Consumers Perception towards the Corporate Social Responsibility: A Case Study of India

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Abstract

Corporate Social Responsibility is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization, wherever the organization does business and includes responsibility for current and past actions as well as future impacts. In the last twenty years, there has been a sea change in the nature of the triangular relationship between companies, the state and the society. No longer can firms continue to act as independent entities regardless of the interest of the general public. The evolution of the relationship between companies and society has been one of slow transformation from a hardcore business to a philanthropic. In the light of this background, the objective of this paper is to analyze the consumers' expectations and perceptions towards the Corporate Social Responsibility. This paper tries to find out the gap between the expectations and perceptions of the consumers about the companies regarding their social responsibility and this paper also helps companies in understanding the expectations of consumers about the corporate social responsibility, so that companies can fulfill their duty in an appropriate manner.

Key Words: Responsibility, Expectations, Perceptions, Policies, Consumers

1.0   Introduction:

Corporate social responsibility is a form of corporate self-regulation integrated into a business model. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit. The concept of Corporate Social Responsibility (CSR) has grown to be an unconscious practice not entirely under the regulations of any official laws or legal bodies but more as a custom that an organization should practice and obey. By engaging in CSR activities, corporations will gain better recognition as responsible corporate citizens from the perspective of international and local investors. The traditional view of business is essentially to maximize profits. However, the traditional views are no longer accepted in today's business environment, where, as a result, corporations have adopted the concept of CSR, which is concerned with economic, environment, and social performance. Of late, the broader concept of CSR has been introduced, where the corporation's concern is seen to be shifting to broader components of CSR, which includes consumers as one of the most important components.

2.0   Main Objectives of the Study:

1. To identify the gaps between the expectations and perceptions of the consumers regarding the social responsibility of the companies.
2. To make suggestions to fill up these gaps on the basis of findings of the study.

3.0   The Review of Literature:

Mohr, Webb and Harris (2001) examined the impact of CSR knowledge on consumers' attitudes and purchase decisions and whether CSR will affect consumers' decisions and why it does or does not. Their survey attempts to measure the size and composition of the consumer segment that is affected by CSR, whereas their experiment attempts to determine whether CSR has a significant impact on consumer responses. Their finding indicated a significant relationship between CSR and consumer responses

Vargo & Lusch, (2004) however, in service industry, customers have direct contact with other stakeholders (e.g., service employees), as customers and service employees collaborate to co-create the desired service product. The conflicts of interest in service transactions between service employees and customers are comparatively lower; as the social gap between producers and customers is minimal (as both service employees and customers work together to co-produce the service product). Therefore, in services industry, it is more likely that customers relate strongly to other stakeholders (e.g., employees) and be more concerned about their welfare.

Tay (2005) concluded that as society becomes more affluent and faces an increase in the level of awareness among consumers, these consumers become more sensitive to the ways in which corporations behave, which in turn may influence their buying decision behavior.

Berens et al. (2005) remarked that perceptions of individual people, rather than groups of people, define corporate associations. In addition, corporate associations are regarded as a set of perceptions, which may or may not be related to one another, rather than as a holistic picture, and pointed out corporate associations are a heterogeneous set of perceptions, which may be related to a wide variety of aspects of a company.

4.0   Research Methodology:

Need of the Study:

Now a days corporate social responsibility is burning issue and companies have their responsibility towards consumers also and as we know that consumer is king of the market. So the perception of the consumers towards corporate social responsibility is very important aspect to study and analyze the expectations of consumers.

Hypothesis:

H_0: There is no significant difference in the perception and expectations of the consumers regarding social responsibility of the companies.

Scope of the study:

The scope of the study restricted to the consumers of various companies of India. For the collection of the primary data the study was confined to Malwa region of Punjab state only.

Research Design:

The study being undertaken is Descriptive in nature. The major purpose of descriptive research is description of the state of affairs as it exists at present, while studying the research problem, scientific method is followed.

Sampling Unit: In this study, the sampling unit was consumers of various companies of India.

Sampling Size*:* The sample size was so selected that it could be adequate enough to represent the whole population, and also give the true picture. The total sample size was restricted to 225 consumers of various companies of India.

Sampling Design: Keeping in Mind the nature of data required for the study, random sampling technique has been used. The respondent for the survey has been selected from the selected cities of Malwa Region Punjab; like Patiala, Sangrur, Bathinda and Fatehgarh Sahib.

Data Collection:

In the present study I have made use of primary data collected through questionnaire. I was also used information available on web-portals.

- **Questionnaire Method:** The primary data was collected by administering structured questionnaire to the patients under treatment at the premises of the service provider.

Nature of the Study:

The "Descriptive Research Study" has been used. The basic aim is to gain familiarity and to achieve new insights along with describing the existing facts.

Statistical Tools and Techniques:

In this study a lot of statistical tool and techniques are used according the requirement of the study, which are as following:

$$\textbf{Weighted Average} = \frac{X_1W_1 + X_2W_2 + \ldots\ldots\ldots X_nW_n}{W_1 + W_2 + \ldots\ldots W_n}$$

Where;   X represents the variable values

        W represents the weights attached to variable values.

The **t match paired test** is based on paired observations is defined by the following formula:

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

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

S = the standard deviation of the differences

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

Analysis and Interpretation of data:

The use of statistical techniques was in the light of nature and suitability of data available and requirements of analysis. The statistical techniques used are the measures of average and t match paired test method. As regarding the scaling techniques, the five point scale have been used with points of 5, 4,3,2,1 assigned strongly agree to strongly disagree. The ranking method was also used, where the respondents have ranked all the answers.

Limitations of the study:

1. The present study is based on the data collected from sample districts of Punjab state only and the result may vary from other states or the national average.

2. Any primary data based study through pre-designed questionnaire suffers from the basic limitations of the possibility of difference between what is recorded and what is truth, no matter how carefully the questionnaire has been designed and field investigation has been done. The same may be deliberately report their true opinion due to some biasness.

3. Since obtaining the opinion of customers was the sole objective of study, the sample size was kept limited to 225 consumers of various companies of India.

4. The respondents were selected from the urban areas only.

5.0   Data analysis and Interpretation:

Profile of the Consumers:

Table 5.1   Demographic Profile

	Category	Nos.	Percentage
A	18 to 35 years	45	20 %
G	36 to 45 years	75	33.33 %
E	46 to 55 years	51	22.67 %
	56 to 65 years	40	17.78 %
	Above 65 years	14	6.22 %
	Total	**225**	**100 %**
Educational	Under Matric	40	17.78 %
Qualification	Matric	102	45.33 %
	Graduate	69	30.67 %
	Post Graduate/Professional	14	6.22 %
	Total	**225**	**100 %**
O	Agriculture	45	20 %
C	Business	67	29.78 %
C	Housewife	40	17.78 %
U	Student	20	8.89 %
P	Professional	10	4.44 %
A	Service	35	15.56 %
T	Others	8	3.56 %
I	**Total**	**225**	**100%**
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I	Below Rs. 50,000	14	6.62 %
N	Rs. 50,000-Rs. 1,00,00	50	22.22 %
C	Rs. 1,00,000-Rs. 2,00,000	112	49.78 %
O	Rs. 2,00,000-Rs. 5,00,000	44	19.56 %
M	Above Rs. 5,00,000	5	2.22 %
E	**Total**	**225**	**100 %**

Table 5.1 shows the classification of consumers in sample by age group. 20 % consumers were in the age group of 18-35 years, 33.33 % consumers were in the age group of 36-45 years and 22.67 % consumers were in the age group of 46-55 years. In the senior category 17.78 % consumers were in the age group of 56-65 years and 6.22 % consumers were above 65 years.

Under the education level classification, out of these 17.55 % consumers were Under Matric, 45.56 % consumers were Matric, 30.67 % consumers were graduate and 6.22 % consumers were from post graduate or professional category.

Under the occupation profile of consumers, 20.22 % consumers were from Agriculture background, 29.56 % consumers were from Business class, 17.78 % consumers were Housewives and 8.89 % patients were students, 4.44 % of consumers belonged to Professional category, 15.56 % consumers were from service category and 3.56 % were from other occupational categories.

Out of these 225 consumers in the sample 6.62 % consumers were from below Rs. 50,000 per annum income category, 49.78 % consumers were from Rs. 1,00,00-Rs. 2,00,000 per annum income category, 19.56 % consumers were from Rs. 2,00,000-Rs. 5,00,000 per annum income category and few 2.22 % consumers were from above Rs. 5,00,000 per annum income category.

Testing of Hypothesis (Ho)

Ho: There is no significant difference in the perception and expectations of the consumers regarding social responsibility of the companies.

The t test is used for testing this Ho hypothesis. The t-test based on paired observations is defined by the following formula:

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

Where $\overline{d} = \sum \dfrac{d}{n}$ = the mean of the differences

S = the standard deviation of the differences

Sr. No.	Expectations	Perceptions	(P-E) D	d^2
1	3.19	3.16	-0.03	0.0009
2	3.34	3.14	-0.2	0.04
3	3.14	3.02	-0.12	0.0144
4	3.36	3.37	-0.01	0.0001
5	4.12	2.99	-1.13	1.2769
6	4.14	2.69	-1.45	2.1025
7	3.69	2.89	-0.8	0.64
8	4.03	3.05	-0.98	0.9604
9	4.08	2.84	-1.24	1.5376
10	4.18	2.54	-1.64	2.6896
			$\sum d = -7.6$	$\sum d^2 = 9.2624$

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

$$\bar{d} = \sum \frac{d}{n} = \frac{7.6}{10} = 0.76$$

$$S = \sqrt{\frac{\sum d^2 + n(\bar{d})^2}{n-1}} = \sqrt{\frac{9.2624 - 10(0.76)^2}{10-1}}$$

$$= \sqrt{\frac{9.2624 - 10(0.5776)}{9}}$$

$$= \sqrt{\frac{9.2624 - 5.776}{9}}$$

$$= \sqrt{\frac{3.4864}{9}}$$

$$= \sqrt{0.3873} = 0.6223$$

$$t = \frac{+0.76\sqrt{10}}{0.6223} = \frac{0.76(3.162)}{0.6223}$$

$$= \frac{2.403}{0.6223} \qquad = 0.3861$$

V = n-1 = 10-1= 9

V= 9, t0.05 = 2.262

Calculated value of t is more than the table of t. So the Ho is rejected, that means there is significant difference in the perception and expectations of the consumers regarding social responsibility of the companies.

Gaps between the expectations and perceptions of the consumers regarding the social responsibility of the companies:

CSR firms: Corporate Socially Responsible Firms

Sr No.	Expectation/ Perception	Statements	Weighted Average	Gap(P-E)
1.	Expectation(E)	CSR firms will make their products according to consumer's taste.	3.19	0.03
	Perception (P)	Normally firms have made their products according to the consumer's taste	3.16	
2.	Expectation(E)	CSR firms will make their products according to consumer's purchasing power.	3.34	-0.2
	Perception (P)	Normally firms have made their products according to the consumer's purchasing power.	3.14	
3.	Expectation(E)	CSR firms will provide the regular flow of goods/services at the right time.	3.14	-0.12
	Perception (P)	Normally firms have provided the regular flow of goods/services at right time	3.02	
4.	Expectation(E)	CSR firms will provide the regular flow of goods/services at reasonable price	3.36	-0.01
	Perception (P)	Normally firms have provided the regular flow of goods/services at reasonable price.	3.37	
5.	Expectation(E)	Employees of CSR firms will a give prompt service to consumers	4.12	-1.13
	Perception (P)	Normally employees of the firms have given prompt service to consumers.	2.99	
6.	Expectation(E)	When CSR firms promise to do something by a certain time, they always do.	4.14	-1.45
	Perception (P)	Normally firms have promised to do something by a certain time, they do	2.69	
7.	Expectation(E)	When a customer has a problem, CSR firms will show a sincere interest in solving it out.	3.69	-0.8
	Perception (P)	When the costumer has a problem, normally firms show a sincere interest in solving it.	2.89	

8.	Expectation(E)	CSR firms will issue only those advertisements and statements, which are true and fair.	4.03	-0.98
	Perception (P)	Normally firms only issue those advertisements and statements, which are true and fair.	3.05	
9.	Expectation(E)	CSR will not be indulging into unfair and unethical practices such as black marketing and hoarding.	4.08	-1.24
	Perception (P)	Normally firms do not indulge into unfair and unethical practices such as black marketing and hoarding.	2.84	
10.	Expectation(E)	CSR firms will distribute the goods and services properly, so that the consumers do not face any difficulty in purchasing them.	4.18	-1.64
	Perception (P)	CSR firms will distribute the goods and services properly, so that the consumers do not face any difficulty in purchasing them.	2.54	

6.0   Conclusion:

This study concludes that the Consumer, who is the most important element of the society and is known to be the king of the market, is not satisfied with the companies' attitude as expected. Consumers have higher expectations as compared to what they perceive. It creates huge gaps between the expectations and perceptions of the consumers regarding the social responsibility of the companies. This can increase the dissatisfaction and frustration among the Consumers, as this is already happening in America these days. Consumers/Normal residents of the America try to capture the Wall Street in New York. So Companies should concentrate on their social responsibility seriously and should try to make more efforts for this job, otherwise it will lead to the proletarian revolution in the society and it will become a big threat for the free market economies.

7.0   Suggestions

7.1 We all know that companies make their product according to the taste and purchasing power of the consumer, but some times these companies try to develop the taste of consumer according to their product, misusing the promotional instruments. So companies should avoid these kinds of activities.

7.2 Companies should provide the regular flow of goods/services at the right time and at the reasonable price. So that the satisfaction level and faith will increase among the consumers.

7.3 Prompt service should be given by employees of companies to the consumers and when CSR firms promise to do something by a particular time, they should always intend to do so as it creates a positive image of the companies among the consumers.

7.4 When a customer has a problem, companies should show a sincere interest in resolving a solution and

should provide the service/goods at the time they promised to do so. If a company will carry on this properly, then customer will be satisfied at the fact that they are getting personal attention and this will lead to the occurrence of brand loyalty towards that particular company.

7.5 Companies should issue only those advertisements and statements, which are true and fair. Recently 'Advertising Standards Council of India' banned the 26 advertisements because these advertisements are not considered to be fair. Wrong advertisements and statements can reduce the faith among the consumer regarding the companies.

7.6 Companies should not be indulging into unfair and unethical practices such as black marketing and hoarding. Otherwise it creates panic in the market. It can be a threat to the survival for the companies in the long term and no doubt, it will affect the sales of the companies for the sure.

7.7 Consumer satisfaction is the most important aspect of a business. So, companies should distribute the goods and services properly and sincerely, so that the consumers do not face any difficulty in purchasing them.

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