



Impact of Corporate Social Responsibility on Consumer Behavior

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Abstract: The current study tries to find out relationship between corporate social responsibility and consumer behaviour. The paper finds out how does corporate social responsibility affect a consumer's Purchase Decision or decision making process. Today, consumer recognises the role of ethics and corporate social responsibility of businesses. Thus, this context the responsibilities of the companies have increased and so they are working more towards the society and the environment welfare to fetch more customers and become more customers loyal. This works as a competitive advantage for the businesses and companies. Thus, fulfilling corporate social responsibility is an important marketing tool which gives a competitive edge to the companies in the Indian market. It was found that there are a few research researches on corporate social responsibility and its impact on consumers Purchase Decision. The consumer is influenced by a product on various parameters like quality, quantity etc. but they are not aware about the corporate social responsibility activities a company does. But now this is gradually taking a shift as consumers are taking interest in the CSR activities of a business. Therefore, it is clear that innovative steps taken by the company can create positive relationship between CSR activities and consumer decision making.

Key words: Consumers, behavior, Indian market, engagement, products, corporate social responsibility, CSR disclosure, social responsibility, corporate social performance, emerging markets.

I. INTRODUCTION

Today, consumer recognises the role of ethics and corporate social responsibility of businesses. Thus, this context the responsibilities of the companies have increased and so they are working more towards the society and the environment welfare to fetch more customers and become more customers loyal. This works as a competitive advantage for the businesses and companies.. A great deal of research has been conducted in this area; however, it was found that there are a few research researches on corporate social responsibility and its impact on consumers Purchase Decision. The consumer is influenced by a product on various parameters like quality, quantity etc. but they are not aware about the corporate social responsibility activities a company does. But now this is gradually taking a shift as consumers are taking interest in the CSR activities of a business.. The paper finds out how does corporate social responsibility affect a consumer's Purchase Decision or decision making process. It is indicated that ethical responsibility and philanthropic responsibility are associated with consumer buying behavior. Making consumers aware regarding the company's CSR is very crucial. It helps in creating a strong and positive picture of the company. But we should focus on doing rather than just advertising as it might go against the strongly build image of the firm. Consumers feel mistrusted with deceptive advertising and can create a negative ripple effect which may prove to be harmful for the company. Celebrity endorsement and expert consultancy are a means which increases company's credibility and reliability. But this tool is very expensive. Such investments are worth too, as the market analyst's use this endorsement contract to evaluate the firm's potential credibility, which further has an effect on its profits. To sum up, the impact of these endorsements on the final returns looks affirmative to the level that it offsets the hiring cost of the spokesperson. A study on celebrity endorsement in marketing reported that it produced 9.4 percent higher consumer viewership than advertisements without them.

It is perplexing that, can crime prevention, covid prevention, charitable contributions or even the concept of family planning be advertised and sold to consumers in a similar way as some firms sell soaps or detergents? Several studies suggest that CSR activities undertaken by the companies are viewed as services or ideas attempting to target a peculiar consumer segment. Often these companies attract consumers with their product offerings in addition to attempting to satisfy some need or want. Explicitly a clear understanding of consumer decision making process can help achieve affirmative outcomes for these establishments.

For instance, fruits of spreading knowledge related to the causes and precautions against covid by some hand wash or Sanitizer Company cannot be neglected currently. Some major undertakings of such CSR activities may be to solicit consumer's contribution to support social distancing and use of sanitizers to control the spread of this pandemic.

Concept of Corporate social responsibility

Concept of Corporate social responsibility is a kind of self-regulation for private firms which aims at contributing towards societal goal like voluntary activities which are followed by ethics. This includes corporate ethics strategy comprising many laws in the organizations and further pushed outside as industry wide undertakings. Present offers various challenges to the firms which are complicated in nature. Expansion puts pressure on the existing resources and the level of productivity having serious environmental effects. Today's Consumers have high expectation from the private firms. The current study tries to enquire if CSR have positive impact on the perception of the consumers. CSR endeavors to shoulder the responsibility for the firms actions and affirmatively impact its stakeholders. Philanthropy and cause-related marketing are at an all time high from the end of various companies. CSR initiatives are undertaken by more than 80% of the fortune 500 companies. Current day market findings highlight positive relationship between the firms CSR activities and consumers 'buying behavior.

Top management have to face many challenges such as social audits, corporate social reporting and triple bottom line, which are very fruitful for the firms. Unlike the western countries not much of research has been undertaken in the Indian markets to understand this relationship, only the law of contributing 2% of the profits to CSR activities has been formulated by the government with very less monitoring tough. The paper posits to investigate the relationship between CSR initiatives and of Indian consumer decision making. We shall explore the concern weather Indian consumers consider any firms CSR before using its services or its products.

Major Elements involved in CSR

1. Enabling Environment.

For providing a good environment the firms have to inculcate an entrepreneurial set up which will create an enabling environment and lead to the transformation of the whole organization.

2. Corporate Purpose

Firms have to ensure that the mission and values includes social value generation and fulfilling social responsibilities.

3. Value Creation and the Double Return.

Firms have to ensure creating value by providing good returns to its stakeholders by advancing various social agendas. The firms must be concerned with the increase of both the social capital as well as the economic capital.

Consumer Trust

Trust is a very important element in business sector. Trust is consequential from the motives, characteristics, and intentions of the exchange partners and the evaluation, assumptions, and prediction by the consumers as to the promised outcomes of the company (Cannon & Doney, 1997). According to Swean & Chumpitaz (2008) Trust has three main aspects related to perceived credibility, perceived truth, and perceived benevolence.

Concept of Consusrem Purchase Intention (PI) and Impact of Purchase Intention and CSR

According to Espejel et al. buying intention is a forecast of consumer behavior towards a future purchase decision. Optimistic consumer attitudes towards a firms's image, and product evaluation may be influenced by their CSR initiatives. Many researches reflects a positive relationship between firms CSR activities and consumer's peception. When consumers approve of certain CSR initiatives, they are classified as ethical consumers. (Auger et al., 2010). Accordingly, ethical consumption can be defined as the deliberate and conscious choice for consumption considering some personal and moral beliefs.

Consumers are willing to pay for the luxury of social consciousness. It looks like there exists some clear cut trends in general management ethical consumption. Though, most of the published empirical research regarding this relationship comes from the developed countries. Even then various researches highlight that consumer perception for CSR varies from culture to culture.

Inter-Relationship between CSR activities and Trust among the consumers

CSR is taken to be very crucial for increasing the trust of the consumers a firm as it improves consumer welfare. **CSR activities** have a positive impact on customer's level of trust. Customer purchase intention can be weighted by a company's CSR activities as it decreases the level of uncertainty involved in the activities. Morgan and Hunt (1994) claimed that the affect of customers trust is derived from existing values that customers and the company share with each other. Thus, customers trust can be defined as joint beliefs, regarding whether certain kinds of behaviors, goals and policies are significant or not. A firm can be benefitted by CSR initiatives and can have the advantage of customer loyalty, positive attitude for the brand, increased customer trust, improved profits. And better purchase intention

Psychological factors influencing consumer's purchasing decision

There are four important psychological factors which influences a person's purchase decision which is mentioned below:

Perception

Learning

Beliefs and attitudes

Motivation

Consumer Behavior towards CSR in India

India has the world's richest tradition of CSR. Though the term CSR is comparatively new, the concept itself dates back to over a hundred years. Hinduism and CSR are like merchants of the Hindu religion that teaches us to charity, making houses for the needy, building places of worship etc. Dharmada in Hinduism pursues that the businessmen charge certain amount from the purchaser which is used for philanthropy. Sikhs pursue daashaant. In India, CSR has developed in various phases, for instance socially responsible production, engaging the community fruitfully and socially responsible employee relations. Its evolution can be divided in four phases: Phase1 (1850 - 1914) Phase2 (1910 - 1960) Phase3 (1950 - 1990) Phase 4 (1980 onwards). Complete philanthropy and charity throughout the industrialization; businesses are only pledged to the managers and the owners. CSR is seen as a social development amidst the struggle of Independence where the businesses are pledged to the managers, owners, and employees. CSR during the "mixed economy paradigm"; where the businesses are responsible to owners, managers and other target environments also. When we talk about CSR amidst this globalised world, we can see it is in a perplexed state where the businesses are pledged to the owners, managers, other target environments and the public at large.

Purpose of the Study

The study highlighted that only good governance and the new company act is not enough for firms to just invest in CSR projects and meet the 2 per cent norm, but they need to understand whether CSR is looked at strategically. The study will contribute to building a body of knowledge in literature for further research. Secondly, the outcome of the research will also serve as a reference resource for other researchers to investigate further into areas that this study will not cover. It will also contribute slightly to the stakeholders understanding of the effect of CSR on consumer purchasing decision of Indian market.

Scope of the Study

1. CSR activities have become inseparable part of the firms' strategic decisions because it improves he stakeholders and companies relationship and promotes innovative actions.
2. CSR activities make a firm socially responsible. This increases employee's motivation and helps in strengthening the skill for managing the expectations of the stakeholders.

Implications of the Study

The Findings from the study highlights the importance of formulation of reports in an all-inclusive manner and covering more of stakeholders and related issues. It also showcases the increased necessity

of maintain a balance amidst informative needs, thus averting concentrated structures. It was seen that the firms with report high related to themes and reflects a comprehensive and balanced product, have a better stakeholder network. And thus they achieve a superior corporate social performance.

Major CSR funding has gone for covid 19 relief when we talk about the current day situation. Let's discuss some of the companies Best Practices presently. According to a study by the Futurescape, Tata Chemicals Ltd. is ranked number one, third year consecutively for sustainability and CSR practices in Responsible Business Ranking 2019. The study follows the ESG framework (environment, social and governance) for examining the corporate performance. The spending patterns on CSR are reviewed along with the performance of the firm.

CSR activities undertaken by various companies of India

1. Vedanta Ltd.

Companies CSR initiatives includes spending of INR 309 crores in social investments. social investments comprises of re-building anganwadi this ensures good health and learning of children of rural regions , promotion of women's empowerment and skilling.

2. Hindalco Industries Ltd.

Hindalco Industries Ltd.contributed INR 34.14 Cr, for supporting healthcare, education, sustainable livelihood, and social reformation under their CSR campaign

3. TataChemicals

The company spends 37.81 crores on projects related to the development of the society which aims at Enhancement of the quality of life of the people of the nation. Focus to Tata Chemicals corporate philosophy for which they formed Tata Chemicals Society for Rural Development. From the time of lockdown, they have distributed disinfectants, stitching masks, giving medical help and ensuring food security to the communities it works with.

4. Infosys Ltd.

The company spends 360 crore rupees in covid relief activities as a part of its CSR activities which includes facilities for quarantine bed setups. They undertake social development initiatives through the Infosys Foundation.

5. BPCL

The company spends INR 4.27 crores in covid relief activities as a part of its CSR activities which includes organization of 'Swachhata Pakhwada 2020' and distribution of special kits with dustbins, masks and hand sanitizers to 400 families in villages. BPCL's CSR philosophy also includes involving the creation and maintenance of toilets, associated sanitation facilities, waste management initiatives leading to overall health and hygiene for the communities.

II. SUGGESTIONS AND RECOMMENDATIONS

The current studies about perception of a consumer in the context of corporate social responsibility activities which is based on the emotional, rational and individual judgement for a product. It was found that there is a strong and positive relationship between CSR activities and a consumers purchase decisions. CSR Activities play an important role in building of trust of a consumer in a company which ultimately increase the creditability of a firm. The study is also supported by the findings by Kenning (2008) that general and specific trust has an affirmative impact on the consumer buying behavior. Government also plays a significant role in increasing the level of consumer awareness. This is done by the government by enforcing policies related to CSR activities conducted by various firms. Government organizations must market various schemes to increase consumer awareness towards the requirement and vitality of CSR initiatives and not let it remain just paper work. It will facilitate the much needed strong Indian consumer vision for seeing as to where are they right now, and where do they wish to be in

the next 10 years. Consumers must increasingly visualize CSR as an innovation rather than just documentation.

III. CONCLUSION

The concept of corporate social responsibility has gained a lot of importance in the recent times and so it has been a topic of research in lot of studies due to increased awareness about its significance in companies and businesses. It has become an important element in business and academic world. There is no doubt about the fact that corporate social responsibility activities have evolved a lot in the recent time and it is made clear that there is a strong relationship with consumer decision making process and corporate social responsibility activities. Many countries like UK,US, Sweden have realised the importance of concept of corporate social responsibility and administers it mandate to have the corporate spending reports. Even in Indian market it is a very substantial issue now. Post the enforcement of the Companies Act-2013, it is approximated that more than 2,500 establishments came under the domain of mandated CSR with the approximated budget of INR 15,000 crores. Thus we can say that the legislation has proved to be a game-changer in strategic efforts towards CSR that impact the consumer's choices. This has furthered fresh investments and accountability of implementing CSR in India and the way it is conceived by the consumers.

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