



A STUDY ON RELATIONSHIP BETWEEN THE CSR ACTIVITIES OF ORGANIZATIONS AND THE BUYING DECISION OF THE CONSUMERS

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ABSTRACT

A study on relationship between the CSR activities of organizations and the buying decision of the consumers.

Corporate social responsibility is a Management concept that began in the 20th century but started taking shape in early 1950 and till date has assumed new importance and has become multidimensional. The main agenda of CSR has been to give back to the society for encouraging a good brand reputation. This good reputation then attracts the customers to the products of such organizations. The paper aims to find out the relationship between the CSR involvement of the organizations and the buying behavior of the customers. For the purpose of data analysis Karl Pearson's Coefficient of Correlation and Multiple Linear Regression analysis has been done. Managerial suggestions have been made for the organizations so that they can take maximum benefit of their CSR activities through increased sales.

KEYWORDS: *Buying Behavior, Customers, Consumers, CSR, Correlation*

INTRODUCTION

History of CSR in the world

With industrialization In the UK in United States there was growing criticism regarding the increasing factory system not so good working conditions and the employment of women and children were brought into Limelight. the reformers were of the belief that the current employment practices had a major role to play in increasing social problems including poverty and labor unrest. In late 1800 there was rise of philanthropy. Andrew Carnegie and industrialist who made majority of his fortune in the steel industry was very well known for giving away a large portion of his wealth as donation to causes that were related to scientific research and education. John d Rockefeller also donated more than half a billion of dollars to causes such as scientific research religion and education. He followed the footsteps of Andrew Carnegie. It was in 1970 that CSR was into practice in United States of America. The committee of economic

development gave a concept of social contract that exists between businesses and society in 1971. The idea behind this concept was that there is a need to understand that companies function and exist because of public consent therefore there must be a mandatory obligation of companies to contribute towards the societal needs.

It will not be wrong to say that India has the richest tradition of following corporate social responsibility. In India, this concept goes back to the Mauriyan history where great philosophers like Kautilya emphasized on ethical practices and principles that need to be followed while conducting business. The term CSR may be relatively new but the ideology dates to ancient history. CSR has been practiced in formerly in ancient times by means of charity to the poor and to the specially abled. In the Indian culture sharing and caring is deeply rooted. The Indian scriptures talk about the importance of sharing ones earning with the less privileged at more than one



places. One cannot deny the role of religion in promoting the concept of CSR.

Report from Aflac, on corporate social responsibility says that the workers the consumers in and investors have been continuously putting pressure on the American corporations to increase their contribution in CSR activities. 77% of consumers said that they are more willing to purchase a product from a company if the company has shown commitment to help in the social economic and environmental issues of the place where they are located. A survey conducted by Deloitte in 2019 showed that climate change and environmental protection are the prime concern of the millennial today. The millennial found that corporate social responsibility is not just an ethical aspect but also is the most expected feature from companies.

In India the young consumers want to associate themselves with brands and companies that are trying to create an impact to reduce climate crisis. The Indian consumer would now want to associate with companies that are trying to create a difference to reduce the impact of harmful substances on the climate. strategy which will help the society to be sustainable. It offers several advantages to organizations which include:

- Ease in launching new products
- New customers are attracted to the products and services
- It contributes to better customer relationship
- A price premium can be charged for the products.
- Increases quality perception about the products and services.
- Contributes to brand recognition
- Helps in winning the trust of the customers.

The brand image is an important factor which helps in promoting the sales of a product. The CSR activities help in portraying a good image about the brand. A brand is a public perception of the organizations vision and mission. With CSR activities the brand image improves and in turns results in better goodwill and profits for the organization. This image can be carefully crafted through CSR activities, promotional events, and public relations campaigns.

LITERATURE REVIEW

Martinez, Pérez & Rodríguez del Bosque, 2014, stated that CSR can be viewed as an emotional aspect of the brand image which in turn enhance the company's competitive advantage and help in forming a positive behavior of the consumer towards the company. This shall help in building positive brand image of the company.

Hur et al. (2014) suggested that corporate brand credibility and the corporate brand image can be

boosted by CSR efforts and initiatives. The same kind of findings were found in different countries and different industries. For instance, Hsu (2012) explored initiatives of companies cross culturally oriented. He found that the brand reputation can be improved when the CSR activities are positive. These activities help to create a demarcation in the minds of the consumers related to the company's products and services.

Tian et al. (2011) found that the good CSR initiatives of the firm help in creating a positive perception about the firm and help in increasing the purchase intention, however, the effect of CSR may be different when it comes to different products and different categories but is more prominent when the product is experienced. Ingram and Frazier (1980) identified a positive relationship between the contents of the environmental disclosures and the environmental performance.

Richa Gautam and Anju Singh, Industrial Safety & Environment Management Group, National Institute of Industrial Engineering (NITIE), India (2010) focused on understanding the multiple definitions and descriptions of CSR. They elaborated upon the development of CSR in India and tried to explain the theoretical concepts that were given by many researchers and also have a common platform to discuss the current CSR practices in India. They included the top 500 companies, identified, and viewed the CSR against the global reporting initiative standards.

RESEARCH METHODOLOGY

The Research Design is the basic plan which guide the research data collection and data analysis. it provides direction, guidelines and in short is the blueprint of the Research which aims to make it economical and less time consuming procedure (Kinnear & Taylor, 1996; Churchill & Iacobucci 2005). The research is of two types Exploratory and Conclusive. The conclusive research also has two angles Exploratory and Conclusive (Seth Ginsburg, 2011). The exploratory research is highly flexible, unstructured, and qualitative (Aaker et. al. 2007).

The Research Design is the basic plan which guides the research data collection and data analysis. it provides direction, guidelines and in short is the blueprint of the research which aims to make it economical and less time consuming. The research process starts with the problem identification and formulating the research objectives. considering the scope and the situation of the study primary or secondary data is used for the purpose of the research. the primary data with the firsthand data collected solely for the purpose of research whereas the secondary data



is the data which has been compiled by the previous researchers. Both the types of the data have relevance and respective importance. for the purpose of the study both primary data and the secondary data sources have been analyzed for better results and conclusions.

The research is exploratory nature an aim to find out the relationship between the CSR activities of the organization and the buying behavior of the consumers. the following research objectives have been framed for the purpose of the research:

- i. To find out the relationship between CSR activities of the organization and buying behavior of the consumer's
- ii. to find out the CSR activities which have more impact on the minds of consumer while making a buying decision
- iii. to make suggestions for organization so that they can make the most out of the CSR activities by attracting customers to buy their products.

The sampling plan is convenience and judgement based. for the purpose of the study 312 respondents' responses were considered for data analysis. For

achieving the research objectives an instrument was prepared which had a Cronbach Alpha of .7. a pilot test was also conducted for the validity off the research. For the purpose of data analysis statistical tools and test Karl Pearson's coefficient of correlation and multiple linear regression analysis was carried out. The dependent variable in the research id the buying decision and the Independent variable is CSR activities of the organization.

The data was analyzed with the use of software's like MS Excel, statistical package for Social Sciences and other online calculators. in the future the research can be extended to certain specific sections of consumers, certain specific industries, and specific Geographic locations. The limitations of Survey method apply to this research.

DATA ANALYSIS, DISCUSSIONS AND RESULTS

The following tables and figures depict the data analysis results which were obtained after processing the data in various statistical software.

Table 1.1 Correlations

		CSR	BD
CSR	Pearson Correlation	1	.357**
	Sig. (2-tailed)		.000
	N	360	360
BD	Pearson Correlation	.357**	1
	Sig. (2-tailed)	.000	
	N	360	360

** . Correlation is significant at the 0.01 level (2-tailed).

Regression

Table 1.2 Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	CSR ^b		Enter

a. Dependent Variable: BD

b. All requested variables entered.

Table 1.3 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.357 ^a	.127	.125	.46185

a. Predictors: (Constant), CSR

b. Dependent Variable: BD



Table 1.4 ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	11.136	1	11.136	52.208	.000 ^b
Residual	76.364	358	.213		
Total	87.500	359			

a. Dependent Variable: BD
 b. Predictors: (Constant), CSR

Table 1.5 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.818	.360		2.270	.024
	CSR	.636	.088	.357	7.226	.000

a. Dependent Variable: BD

Table 1.6 Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.3636	4.0000	3.4167	.17613	360
Residual	-.36364	.63636	.00000	.46121	360
Std. Predicted Value	-.301	3.312	.000	1.000	360
Std. Residual	-.787	1.378	.000	.999	360

a. Dependent Variable: BD

Figure 1. 1

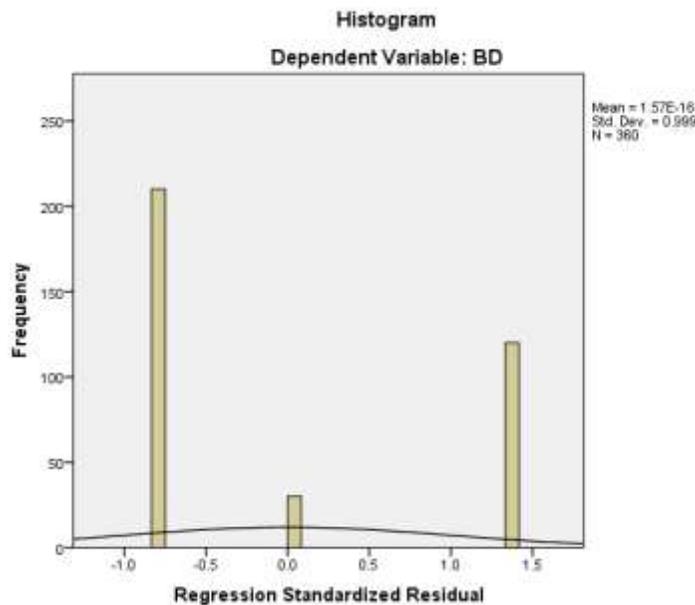
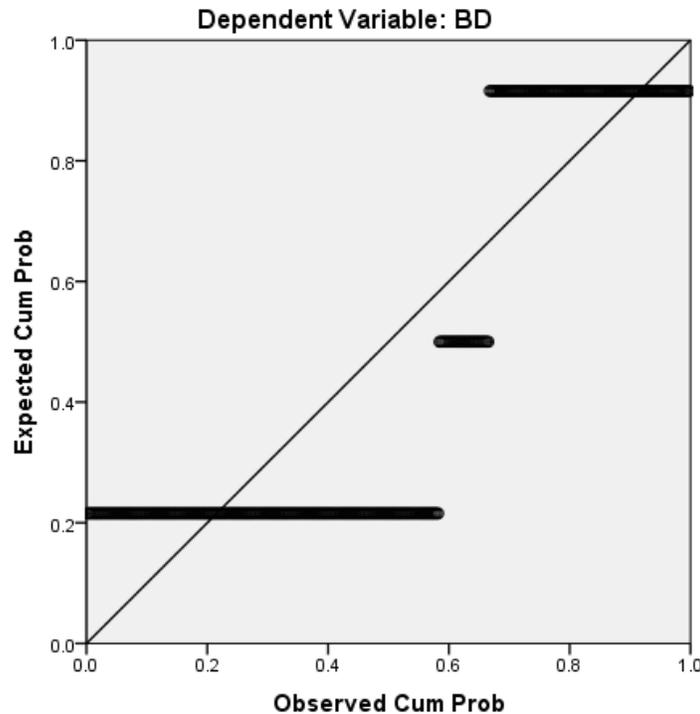


Figure 1.2

Normal P-P Plot of Regression Standardized Residual



The regression equation for the model is as follows = $0.8182 + 0.6364X$. The other statistical inferences can be explained as follows:

1. Y and X relationship

R Square (R^2) equals **0.1273**. It implies that 12.7% of the variability of Y (Buying Decision) is explained by X (CSR activities). The correlation (R) equals **0.3568**. It depicts a weak direct relationship between both the variables X and Y.

2. Goodness of fit

Overall regression: right-tailed, $F(1,358) = 52.2083$, p-value = $3.032e-12$. Since p-value $< \alpha$ (0.05), we reject the H_0 . The linear regression model, $Y = b_0 + b_1X$, provides a better fit than the model without the independent variable resulting in, $Y = b_0$. The Slope (a): two-tailed, $T(358) = 7.2255$, p-value = $3.032e-12$. For one predictor it is the same as the p-value for the overall model. The Y-intercept (b): two-tailed, $T(358) = 2.2699$, p-value = **0.02381**. Hence b is significantly different from zero.

3. Residual normality

Linear regression assumes normality for residual errors. Shapiro will p-value equals **0.000**. The data is not normally distributed. But since the sample size is large, it should not adversely affect the regression model. Based on the above it can be concluded that there is a weak positive relationship between both the variables.

CONCLUSIONS

In the study it has been observed that also consumers have become increasingly aware of the CSR activities and the ethical policies followed by organizations that is not the sole criteria when they make a buying decision. The product price, the place and the promotion factors given by Kotler still assume a lot of importance as far as the buying decisions of the consumers are concerned.

But it cannot be denied that the consumers do not take cognizance of the CSR activities of the organizations it came out in order to promote a particular cause or sometimes buy the product but that is not their regular choice always. The companies and organizations who have a strong product and



competitive price and are also involved in CSR activities can take maximum advantage of this mindset of the consumers.

Given a choice between two similar products with the same price the consumers are tilted towards the organization whose CSR activities are more prominent and society driven, but CSR activities is not the only criteria when the consumers make a buying decision of a product. The consumers these days are also bothered about the eco-friendliness of the product packaging and the minimum use of plastic and prefer biodegradable materials. such information Should be provided on the packaging and labelling.

The companies who have competitive products should take the maximum mileage out of their CSR activities by including them in their promotional campaigns. The brand ambassador of the company should regularly speak on such a selected activity of the organization. the social media should be extensively used for promoting the CSR activities of the organization. A proper feedback mechanism should be established when in the consumers can a press the company about the CSR causes which are dear to them and appeal them the most. Advertisement and promotional campaigns should be design in such a manner that they convey the CSR activities of the organization to the common public.

When the company is will start integrating there CSR activities in the promotional campaign along with the strong and competitive product it would be a Win-Win situation for both the producers as well as the consumers who are becoming increasingly aware of sustainability and social responsibilities which are the organizations have towards the society.

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