

Awareness of Indian Consumer on Corporate Social Responsibility

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Abstract- India is one of the fastest growing lucrative consumer markets, churning out demands for even luxury items. The consumers are literate and aware in many aspects as they are exposed excessively via the social media to the universal pressing issues like environment, education, human rights and gaps in wealth possession. In many market segments there is an overwhelming consumer curiosity, concern and desire for knowledge of the social responsibility exhibited by the companies, be it manufacturing units or the retail organizations from where they are buying the products for their consumption. They are bound to have a positive image and trust only those brands and companies who show more concern for the society. All this, has changed dramatically the purchasing behavior and standard of living of the consumers. The aim of this study is to scrutinize what the consumer expects out of the corporate and how it influences their purchasing decisions, their awareness of Corporate Social Responsibility and reaction to it. Also the consumer wants to know what Business houses and Corporate are doing for the welfare of the society as the Indian consumers have high values imbibed in them through culture.

Key Words: Awareness, purchasing decisions, consumers, CSR, Business

Introduction

With the global economic integration, India has opened its doors far and wide to the International trade. Since then, both business and consumerism have changed dramatically. The consumer market in India is huge and rising. It is increasing faster than most of the other emerging markets; in fact it is the second fastest growing major consumer market of the world. Businesses can capture this market only by understanding it. Most notably in this market, due to the economic liberalization and social freedom, there is a rapid rise in a new generation of consumers referred to as “Gen I”, where “I” stands for India, Independence and Individuality¹.

Also the strong economy, rising household income, socioeconomic conditions and demographic environment has led to an expansion in overall spending of the consumer across the country by almost 3.6 times – from \$991 Billion in 2010 to anticipated \$3.6 trillion in 2020 - 14% annual growth rate, which is higher than anticipated 5.5% annual growth rate globally and 9% average annual growth rate expected out of the emerging nations². This

growth highlights a nation having aspirations and repressed demand.

All this has created demand for not only the necessity products but also the discretionary items and at the same time it has also brought forth, particularly in some of the market segments the overwhelming consumer curiosity, concern and desire for knowledge of the social responsibility exhibited by the companies be it manufacturing units or the retail organizations from where they are buying the products for their consumption. With the social and media exposure to the universal pressing issues like environment, education, human rights and gaps in wealth possession, consumers are poised to have a positive image and trust only those brands and companies who show more concern for the society.

Thus, this paper aims to study the today's most sought after buzz word “Corporate Social Responsibility” and its awareness in the minds of the Indian consumers.

Corporate Social Responsibility or CSR as it is

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called is not new to India. In fact it has been here since ancient ages, but in the form of philanthropy and never deliberated. Even before the British rule, the rich traders erected places for worship and provided food during famines. Behind this societal donation, were the motivating factors of religion, culture, and family ideals. Therefore hardly any reported documents are available in this context. Nonetheless, the summary on of this activity evidently showed the nationalized temperament, whether it was in the form of bequeathing institutions, or participating in the Indian struggle for freedom, or deep-rooted in the philosophy of social trusteeship.

Review of Literature

As Freeman³ puts in, the responsibility which the company bears for its actions and creates a constructive force for all its stakeholders, consumers, society, environment and employees is in fact the corporate social responsibility.

CSR is mostly defined in context of a corporate structure which may follow an unconscious or a legally bounded activity, or maybe even a ritual that a company should comply with. It has been always brought to the forefront in the policy of the organization so that it is identified as a responsible business from the point of view of the investors, whether local or international, the main purpose therein is to maximize profits.

Another group of definition of CSR as defined by Kotler⁴ is the concept of societal marketing in which the company does business in such a way that it improves both society and customer's welfare.

In order to understand the impact which CSR makes on the minds of the consumers, Webster⁵ states that only a “socially conscious consumer takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change”. The statement above makes it clearer that a consumer who is socially responsible will focus on the nature of the products whilst making purchases and using them with a desire to reduce or eliminate any sort of harmful effects so that there is long term

benefit to the society.

It is seen that as the people in the society prosper and become more conscious and aware consumers, they tend to be more receptive towards the behavior of the corporations which acts as a stimulus in their buying behavior⁶

In a survey conducted, Mohr⁷ scrutinized the influence of CSR awareness on the consumer's approach and buying decisions and to what extent the attitude of the businesses towards CSR would impact the consumer's decision. The authors attempted to find out what composition of the consumer segment is affected by CSR and concluded that there is definitely a substantial linkage between CSR and consumer decisions.

Some researchers⁸ studied the service industry and concluded that as the employees of the service industry and the customers work in collaboration to create the desired product and since they both have direct contact with each other, there is a very strong positive binding force in between the two and they are more concerned of each other's welfare.

The trust in the product brand resulting out of the consumer's awareness of the corporations' policy on CSR has also been seen as the most important factor to affect their purchasing decisions. Consumer trust has been defined in different forms. A study on the trust⁹ indicates it as a resultant of perception, evaluation and predictions made by the consumers while considering the distinctiveness, the intentions and assured outcome of the corporations. On the other hand, Swain & Chumpitaz¹⁰ stated three perspectives of trust, which includes capability of fulfilling and satisfying the customer (perceived credibility), capability of maintaining promises honestly (perceived integrity) and capability of prioritizing consumer interests (perceived benevolence).

There are several basis of consumer's trust on the corporations. According to McAllister¹¹, the extent of confidence displayed in the long-term trust developed in between the consumer and

business on the basis of an emotive factor and concern shown by the business is known as Affect-Based Trust.

Sometimes due to the outlook of business towards consumers and society, there is a tendency of the consumer to trust businesses known as the Disposition-based trust, even when there is an uncertainty in their intentions¹². Consumers also base their trust on the business by analyzing the facts, past experience and their track records. This is called as Cognition –based trust. Cognitive trust relies on attitudes and behavior of the business (McAllister, 1995).

An Echo-Global CSR study conducted by Cone Communications' Research & Insights¹³ in various countries, show that the consumers in India, Brazil and China have an optimistic impression, entrust and are faithful to those companies that employ CSR practices in their business dealings. According to the study, the consumers of these countries have specified that they would get involved with corporate efforts, right from educating themselves on corporate behavior to volunteering.

1. 88% of Indian, 86% of Chinese and 79% of Brazilian Consumers bought a product with a social/environmental benefit. The global average indicates 67%.
2. 56% of Indian, 52% of Brazilian and 43% of Chinese consumers researched on a company's business practices or if they are supporting any sort of social and environmental issues. The global average states 34%.
3. 69% of Chinese, 67% of Indian and 65% of Brazilian consumers donated. The global average is 60%.
4. 48% of Indian, 46% of Brazilian and 45% of Chinese consumers volunteered, the global average being 37%.

The study (Echo-Global CSR, 2013) also states that the consumers in Brazil, China and India insist on social responsibility. They are using social media and personal networks to voice their

thoughts on CSR not only amongst themselves but also directly to companies. Globally almost 62% of the global consumers use social media to connect with companies over social and environmental topics but it is more popular in high mobile-savvy countries.

1. 77% of Indian, 75% of Chinese, 64% of Brazilian and 50% global average consumers told their friends or family members about the efforts which a company has taken with respect to CSR.
2. 90% of Chinese, 89% of Indian, 85% of Brazilian and 62% global average consumers use social media to engage with companies around CSR efforts.
3. 84% of Chinese, 69% of Brazilian, 65% of Indian and 55% of global average consumers boycotted a company's products/services upon learning that it has behaved irresponsibly.
4. 49% of Chinese, 35% of Indian, 35% of Brazilian and 26% global average consumers shared negative information about companies CSR practices via social media.

The study further warns the companies that if they did not become sincere with their CSR activities, this attitude of the consumer might be a cause of trouble to them as the consumers no longer shy from revealing the negative behaviour and information to their friends and families to the extent that they influence the boycotting of the goods. This means that if the consumers can become the brand advocates, they can also be strong antagonists.

Objective of The Study

Consumer is not only the king of the market but also an aware member of the society. He wants to know what Business houses and Corporate are doing for the welfare of the society. Corporate Social Responsibility is the burning topic of the day so much so that the Indian government has also amended the CSR clause 135 of the

Companies Act, 2013 (Handbook on Corporate Social Responsibility in India, 2013). So in order to scrutinize the consumer's expectations and purchasing decisions, their awareness of Corporate Social Responsibility and reaction to it is a very important feature.

Research Methodology

Scope of The Study

The primary data collected for the study was restricted to the sampling unit which is the consumers of Delhi and NCR.

Research Design

Descriptive type of research is undertaken for the study as it states the condition of the consumer as it exists in the market currently. Scientific technique is followed in the course of the study of the research problem. The main aim was to be familiar with the environment, describe the accessible data and gain insight into it.

Sampling Size

The sampling size was selected in such a way that it could while stating facts would adequately represent the entire population. The total population surveyed was 200 consumers of Delhi and NCR.

Sampling Design

To collect the primary data from the survey of the consumers, Convenient Sampling technique was used on the respondents.

Data Collection

In this research study, a structured questionnaire was used to collect the primary data. The secondary data was collected through certain web portals.

Statistical Techniques

Some of the statistical techniques used as per the necessity of the study are as follows:

T- Match Paired Test

$$t = \frac{\bar{d}}{s} \sqrt{n}, \text{ where } \bar{d} = \frac{\sum d}{n} = \text{mean of the differences}$$

$$s = \sqrt{\frac{\sum d^2 + n(\bar{d}^2)}{n-1}}, \text{ where } s = \text{standard deviation of the differences}$$

Weighted Average Method

$$\text{Weighted Average} = \frac{A_1W_1 + A_2W_2 + \dots + A_nW_n}{W_1+W_2+ \dots +W_n}$$

where 'A' represents variable values and W represents the weights attached to variable values

Scaling Techniques

Five point scale used varying from 1 to 5, which assigns from disagree to agree in the ascending order.

Ranking Method

In this method the respondents were asked to rank all their answers.

Limitations of The Study

1. The research for the study is based on the datas collected from sample areas of Delhi and NCR only and there may be a variation in the results in other places of the country.
2. There may be biased opinions of the respondents during the survey while collecting the primary data through the well structured questionnaire, how so ever carefully the field investigation had been done.
3. The sample size was limited to 200 consumers as the main objective of the study was to understand the consumer's awareness on CSR.
4. The respondents for the survey were selected from the city only.

The Analysis And Interpretation of Data Demographic Profile of The Consumers

Classification of respondents	Category	No. of respondents	Percentage
Age	18 to 30 years	43	21.50%
	31 to 40 years	54	27%
	41 to 50 years	36	18%
	51 to 60 years	67	33.50%
	Total	200	100%
Education Background	Below Tenth	22	11%
	Tenth	88	44%
	Graduates	50	25%
	Post Graduates	40	20%
	Total	200	100%
Profession	Entrepreneur	32	16%
	Farming	26	13%
	Student	65	32.50%
	Service	27	13.50%
	Housewife	38	19%
	Others	12	6%
Total	200	100%	
Earnings per annum	Below Rs. 50,000	13	6.50%
	Rs. 50,000 – Rs. 1,50,000	43	21.50%
	Rs. 1,50,000 – Rs.2,50,000	116	58%
	Rs. 2,50,000 – Rs. 5,00,000	15	7.50%
	Above 5,00,000	13	6.50%
Total	200	100%	

Testing of Hypothesis

Assuming that H₀ is the hypothesis, which indicates that there is no significant difference between the awareness and expectations of the consumers concerning societal responsibility of the corporate.

The tabulation done below indicates the ranking methods and scaling techniques is given by the respondents of the survey:

No. Of cases	Awareness	Expectations	(A-E) = d	d ²
1	3.04	3.2	-0.16	0.0256
2	3.19	3.4	-0.21	0.0441
3	3.01	3.1	-0.09	0.0081
4	2.78	3.65	-0.87	0.7569
5	2.69	3.72	-1.03	1.0609
6	2.54	4.11	-1.57	2.4336
7	2.67	4.23	-1.56	2.8900
8	2.85	3.98	-1.13	1.2769
9	2.87	4.1	-1.23	1.5129
10	2.65	4.2	-1.55	2.4025
			$\sum d = -9.4$	$\sum d^2 = 12.4115$

H0 hypothesis was tested by using T-match paired test, using the formula

$$t = \frac{\bar{d}}{s} \sqrt{\frac{n}{s}}$$

where $\bar{d} = \frac{\sum d}{n}$ = mean of the differences

$$\bar{d} = \frac{\sum d}{n} = \frac{9.4}{10} = 0.94$$

$$s = \sqrt{\frac{\sum d^2 + n(\bar{d}^2)}{n-1}}$$

where s = standard deviation of the differences

$$s = \sqrt{\frac{12.4115 - 10(0.94^2)}{10-1}}$$

$$S = \sqrt{\frac{12.4115 - 8.836}{9}}$$

$$s = \sqrt{0.3972777} = 0.6303$$

$$\text{Now, } t = \frac{0.94\sqrt{10}}{0.6303} = \frac{0.94 \times 3.16}{0.6303} = 4.71$$

$$V = n-1 = 10-1 = 9$$

$$V = 9, t_{1.05} = 4.82$$

The value of t which is calculated is more than that of the table. Therefore the hypothesis H0 is rejected, which shows that with regards to CSR, there is a distinct differentiation between the awareness and expectations of consumers.

Variance Between The Awareness And Expectations of Consumers With Respect To The Corporate Social Responsibility

Sr No.	Mindset of the consumers	Corporates with CSR	Weighted average	Variance Between awareness and expectations
1.	Awareness	During production, Corporates have considered consumers'	3.04	0.16
	Expectations	During production, Corporates shall consider consumers' preference	3.2	
2.	Awareness	Corporates have developed products as per the consumers' economic	3.19	0.21
	Expectations	Corporates shall develop products as per the consumers' economic	3.4	
3	Awareness	Corporates provides prompt after sales and other services to the	3.01	0.09
	Expectations	Corporates would provide prompt after sales and other services to the consumers	3.1	
4	Awareness	Corporates maintain delivery of the products and services with the right price	2.78	0.87
	Expectations	Corporates will maintain delivery of the products and services with the right price.	3.65	
5	Awareness	Corporates ensure smooth flow of products and services at the right	2.69	1.03
	Expectations	Corporates will ensure smooth flow of products and services at the right time.	3.72	
6	Awareness	Corporates guarantees timely commitment to the consumers.	2.54	1.57
	Expectations	Corporates will guarantee timely commitment to the consumers.	4.11	
7	Awareness	Corporates always resolve consumers' problem with genuine	2.67	1.56
	Expectations	Corporates will resolve consumers' problem with genuine interest .	4.23	
8	Awareness	Corporates release only those testimonials and advertisements which are factual and non-discriminatory.	2.85	1.13
	Expectations	Corporates will release only those testimonials and advertisements which are factuals and non-discriminatory.	3.98	
9	Awareness	Corporates do not indulge in any sort of deceitful and immoral trade practices	2.87	1.23
	Expectations	Corporates will not indulge in any sort of deceitful and immoral	4.1	
10	Awareness	Corporates delve in proper and smooth distribution of the products and services so that the consumers are confident of their purchases	2.65	1.55
	Expectations	Corporates will always delve in proper and smooth distribution of the products and services so that the consumers are confident of their purchases	4.2	

Conclusion

This study concludes that Consumers being the imperative constituents of the market, want to know what businesses are doing for their and society's welfare. They are discontented with the approach of the Corporates towards CSR. The expectations of the Consumers are higher than their awareness which creates variance between the two. Though as shown by the study, this can increase the disappointment and dissatisfaction among the Consumers, as is already happening in many countries these days.

So Business should genuinely focus and formulate their practices majorly on ethics and social responsibility. As the consumer is more literate and aware with high expectations from the businesses, it might endanger the free-market economy by creating a proletarian upheaval in the society.

Proposition

1. The companies should promote their products through ethical advertisements, untrue statements and unfair practices only loosen the confidence of the consumer in the company.
2. Consumer satisfaction, being the prime motto of the businesses, ulterior motive of the business should be to provide products at the right time with right price and right quantity.
3. In order to increase the consumer's level of trust in the businesses, they should ensure smooth functioning of the product supply chain / distribution chain, proper dealing with customer complaints, providing prompt services,

To sustain the positive image of the business in the minds of the consumer, the business should not indulge in unfair and immoral practices, which only creates chaos in the market, thus affecting the sales of the company, ending up in the closure of the company

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