAL RESPONSIBILITY

STATEMENT	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE
I strongly believe that business must....					
Participate in the management of public affairs.	8 (3.8%)	3 (1.9%)	22 (13.8%)	50 (31.3%)	79 (49.4%)
Help to solve social problems.	6 (3.8%)	8 (5%)	24 (15%)	54 (33.8%)	68 (42.5%)
Play role beyond the mere profit generating organization.	7 (4.4%)	10 (6.3%)	27 (16.9%)	52 (32.5%)	64 (40%)
Allocate some of their resources to philanthropic/social wellbeing activities.	5 (3.1%)	10 (6.3%)	33 (20.6%)	44 (27.5%)	68 (42.5%)
Concentrate on profit maximization only.	27 (16.9%)	27 (16.9%)	39 (24.4%)	37 (23.1%)	30 (18.8%)
Always improve economic performance.	5 (3.1%)	11 (6.9)	45 (28.1)	46(28.7)	53 (33.1%)
Plan for their long term success.	4 (2.5%)	10 (6.3%)	34 (21.3%)	44 (27.5%)	68 (42.5%)
Control their production cost strictly.	7 (4.4%)	16 (10%)	35 (21.9%)	38 (23.8%)	64 (40%)
Avoid compromising ethical standards to achieve corporate goal.	20 (12.5)	19 (11.9)	39 (24.4%)	32 (20%)	50 (31.3%)
Incorporate ethical concerns which negatively affect economic performance.	25 (15.6%)	24 (15%)	41 (25.6)	36 (22.5)	34 (21.3%)
Committed to well defined ethical principle.	13 (8.1%)	17 (10.6%)	36 (22.5)	41 (25.6)	53 (33.1%)
Ensure that respect to ethical principles has priority over economic performance.	8 (3.8%)	9 (5.6%)	34 (21.3%)	40 (25%)	69 (43.1%)
Always submit to the principles defined by the regulatory system.	9 (5.6%)	16 (10%)	39 (24.4%)	40 (25%)	56 (35%)
Ensure that their employees act within the standards defined by law.	7 (4.4%)	14 (8.8%)	40 (25%)	37 (23.1%)	62 (38.8%)
Refrain putting aside what is committed whether written or verbal.	9 (5.6%)	17 (10.6%)	60 (37.5%)	40 (25%)	34 (21.3%)
Refrain bending the law even though it helps to improve business performance.	15 (9.4%)	18 (11.3%)	42 (26.3%)	36 (22.5%)	49 (30.6%)

Above Table 2 shows scale of corporate social responsibility and consumer's consent towards types of CSR i.e. philanthropic, economic, ethical and legal responsibilities. Regarding participation of business in public affairs, out of 160, 79 respondents (49.4%) strongly agreed followed by 50 respondents (31.3%) agreed and only 8

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respondents (3.8%) disagreed. Majority of respondents 68 (42.5%) agreed strongly whereas only 6 respondents (3.8%) disagree regarding business must help for solving social problems. 64 respondents (40%) strongly agreed for business' role must be beyond the mere profit generation and 7 respondents (4.4%) strongly disagreed the statement. Regarding allocation of resources for material well-being by organization 68 respondents (42.5%) strongly agreed; followed by 44 respondents (27.5%) agreed and only 5 respondents (3.1%) strongly disagreed. From first four statements we can say that majority of respondents are agreeing philanthropic responsibilities of business.

Regarding business' concentration only on profit maximization, 39 respondents (24.4%) selected neutral followed by 37 respondents (23.1%) agreed and 27 respondents (16.9%) strongly disagreed. Regarding business' decision for only improving economic performance, 53 respondents (33.1%) strongly agreed while only 5 respondents (3.1%) strongly disagreed. 68 respondents (42.5%) strongly agreed whereas only 4 respondents (2.5%) strongly disagreed regarding statement, business must plan for their long run success. Regarding cost control, 64 respondents (40%) strongly agreed and 7 respondents (4.4%) strongly disagreed. From this economical responsibility, we can conclude that business must achieve their economical goal with considering consumer benefits.

Regarding statement, business must avoid compromising ethical standards for achieving goals, 50 respondents (31.3%) strongly agreed while 19 respondents (11.9%) disagreed the statement. Regarding achieving economic performance business must incorporate ethical concern, 41 respondents (25.6%) select neutral whereas 24 respondents (15%) disagreed statement. Regarding business' commitment to follow well defined ethical principles, 53 respondents (33.1%) strongly agreed whereas only 13 respondents (8.1%) strongly disagreed with statements. Regarding ethical priority over economic performance, 69 respondents (43.1%) agreed and 8 respondents (3.8%) strongly disagreed the statement. Here, we can conclude that respondents are favoring business must follow ethical standards while doing business.

Regarding following laws, 56 respondents (35%) strongly agreed followed by 40 respondents (25%) agreed, 39 respondents (24.4%) neutral, 16 respondents (10%) disagreed and 9 respondents (5.6%) strongly disagreed statement. 62 respondents (38.8%) strongly agreed, 40 respondents (25%) selected neutral and 7 respondents (4.4%) strongly disagreed for business must ensure lawful action of their employees. A statement, business must refrain putting aside what is committed oral or verbal, 60 respondents (37.5%) chose neutral, 40 respondents (25%) agreed and 9 respondents (5.6%) strongly disagreed statement. For statement improving performance business must refrain bending law, 49 respondents (30.6%) strongly agreed and 15 respondents (9.4%) strongly disagreed the statement. From these statements it is sum up that, by following laws established by regulatory system, business should work further which enhances consumer's faith in brand image of business.

To know consumer's support to socially responsible business practices, total five questions were asked which ranged from never to always. In these questions it is tried to evaluate whether consumers will support organization that spent recognizable amount for well-being of society at large. The following table shows what responses have been given by respondents.

TABLE 3: CONSUMER'S SUPPORT TO SOCIALLY RESPONSIBLE BUSINESS PRACTICES

Statement	Minimum	Maximum	Mean	Standard deviation
While buying, if price and quality of substitute products are same, I would buy from the firm that has socially responsible reputation.	1	5	4.38	41.13
I would like to buy more products from socially responsible company.	1	5	4.19	32.69
I consider ethical reputation of business while shopping.	1	5	4.18	31.46
I would pay more to buy products of company caring wellbeing of society.	1	5	4	26.30
I avoid buying from companies engaged in immoral activities.	1	5	3.78	21.71

Above table 3 represents consumers support to socially engaged companies. The mean of all five questions are found positive and near to maximum number i.e. 5. In a statement, 1) while buying, if price and quality of substitute products are same, I would buy from the firm that has socially responsible reputation, the mean is highest i.e. 4.38. 2) I would like to buy more products from socially responsible company, mean is 4.19. 3) I consider ethical reputation of business while shopping, mean is 4.18. 4) I would pay more to buy products of company caring for wellbeing of society, mean is 4. And 5) I avoid buying from companies engaged in immoral activities, the mean of same is 3.78. From this table we can say that consumers would Support highly to Companies engaged in CSR if price and quality of substitute products are similar, consumer would buy more

from a socially engaged company, consumer would consider ethical reputation while shopping and would like to pay more to buy products of company caring for wellbeing of society. Among all five questions, least accepted statement is consumers would avoid buying from companies engaged in immoral activities.

CONCLUSION

In the present competitive world, to grab market share, organizations are getting involved in social activities but on the other end, business has forgotten to educate society and promote such social efforts. These findings suggest that consumers in India are less aware about corporate social responsibility but the respondents have showed their interest in CSR and their agreement for supporting socially responsible companies. If people are educated for CSR, more positive result can be derived.

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