

## **The Study Concerning Consumer Perceptions of Corporate Social Responsibility Initiatives**

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Koneru Lakshmaiah Educational Foundation, KLEF, Vaddeswaram, Guntur- 522302,  
Andhra Pradesh, India

### **Abstract**

As specified in the Companies Act 2013, schedule VII- all the companies in India, having the net worth of Rs. 500 crores or turnover of Rs. 1000 crores and net profit of Rs. 5 crores (AFFAIRS, EMPOWERING BUSINESS, PROTECTING INVESTORS, 2021), have to contribute at least 2% of their net profit in the CORPORATE SOCIAL RESPONSIBILITY (CSR) and as it is a mandate, the law also specifies that directors have to make a committee of their top management posts and be the policy maker and executor of such mandate. This study follows the impact of such mandate on consumers preferences and his willingness to support the CSR and promote the product. The study focuses on the impact of CSR in customers choice and its influences on customers brand recommendation to other customers. By keeping other demographical analysis and hypothetical analysis created by collecting data from 142 respondents through a well-designed and testified questionnaire having 19 questions, the study results interesting and specifies that companies have to promote their CSR execution and also focus on publicity or advertising the same to attract more customers. The result of this study divides customers into two parts, the first group of customers presents the characteristics as: 1- to be aware of CSR, 2- SUPPORTS the policy and 3- be the USER of that brand for life long, the second part presents the characteristic as: 1- to be aware of CSR, 2- being NON-SUPPORTIVE to the policy and be the USER of that brand for life long.

**KEY WORDS:** CSR, CUSTOMER, PREFERENCE, INFLUENCES, BRAND ATTRACTION.

## **Introduction**

The new Companies Act 2013 provides many covers up and completes the old act of 1956 for the new era of companies. India has witnessed tremendous growth after the LPG policy of 1991 and it has provided us an opportunity to change and be with the world's pace to be a developed country. The same is applied to post-covid period of India. The new India is Young India and it needs to be focused on sustainable development. So, the Companies Act 2013 regulates the large-scale companies and make it compulsory to contribute for the society under CSR for sustainable development goals. The criteria of CSR include many options to spend the fund as Education, Health & Hygiene, Environment Protection, Poverty Eradication, Women Empowerment, Development of infrastructure in Rural area, Supporting Sports, maintenance of the Heritages, Donation to Skill Development and Self Employment, Donations to NGOs and Trusts etc (AFFAIRS, FAQ on CSR cell, 2022). As the companies have so many options to follow, they can select any as per their point of view and comfort but as we all know that customer is the one who lives in the society and know more about bottom level challenges and that is why companies do customer survey frequently about their product (Klein, 2022). The Indian Market is full of potential and growth opportunities and (standards, 2020) for majority of the product and customer satisfaction is one of the most effective characteristics that affects a company's ability to perform (team, 2021).

This survey is conducted to pursue to the customer's point of view for company's CSR policy and its execution. This study analyses the satisfaction level of a customer for the CSR of a company, the chosen area being appropriate or not, the amount of fund allocated is appropriate or not, more focus and finance is required to which area, how the company of their choice can help the INDIAN SOCIETY to be the best one to live in, asking for the betterment rather than challenges for next generation.

This research provides a widen scope to analyse the core of CSR policy executed by companies. It provides the customers point of view about CSR policy and its execution done the companies they have been a user.

This paper will be useful to companies executing CSR as it focuses on the future societal developmental standards. The usefulness of this paper with the government is, the most liked area of CSR is ENVIRONMENTAL PROTECTION and hence, the government should also take required steps about the same.

### **Literature Review**

(AFFAIRS, invitationofpubliccomments, 2019) After making the rule in the year of 2013 and applied law by the year of 2014, the MINISTRY OF CORPORATE AFFAIRS of INDIA has cleared out a resolution in which they have asked public opinions about the CSR policy mandate, titled as “Invitation for public comments for High Level Committee on Corporate Social Responsibility -2018” by providing a mail id, they ask for customers’ review and comments about the CSR mandate. The resolution also provides extra details and explanation about the CSR law. As the government also ask for recommendations and reviews of a user, the corporate should also do the same.

(J.J.RIVERA, E.BIGNE, & R.CURRAS.PEREZ, 2016) An article published in “Spanish Journal of Marketing-ESIC” provides details about the corporately survey and customer survey. The two-way analysis is conducted about the effects of CSR and brand satisfaction and the results of these two studies are the same. The customers have agreed upon more brand satisfaction in case of CSR performing companies and corporates also conducted a survey in which the result is the same. The customer satisfaction with CSR is the key parameter to perform and advertise the CSR execution by the companies. Three variables are been studied under this research, 1- CSR, 2- BRAND ATTITUDE, 3- SATISFACTION. These three variables are followed by three hypothetical analysis and the result is presented in the paper as advising the companies to frame a CSR policy in which they can minimize their environmental footprints and also encourage their employees to be the part of the same. The researcher is happy to note that, the paper presented here and this literature presents the same result and follows the same suggestions by applying different tools for data collection, analysis and interviews.

*Research paper*

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(brammer & millington, 2005) This article has analysed the large-scale companies situated in UK, expressing the key role of philanthropical investments and expenditures of a company results into a better picturisation of their image in front of stakeholders. Also specifies that the philanthropical approach helps the company in stakeholder management and provides more positive relationship with stakeholders.

(cotini, annunziata, rizzi, & frey, 2020) This article specifies how the different dynamics of CSR influences a customer. The area covered is, companies working at BRISC countries, (Brazil, Russia, India, South-Africa and China). The result of this study conducted in the capital cities of the counties mentioned above and collecting responses from 1516 respondents expresses that the customer is more brand sensitive when a company contributes for remote area development. The article suggest that the rule should also be applicable to multinational companies and they should communicate the same with developing countries.

(MISHRA, 2012) this article studies the factors responsible for purchasing behaviour of a customer. The three factors are analysed in this empirical research, 1- philanthropical, 2- social reputation and 3- economical. And the result of this study presents that customer feels proud and even willing to pay more for good CSR practice of the company.

## **Research Methodology**

### **Research Problem**

The present topic is mainly selected to analyse the customers' perception towards CSR activities of companies operating in INDIA. The research is conducted to study the preferences and expectations of customer from the company to aim at sustainable development. Past performed researches studied about customer's satisfaction and being loyal to the brand or be a goodwill for the company but the area where customer wishes the corporate to work beyond the profit maximization is untouched and not studied. Further, this study also analyses the customer's choice to recommend the brand (working actively for sustainable development) to other customers.

## **Research Objective**

- i) To study customer's perception about company's CSR policy and execution
- ii) To analyse the customer's recommendation for the same to other customers (Kuokkanen & sun, 2020).

## **Research Design**

The research paper is empirical and study new parameters of customer's preference to choose a brand and provides detailed study on "The study about customer's perception towards CSR activities of companies". The study focuses on primary data collected by discussion with Marketing Experts, Researchers, individuals working at Top Management of different companies and with the help of literature review, after considering many dimensions, a questionnaire is prepared and testified. The data collected from interviewing marketing experts, is directly used for formation of this research paper. The suggestions are included in findings.

## **Data Collection Method**

The primary data is been collected by a testified questionnaire and interviewing marketing experts. The literature is shorted by online search engine.

## **Sampling Method**

Random sampling method is been used by the researcher.

## **Sampling Design**

The customers of India is considered as universe for this research and as the study focuses on large scale companies, the questionnaires are been filled up by the respondents who are users of such companies and respondents are selected on the basis of multileveled stratified sampling method.

## **Sample Population**

142 samples have been analysed and approached for this research and out of total sample size, almost 80% respondents are the users of the large-scale companies' products which qualifies for the CSR mandate.

### Collection of Data

The data is been collected by interviewing marketing experts and online questionnaire forms. The questionnaire is prepared scientifically and having multiple choice questions and five-point ranking scale created by the researcher specially for this study after confirming it with statistical tools and methods.

### Research Hypothesis

No.		PARTICULARS	TEST APPLIED
1	H01	There is no significance association between familiarity with the concept of CSR & trial of a product / brand performing CSR	CHI-SQUARE TEST
2	H02	There is no significance association between brand satisfaction because of CSR activities & recommendation for the brand performing CSR activities	CHI-SQUARE TEST
3	H03	There is no significance association between first try to a product as company is performing CSR & CSR influences the preference/trust towards the brand.	CHI-SQUARE TEST
4	H04	There is no significance association between influence in preference / choice because of CSR activities & effects customers' satisfaction on company's ability to perform	CHI-SQUARE TEST

### Significance of the Study

- i) The study focuses on customer's perception for company's CSR execution

- i) The research is followed by the dimension that will it change customer's preference
- ii) The research is helpful for corporates to understand the customer's choice and preferences about company's sustainable plans.
- iii) The demographical parameters of this study will be helpful to understand the trend and behaviour pattern of the customer.

### **Research Limitation**

This study paper is an effort of single individual and so the researcher would like to point out some limitations as below

- i) The sample is selected from only INDIA, the customers who are non-Indians may have different perception about a company's sustainable goals.
- ii) The findings of the study is based on the opinions of the respondents and chances of hiding certain facts cannot be avoided.
- iii) The primary data required for the study is following the errors the other social surveys may carry

### **Findings**

#### **Data Analysis**

- i) To study the relation between familiarity with concept of CSR and giving first try to the product or brand performing for CSR.

H0= There is no significance association between familiarity with the concept of CSR & trial of a product / brand performing CSR

H1=There is significant relation between familiarity with the concept of CSR & trail of a product or brand performing for CSR

Chi-Square Tests

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	68.723 <sup>a</sup>	16	.000
Likelihood Ratio	73.324	16	.000
Linear-by-Linear Association	36.810	1	.000
N of Valid Cases	142		

a. 9 cells (36.0%) have expected count less than 5. The minimum expected count is 1.55.

To study the association between two variables specified above, the Pearson’s Chi-square test is applied and as the resulted table above, we can see the p-value is .000 and it is less than .05 hence this rejects the null hypothesis and means that if a customer is familiar with the concept of CSR, will definitely try the product for consumption.

ii) To study the relation between brand satisfaction caused by CSR and recommendation of the same to others because of CSR

H0= There is no significance association between brand satisfaction because of CSR activities & recommendation for the brand performing CSR activities

H1= There is significance association between brand satisfaction because of CSR activities & recommendation for the brand performing CSR activities

Chi square test

**Chi-Square Tests**

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	156.259 <sup>a</sup>	16	.024
Likelihood Ratio	142.967	16	.001
Linear-by-Linear Association	70.000	1	.012
N of Valid Cases	142		

a. 12 cells (48.0%) have expected count less than 5. The minimum expected count is .21.

The p-value of the same is 0.024 and it is less than 0.05 and hence the null hypothesis is rejected and we can conclude that CSR provides brand satisfaction to the customer and the customer will recommend the brand performing CSR to other customers.

iii) To study the relation between first try to the product brand performing CSR and CSR influences trust or preference of the brand.

H0= There is no significance association between first try to a product as company is performing CSR & CSR influences the preference/trust towards the brand.

H1= There is significance association between first try to a product as company is



performing CSR & CSR influences the preference/trust towards the brand.

Chi square test

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	122.553 <sup>a</sup>	16	.004
Likelihood Ratio	108.622	16	.002
Linear-by-Linear Association	58.293	1	.001
N of Valid Cases	142		

a. 11 cells (44.0%) have expected count less than 5. The minimum expected count is .46.

As we can see that the p-value presented in this table is 0.004 which is less than 0.05 and hence the null hypothesis is rejected and we can say that there is a relation between getting first hand try of a product brand performing CSR and recommendation of the same to others.

iv) To analyse the association between customer getting influenced by brand performing CSR and its impact on a company’s ability to perform

H0= There is no significant association between influence in preference / choice because of CSR activities & effects customers’ satisfaction on company’s ability to perform

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	140.431 <sup>a</sup>	16	.000
Likelihood Ratio	125.933	16	.000
Linear-by-Linear Association	66.379	1	.000
N of Valid Cases	142		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .13.

As we can observe and understand that the p-value of the above variable analysis is 0.000 and it is less than 0.05 and hence the null hypothesis is rejected and we can say that there is a relation between CSI influences a customer’s choice and it has impact on a company’s ability to perform.

## Findings and Suggestions

**Findings:** To understand the most liked area of CSR in which the customer wants the company to focus more, the researcher has prepared the following table:

H<sub>0</sub>= There is no significant association between the area of CSR and brand satisfaction of the customer

AREA OF CSR	TEST APPLIED	P-VALUE
Health & Hygiene	Chi-square test	0.618632
Education	Chi-square test	0.46651
Cleanliness	Chi-square test	0.254901
Women Empowerment	Chi-square test	0.239984
Environment Protection	Chi-square test	0.858812
Eradicating Poverty	Chi-square test	0.373152
Encouragement of sports	Chi-square test	0.664838
Donations to NGOs	Chi-square test	0.11306

All the p-values above accept the null hypothesis as there is no significant relation between the area of CSR and brand satisfaction as all the values are more than 0.05. The highest value in the table above is 0.858812 belonging to the area of environmental protection and it means that customer wants corporate to make no footprints of business activities on the environment and protect the nature.

**Suggestions:** The company should add CSR policies as a tool of advertisement and publicity so that the user get to know the utilisation of the fund adds up to sustainable development. Customer wants to choose a brand which satisfies the needs as well as societal needs. So, if a company is following such policies, it should be known by the user so that he or she can recommend it to others and will add up to the company's ability to perform (Institute, 2021).

- As the maximum customers selected to protect the environment, the company should minimize the footprints and should focus on publicity of the same.
- The companies can also take the CSR as tool for taking competitive advantage and boost up the sale by promoting it (Bijoor, 2013).

## Conclusion

The above analysis makes it clear that when a customer knows about CSR policy and its execution of a company, the customer will prefer to choose that brand for longer period of time and the customer will also recommend the brand to other people (mahmood & bashir, 2020) and this will have impact on company's ability to perform. The data has been a small part of the population and though it highlights the important parts and covers the subjects like the first-hand trial of the product (if company does CSR), brand satisfaction, recommendation, and company's performance. .

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