



Study on interrelation between CSR and consumer buying Behavior

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ORIGINAL ARTICLE



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Study on interrelation between CSR and consumer buying Behavior. Indian consumers must be well informed that, in achieving their corporate goals, organizations now bear great responsibility to develop healthy environment and aware society.

Abstract :-

Indian consumers must be well informed that, in achieving their corporate goals, organizations now bear great responsibility to develop healthy environment and aware society. The aim of this study is assessment of impact of corporate social responsibility on consumer buying behavior in Jharkhand state and to analyze whether consumers reckon organization's CSR initiatives before purchasing decisions of goods and services. In this research paper, researcher adopted Carroll definition of CSR to address whole range of economic, legal and philanthropic responsibilities of organization. A survey method and questionnaire in this regard was carried out and 313 responses were collected across the different corner of Jharkhand that further lead to culmination of this analysis of research paper. The analysis showed that there is significant positive correlation between all CSR components and consumer buying behavior. However, Jharkhand consumer's priority appeared to be different than offered by Carroll's classical pyramid, where economic responsibility was considered to be the greatest priority, followed by legal and ethical responsibility.

Keywords :-

Consumer, Responsibility, corporate social responsibility, behavior.

Introduction :-

Corporate social responsibility creates a landing place in the target consumers. It not

only caters to the brand equity awareness among the consumers but also leads to a positive brand image in the potential consumers. In Recent year, corporate social responsibility in India has become important issues among entire business community. According to Carroll (1991) organization does not only carry the economic responsibility to obey the rules and regulations of the country but they also have an ethical responsibility. Carroll divided corporate social responsibility in four categories and made a pyramid of economic, legal, ethical and philanthropic responsibilities. Whereas economic responsibility deals with profit making of the organization and legal deals with rule and regulation. Ethical responsibility that directs that an organization should follow the norms and values of society along with law. And philanthropic responsibility covers the volunteer/ charity work and contribution towards society. Keeping in mind about Carroll pyramid of CSR, researcher try to find what elements has cast more influence on an Indian consumer especially in Case of consumers of Jharkhand state.

Review of literature :-

Different research analysts have invested the relation between corporate social responsibility and consumer behavior. Although many of scholars agree that organization should accomplish, endorse and publicized corporate social responsibility due to their positive effect on consumer behavior (Maigan, 2001).

According to research conducted by sen and Bhattacharya (2001) on consumer reaction revealed that corporate social responsibility directly affect buying behavior of consumer.

There is positive relation between organization's CSR activities and consumer's buying intentions towards product (webband Harris, 2001)

According to creyer and rose (1997) consumer consider ethical behavior as significant concern while formulating their decision to buy any product or service from an organization.

Objective of study :-

The objective of this study is assessment of impact of corporate social responsibility on consumer buying behavior in Jharkhand state and to analyze whether consumers reckons organization's CSR initiatives before purchasing decisions of goods and services in Jharkhand state .

Hypothesis :-

H₀: Economic responsibility is not associated with consumer buying Behavior.

H₁: Economic responsibility is associated with consumer buying Behaviour.

H₀: Legal responsibility is not associated with consumer buying Behavior.

H₁: Legal responsibility is associated with consumer buying Behavior

H₀: ethical responsibility is not associated with consumer buying Behaviour.

H₁: Ethical responsibility is associated with consumer buying Behaviour

H₀: philanthropic responsibility is not associated with consumer buying Behavior.

H₁: philanthropic responsibility is associated with consumer buying Behavior.

Research methodology :-

Researcher used non probability sampling techniques and convenience sampling to collect Data. Primary data has been collected by researcher to complete the research paper. A survey method and questionnaire in this regard was carried out and 313 responses were collected

across the different corner of Jharkhand state of India that further lead to culmination of this analysis of research paper

Data Analysis :-

Table 1. Demographic pattern of respondent

| Age | Frequency | Present |
|-----------------------|------------|---------------|
| 16-25 | 71 | 22.70 |
| 25-35 | 201 | 64.20 |
| Above 35 | 41 | 13.10 |
| Total | 313 | 100.00 |
| Gender | Frequency | Present |
| Male | 236 | 75.40 |
| Female | 77 | 24.60 |
| Total | 313 | 100.00 |
| Geographical location | Frequency | Present |
| Hazaribag | 107 | |
| Ranchi | 84 | |
| Dhanbad | 65 | |
| Ramgargh | 57 | |
| Total | 313 | 100.00 |
| Educational level | Frequency | Present |
| Matriculation | 47 | 15.00 |
| Intermediate | 31 | 9.90 |
| Bachelor | 143 | 45.60 |
| Master | 58 | 18.50 |
| Post master | 34 | 10.80 |
| Total | 313 | 100.00 |
| Married status | Frequency | Present |
| Married | 117 | 37.40 |
| Unmarried | 196 | 62.60 |
| Total | 313 | 100.00 |

Table 1, show that 74.4% of respondent were male and 77 (24.6%) of the respondent were females. Most of the respondent fall within the age group of 26 -35 (64.2%), followed by age group of 16-25 (22.7%) and 13.1 % of the respondents lies in the age group 35+. A total of 107 (34.2%) of the respondents were from Hazaribag , 84 (26.8%) from Ranchi , 65(20.8%) from Dhanbad and 57(18.2%) of the respondents were from Ramgargh. a total of 117 (37.4%) of the respondents were married and 196 (62.6%) of the respondents were unmarried. Total of 143 (45.6%) of the respondents had a qualification level of bachelors , 58 (18.5)% master ,47 (15%) matriculation 34 (10.8%) post master and 31 (9.9%) intermediate .

Table 2

| Corporate social responsibility | Percentage |
|--|-------------------|
| Completely understand | 19.5% |
| Moderately understood | 48.2% |
| Little knowledge | 31.0% |
| CSR definition | Frequency |
| Follow the rule and regulation | 147 |
| Donate to charity | 255 |
| Maximizing values of shareholders | 109 |
| Contribution in community services | 227 |
| Minimizing discrimination in society | 103 |
| CSR activities | Frequency |
| Community work | 265 |
| Donation | 255 |
| Education sponsorship | 204 |
| Environmental protection | 140 |
| Maximizing shareholder's value | 110 |
| Sports sponsorship | 151 |
| Wild life protection | 090 |
| Production of environmentally product | 122 |

(Consumer general awareness about CSR initiatives)

Table 3

| Model | R | R SQUARE | Adjusted Squire | R std. | | Error of the Estimate |
|---------------|------------|----------------|-----------------|--------------|-------|-----------------------|
| 1 | .578 a | .334 | .325 | .40019 | | |
| Coefficient a | Model | Unstandardized | Coefficient | Standardized | t | Sig. coefficient |
| | | B | Std. Error | Beta | | |
| | (constant) | 1.017 | .193 | 5.260 | .000 | |
| | ECO | .240 | .054 | .250 | 4.416 | .000 |
| | LEG | .140 | .060 | .133 | 2.335 | .020 |
| | ETH | .115 | .050 | .129 | 2.294 | .021 |
| | PHI | .194 | .044 | .246 | 4.449 | .000 |

(Regression analysis)

Dependent variable: CnBeh and independent variables are ECO, LEG, ETH, and PHI

Above table shows that regration analysis and outcomes of regression analysis. It shows that the dependence of economic, legal, ethical and philanthropic responsibilities (independent variables) on consumer buying behavior (dependent variable). The R square or the coefficient of determination is % of the total variation in the dependent variable that is described by variation in the independent variables. the significance of independent variables on dependent variable is shown in the regression table, as the value of R Squire (.334) shows the impact of CSR elements on consume behavior is 33.4% explained . The value of R square shows a

weak linear relation between Independent variables (Elements of CSR) and dependent variables (consumer behavior). The result shows that apart from element of CSR there are some other factor that might have impact on consumer behavior such as price, place, promotion and quality of product and availability of substitutes.

The coefficient table shows that the relation between CSR and consumer buying behavior. For all the elements of CSR the p value is less than .005 that shows that there is significant relation between CSR elements and consumer behavior. The value of coefficient is .240 (economic), .140 (legal), .115 (ethical) and .194 (Phi). The value shows that high relatedness of two independent variables (Economic and Philanthropic) with consumer buying behavior as compare to other variables.

Table 4

| Model | | Sum of squares | Df | Mean square | F | Significance |
|-------|--------------|----------------|------------|-------------|--------|--------------|
| 1 | Regression | 24.718 | 4 | 6.180 | 38.586 | .000b |
| | Residual | 49.327 | 308 | .160 | | |
| | Total | 74.045 | 312 | | | |

(ANOVA a)

- a. Dependent Variable : CnBeh
- b. Independent Variable : PHI, ECO, ETH, LEG

Above table shows that there is significant relationship between all CSR and consumer behavior.

Table 5

| | | ECO | LEG | ETH | PHI | CnBeh |
|-------|--------|--------|--------|--------|-----|-------|
| | | 1 | | | | |
| ECO | | | | | | |
| LEG | .515** | 1 | | | | |
| ETH | .408** | .410** | 1 | | | |
| PHI | .371** | .401** | .479** | 1 | | |
| CnBeh | .462** | .412** | .402** | .453** | 1 | |

(Correlation Analysis)

** means, correlation is significant at the 0.01 level.

Based on the result obtained as the beta values shows that economic responsibility has the most significant impact on consumer behavior followed by philanthropic, legal and ethical responsibility.

According to table number 05, the consumer buying behavior is highly correlated with all elements of corporate social responsibility.

The value .462, .413, .403 and .454 shows that there are significant relationships between corporate social responsibility's elements and consumer buying behavior so organization should involve themselves in CSR activities as it changes the buying behavior of customer towards that organization. Indian consumer wants that every business organization must contribute to society and towards charity. The expectation of Indian consumer from the organization to do philanthropic efforts. Our Indian consumer regards the ethical and legal responsibility less important than economic and philanthropic responsibility.

Conclusion & suggestion:-

The benefits of using corporate social responsibility in branded content are endless. The

most important one is that it helps to build a brand's reputation and is a point of differentiation. It also encourages consumer trust and loyalty. If the consumers see that brands are addressing the issues that are important to them, it follows that they are likely to continue to buy their products.

Corporate social responsibility initiatives can be extremely effective at forging deep meaning connection with its consumers that transforms the loyalty of the consumer to them as a promoter of the company within their social networks.

Research should also be carried out to look into some moderating variables. As far as organization are concerned, they should note that the result of this research support the literature. It suggests that a viable and recognizable consumer group is present that consider companies CSR activities before arriving at any purchase decision. Manager should note that Indian consumers have clearly indicated their priorities and the priorities are different from that of other countries. The information extracted from this study can be used to promote company CSR activities. The organization should form up their CSR events keeping in mind the priorities showed in the result of this research, where the economic responsibility has significant relation with consumer behavior, followed by philanthropic responsibility, legal responsibility and at last ethical responsibility.

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