



Effects of CSR Initiatives on Company Evaluation, Product Association and Purchase Intention of Consumers

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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 measure consumer's responses towards CSR as the firms have to incorporate CSR strategy to develop a positive image and to create competitive advantage. This paper focuses on the consumer responses towards the CSR initiatives .The survey was taken among 176 consumers in a Retail Store Big Bazar at Phoenix Mall in Chennai using structured questionnaire. There was a positive interrelationship among the variables such as Corporate Evaluation, Product Association, and Purchase Intention. The research results a slight mean variance between the consumer's different age groups with respect to CSR awareness level. This research supports the marketers to insist on new strategies and to frame CSR objectives .Consumers good knowledge on the Firms CSR initiatives will motivate the consumers to express an ethical Behaviour.

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

1. INTRODUCTION

The term Corporate Social Responsibility may be relatively new to India but the history of Corporate Social Responsibility has been started in ancient days where CSR was informally practiced in form of charity to the poor and disadvantaged. The corporate social activities have been incorporated in the business objectives and to achieve organizational goals (Drumwright and Smith, 1994) Many corporates have started engaging in CSR activities but the number of companies involving in these 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. Consumers lack of information on firms CSR will lead to low awareness on Corporate Social Responsibility (Bert van de Ven, 2008)As the demands of the customers have been increasing and keeps changing the marketers are forced to make innovative strategies to meet their requirement (Ptacek and Salazar, 2001). CSR has become a very important topic for discussions and has gained a great interest among the academic researchers and marketers. The researchers are eager to understand a) Meaning of corporate social

responsibility b) The different models of CSR c) Its impact on the corporate performance and increase profits d) The relevance of CSR embedded in firms objectives e) The direct and indirect effects of CSR on consumers attitude and behavior f) The important factors that influence CSR effects on Consumers. This paper will analyze the relationship between Corporate Social Responsibility and Consumer's perception that measures corporate Evaluation, Purchase intention and Product Association. For study the author has taken the FMCG industry as it is one of the fast growing sector in India.

2. THEORY

The theoretical framework of Corporate Social Responsibility was established by Carroll that constitutes of four responsibilities - ethical, legal, economic, and philanthropy (A.Carroll, 1991) .The notion of CSR was initiated long back and it is considered to be wide and complex (D.J Mohr, D.J Webb and K.E.Harris, 2001).This enables companies to act in diverse areas of business, to mediate CSR initiatives(J.Pirsch et.al, 2007; Meryem El Alaoui Amine et.al,2013; Saju Jose et.al, 2012)- Previous authors have argued on consumer's demand that the companies need to show ethical behavior. CSR initiatives inspire consumer buying intentions in the long run. The association between the consumers and firm's CSR would be stepped up through various attributes of CSR like Awareness (P.Auger et.al,2003; T.J Brown and P. A. Dacin,1997; E.Cryer and W.Ross,1997) Brand familiarity, Consumer Trust, Cause Specificity(Sana-ur-Rehman Sheikh and Rian Beise-Zee,2011) Customer Loyalty(Jamaliah Mohd. Yusof et.al.,2015) Knowledge, Positive brand attitude(C.B.Bhattacharya and S. Sen,2004; Marin, Longinos and Salvador Ruiz,2007; Lee,2015) Brand Loyalty(Ioan PLĂIAȘ,2011).This paper highlights the important attributes that cause substantial effects on Consumer-Corporate relationship.

Company Evaluation, Product Association and Purchase Intention are the most prevailing variables that influence the consumer's perceptions, more than the firm's objectives (Becker et al., 2006; Marin and Ruiz, 2007). Companies need to understand the various consumer attributes in order to create a positive brand image and it is important to make consumers understand why companies are participating in these social activities. Consumers are willing to involve in the activities that would bring a social change through their consumption behaviour (Frederick E and Webster,1975; James A. Muncy,1991; Xin Deng,2012).Consumers who have would show a positive behaviour in their daily consumption.(Lee,2010)

3. CUSTOMER'S PERSPECTIVE

An organizations financial benefit of CSR depends on how consumer's perceived choice of Brand and brand recommendations (T.J Brown and P. A. Dacin,2007; Drumwright and Smith,1994; Handelman and Stephen,1999). Even so, existing research has usually found CSR effects on product judgments to be light or indirect (C.B.Bhattacharya and S. Sen,2001)-Consumers who are not aware of Corporate social responsibility would purchase the similar product without knowing that they are supporting the social cause(Maignan.S and O.C. Ferrell,2004; Abigail McWilliams and Donal Siegel,2001). The indirect effect of CSR association on product evaluation is through the overall evaluations of the companies (T.J Brown and P. A. Dacin, 1997). A company's CSR initiatives affect the customer's intention to buy the product(C.B.Bhattacharya and S. Sen,2001). In this study, a client-centric approach is taken up to formulate a model for assessing the strength of a company's CSR initiatives (Schuler and Margaret,2006). This study also explores the relationship that Corporate Social Responsibility has on consumers' product quality evaluation, consumer's company evaluation and purchase purposes.

H₁: There is an association between Corporate Evaluation and Product Association

H₂: There is an association between Corporate Evaluation and Purchase Intention

H₃: There is an association between Purchase Intention and Product association

H₄: There is a significant mean difference among consumer's age groups with respect to CSR Awareness

H₅: There is a significant mean difference among Male and Female consumers with respect to CSR Awareness

4. RESEARCH METHODOLOGY

The data was collected using Mall intercept survey method from 176 consumers in a Retail Store at Chennai metropolitan city. Mall Consumers are intercepted and consumers who are interested about CSR were selected for the survey. The data were gathered from the respondents of Big Bazaar which is one of the biggest Retail stores.

The study used SPSS version 20 for analyzing the data. Descriptive statistics is conducted to understand the consumer’s demographic information. The Cronbach alpha value (0.726) measures the reliability of the items and found to be greater than the threshold value of 0.7. The association between the variables is found using Pearson Correlation. One way Anova is used to find the differences among the consumer’s age groups with on CSR awareness.

5. RESULTS AND DISCUSSION

Table 1 depicts the Cronbach alpha value of the items used for measuring Consumer responses towards CSR activities. The value is greater than the threshold value of 0.7 and thus confirming the reliability of the items.

Table 1
Reliability statistics

<i>Cronbach's Alpha</i>	<i>No. of Items</i>
0.726	11

Table 2
One way Anova between CSR Awareness and Age

	<i>Sum of square</i>	<i>df</i>	<i>Mean Square</i>	<i>f</i>	<i>Sig</i>
Between Groups	88.649	3	29.55		
Within Groups	304.663	172	1.771	16.682	0.00
Total	393.313	175			

Table 3
Multiple Comparisons -Post Hoc Test

<i>Dependent Variable: CSR Awareness LSD</i>						
<i>(I) AGE</i>	<i>(J) AGE</i>	<i>Mean Difference (I-J)</i>	<i>Std. Error</i>	<i>Sig.</i>	<i>95% Confidence Interval</i>	
					<i>Lower Bound</i>	<i>Upper Bound</i>
18-24	25-34	-4.74927*	.89882	.000	-6.5155	-2.9831
	35-44	-6.27759*	.93055	.000	-8.1061	-4.4490
	45 AND ABOVE	-4.12883*	1.22620	.001	-6.5384	-1.7193
25-34	18-24	4.74927*	.89882	.000	2.9831	6.5155
	35-44	-1.52832	.96744	.115	-3.4294	.3727
	45 AND ABOVE	.62044	1.25443	.621	-1.8445	3.0854
35-44	18-24	6.27759*	.93055	.000	4.4490	8.1061
	25-34	1.52832	.96744	.115	-.3727	3.4294
	45 AND ABOVE	2.14876	1.27735	.093	-.3613	4.6588
45 AND ABOVE	18-24	4.12883*	1.22620	.001	1.7193	6.5384
	25-34	-.62044	1.25443	.621	-3.0854	1.8445
	35-44	-2.14876	1.27735	.093	-4.6588	.3613

*. The mean difference is significant at the 0.05 level.

[Table 2] highlights the results of One way Anova test conducted among the CSR awareness and Consumers age. The significant p value resulted that there is difference in the age groups. 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 multiple comparisons test [Table 3] to find the mean score for all the age levels. Consumers of age groups 35-44 awareness level of CSR are different from Consumers of age groups 25-34 and 45 and above. The highest mean difference (6.27759) is between the 18-24 and 35-44 age groups with regards to CSR awareness. Hence the alternative hypothesis H_4 is accepted and the null hypothesis is rejected.

Table 4
Group Statistics between CSR Awareness and Gender

	<i>Gender</i>	<i>N</i>	<i>Mean</i>	<i>Std. Deviation</i>	<i>Std. Error Mean</i>
CSR Awareness	Female	71	42.8895	8.00756	.59520
	Male	105	40.3311	8.09889	.47314

Table 5
Independent Samples Test

		<i>Levene's Test for Equality of Variances</i>		<i>t-test for Equality of Means</i>			
		<i>F</i>	<i>Sig.</i>	<i>t</i>	<i>df</i>	<i>Sig. (2-tailed)</i>	<i>Mean Difference</i>
CSR Awareness	Equal variances assumed	10.413	.001	3.356	472	.001	2.55844
	Equal variances not assumed			3.365	384.678	.001	2.55844

[Table 4] results the descriptive statistics analyzed to find the CSR awareness level on Consumers gender. The Mean value of female consumers is more than the male consumers with respect to CSR awareness. [Table 5] The independent samples t-test has been performed to analyze whether there is any difference between the mean of CSR awareness of male and female groups. The significant value for the Levene’s test is 0.001, which means that the variances of CSR awareness in these two groups are not equal.

Table 6
Descriptive Statistics Pearson Correlation

	<i>Mean</i>	<i>Std. Deviation</i>	<i>N</i>
Company Evaluation	26.7194	4.97003	176
Product Association	16.4008	1.85285	176
Purchase Intention	14.9578	2.34505	176

As Levene’s test shows that the variances of CSR Awareness between male and female consumers are not equal, the significance value of equal variances assumed has to be considered. The significance value is 0.001. This shows that the CSR Awareness between male and female consumers is significantly different. H_5 is accepted and the null hypothesis is rejected.

Table 7
Correlations between Variables

		<i>Company Evaluation</i>	<i>Product Association</i>	<i>Purchase Intention</i>
Company Evaluation	Pearson Correlation	1	.608**	.324**
	Sig. (2-tailed)		.000	.000
Product Association	Pearson Correlation	.608**	1	.586**
	Sig. (2-tailed)	.000		.000
Purchase Intention	Pearson Correlation	.324**	.586**	1
	Sig. (2-tailed)	.000	.000	

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

[Table 6] illustrates the results of bivariate correlations and Company Evaluation has the highest Mean value of 26.7194 than the two variables Product association and Purchase Intention. [Table 7] shows that the variables are positively correlated .Company Evaluation is positively correlated with Product association at ($r = 0.608, p < 0.05$) and with purchase intention at ($r = 0.324, p < 0.05$).Product Association was positively correlated with Purchase Intention at ($r = 0.586, p < 0.05$).This results that all the variables used to measure CSR awareness level on Consumers are associated and the correlation is significant at 0.01 level. Hence the null hypothesis is rejected and the alternative hypothesis ($H_1 - H_3$) is accepted.

6. CONCLUSION

The outcomes of this survey show that consumers are aware of the firm’s Corporate Social Responsibility programs. Consumers have initiated to recall the firms CSR practices while purchasing the products. From results of 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 (T.J Brown and P. A. Dacin,1997; Ricks, 2005; C.B. Bhattacharya and S. Sen, 2001;Becker et.al., 2006).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 analysis proves that there is a difference between the male and female consumers pertaining to CSR awareness. The study also resulted that there is a difference in the mean value among the various consumer’s age groups on CSR awareness. In the future researchers might study on the corporate social responsibility scale between various other segments pertaining to consumers. The research work should focus on the relationship between Consumer emotions and the firms CSR initiatives.

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