

# Consumer Awareness in relation to CSR

A study among urban population in Assam

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## ABSTRACT

*In recent times, Corporate Social Responsibility has become a renewed prerogative for social change in India, and with the changes in CSR norms; it has provided a new tool for development and related activities. Consumers, being one of the important stakeholders, both for society and organisation, their views are of utmost importance. Thus, this paper attempts to study consumer awareness in relation to CSR activities with the help of eight variables on general CSR awareness. The sample consists of 76 urban consumers in three major districts of Assam, collected with the help of a standardized questionnaire. The data is analyzed using descriptive statistics. The paper does not focus on specific companies but it attempts to get a general view of the consumers on their CSR experience. The findings show high level awareness among the people in relation to such social causes.*

**Keywords:** CSR, demographic, empowerment

## 1.0 Introduction:

Corporate Social Responsibility (CSR) has been the buzz word in Indian industry after the recent amendment in the Companies Act, Companies have to spend 2 % of their profits on social activities pertaining to education, welfare of women, self employment. The main aim of this initiative is to improve the economically backward areas and improve the standard of living condition of the masses. Nevertheless, CSR has had a long history for Indian organizations, who have always been in the forefront when it came to contributing profits for social welfare. The roots of CSR in India dates back to early 19th century when it was in the form of philanthropic contributions by merchant communities like the Gujaratis and the Parsis. These communities provided funds for building schools, temples, rest houses and distributing relief items during disasters (Mishra & Suar, 2010). By the 20th century, the formal Indian companies that had emerged has started carrying out various social initiatives, examples being Tata group, Birla group and later after independence, companies both in the public and private sector (like SAIL, ITC, HUL, HPCL, BPCL, ONGC, etc) started giving its support for various causes in the area of education, child welfare, health, development of weaker sections. Even fast moving consumer goods (FMCG) companies in India are doing well in the field of environment, health care, education, community welfare, women's empowerment and child care (Khan, 2009). One way to study CSR and analyze its effects and success today is through, a concentration on consumer oriented studies. Out of all the stakeholders of CSR, consumers are the ones who buy the product of these companies and contribute in the profit making.

Studies conducted on the CSR awareness level among consumers indicate varying levels of awareness and understanding as regards to various social causes (Pomeroy & Dolnicar, 2009). Studies have shown this diversity, among German consumers revealed that CSR is hardly known to them and it hardly plays any role in their buying behaviour, but they seem interested to know about CSR (Hartmann et al, 2013); Chinese consumers have a high level of CSR awareness (Tian et al, 2011) However, these responses may depend on the different types of products. Another study in 2015 Cone Communications Global CSR Study, conducted on consumer survey of attitudes perceptions and behaviours around Corporate Social Responsibility (CSR), revealed that consumers are willing to pay extra penny if such expenses address social and environmental issues. The study also stated that consumers develop positive image (93%), are more likely to trust (90%) and are more loyal to (88%) companies that support such issues. So it is important for the companies to publicize their activities so that consumers can be more aware and hence, the companies must develop comprehensive CSR programs. As Consumers across the globe determines the success and failures of certain products as buyers of those particular goods and services, hence organisations are always trying to improve their product lines to keep the customers satisfied.

### 1.1 Need of the study:

CSR, these days is also considered as a medium for building brand image, that gives a positive self image among its various stakeholders including consumers who feel an affiliation with a company and its CSR policies. Such a feeling results in being less sensitive to a price increase (Lee & Schumann, 2009). Thus, a need was felt to identify the awareness among the consumers in relation to CSR which might ultimately affect the buying behaviour of the consumer

### 1.2 Research Questions:

The primary question of this study seeks to answer, whether awareness among the consumers of CSR practices influences the purchase of the company's products in a newly modernizing state (Rodrigues & Borges, 2015). In a state like Assam, where population consists of a newly modernized urban population, it was decided to take a sample from urban populations so that the picture of general awareness among this section of people is known.

Demographic characteristics affects ethical consumer's behaviour, hence the following objectives have been set for the study.

### 1.2 Objective:

The objectives of the study are as follows:

- 1) To study the awareness level of consumers towards CSR initiatives
- 2) To determine the consumer responses to CSR initiatives with respect to age, income and gender.

### 1.3 Methodology

**i. Sample selection:** A convenient sample of 76 consumers was interviewed using a standardized questionnaire in three major districts of Assam, Kamrup metro (Guwahati), Jorhat and Dibrugarh. But since consumers include people from all the sphere, it was taken care of to get a proper representation of the sample according to the demographic variables of age, gender and wealth. The data were analyzed using descriptive as well as univariate and multivariate methods. The paper does not focus on specific companies but it attempts to get a general view of the consumers on their CSR experience.

#### ii. Sample size:

The sample of respondents given in Table 1 presents the overall demographic profile of Consumers. Individual respondents are of different backgrounds and professions like business, service, students etc. Most of the respondents (42 %) belong to the age group of 25-34 years, followed by 16-24 years (32%). The number of males (55%) is a little more than females (45%). Income wise highest number of respondents is from the category of 6 to 12 lakhs (57%).

Table I, Demographic profile of Respondent

Age (in Years)	Total (n=76)	%
16-24	24	32
25-34	32	42
35-54	20	36
Family income in( Lakh)		
Below6 lakh	13	17
6-12 lakh	43	57
More than 12 lakh	20	26
male	42	26
female	34	45

Source: field survey

#### iii. Data collection:

A questionnaire, based on 7 point liker scale is used for collection of data, where the respondents are asked to rate their agreeability to the statements ranging from 1 to 7 where 1 represents "strongly disagree" and 7 represents "strongly agree Consumers' awareness on CSR is studied through eight variables, as shown in Table 2.

**Table 2:  
Variables and statements used for assessing consumer awareness on CSR**

Sl no	Variable	Statement used in questionnaire
1.	Brand Image	CSR is a positive image building medium for a company
2.	General awareness on CSR	I am aware of the CSR initiatives that various companies carry out for social causes
3.	Companies concern of society	Such companies are concerned about society & it's well being
4.	Involvement of consumers	I want to be a part of such cause by buying products of those companies
5.	Brand switching	I am willing to switch brands that support such causes
6.	Willingness to pay more	I am willing to pay more for socially responsible goods and services
7.	Purpose served	Believes that the purpose of the cause is served and it really reaches the needy people
8.	Benefit of society	Society actually benefits from such activities

In addition to the above statements, few open ended questions were also put forward to the respondents to which they provided valuable feedbacks and suggestions

#### 1.4 Factors that affect CSR awareness:

**Age:** The sample has been divided in three age groups, young (16-24), middle aged (25-34) and old (35-54), and the youth and middle aged group showed greater awareness as compared to the third group. It is because of the fact that the first two groups are more media an internet friendly hence they get more information

**Income:** Unsurprisingly, socioeconomic status or income also appears to be a fact influencing consumer behaviour as people belonging to higher income group are willing to pay more and switch brands according to their choices, which isn't the case with lower income group.

**Gender:** Previous literature on gender tends to suggest that, as a result of socialization, women are more likely to develop trust, empathy, and to be seen as caring – and therefore perhaps more likely to choose a product with a good CSR record (Basil & Weber, 2006). Indeed, Lee & Schumann (2009) argue that CSR is more effective in developing brand loyalty and trust among women rather than men.

#### 1.5 Results:

The awareness of the consumers in relation to CSR has been analysed by using median. From the study it is found that most of the people are not willing to pay more for social causes. When asked for reasons, they responded that the products are already priced high and as a result companies are already earning a huge amount of profit and they should finance on their own with the extra profit instead of increasing the prices. A certain percentage also believes that it is not benefitting the society as expected. Hence, there is still a long way to go for the companies. The main sources from which the consumers get to know of such CSR activities are through social media, television advertisement, newspaper, magazines and random searching over internet. Some have even browsed the company website to get detailed information on such causes. People of Assam are aware of the local CSR initiatives being carried out in different parts of Assam by the Oil Corporate. The activities are regularly focused on newspaper, hence they are aware.

#### 1.6 Findings and Suggestions:

The main findings of the paper are depicted as below:

- 1) The study revealed that almost all the respondent (100%) agreed that CSR can build a positive image of the company in the society.
- 2) 86% of the respondents are aware of CSR initiatives of the big corporate houses and they

are even willing to switch brands for such causes.

3) Consumers also agree that companies are genuinely concerned for the well being of the Society and hence they carry out CSR.

4) Majority of the consumers are not aware about CSR. Therefore requisite advertisement is most essential for awareness about CSR.

5) Consumers of the study area are not willing to pay any extra penny for such causes. Consumers believe that these companies already earn huge amount of profit and hence, increasing the price for social causes doesn't carry any meaning. The companies must bear such expenses at their own cost.

Based on the above findings, it can be suggested that the companies must carry out CSR with all their might but they should also properly advertise about it so that consumers are well aware of the different kinds of activities that these companies are carrying out. The outcome of such activities must also be updated for the common people so that they become aware of the benefits of CSR.

### 1.7 Conclusion:

In retrospect, this paper was an attempt to understand a new aspect of CSR not only in terms of orientation but also geographic location. In the present times CSR can serve as a catalyst for social change, if organisations carry it out as a responsibility and not as an obligation. Organisations also seek support from the various stakeholders in carrying out these activities and as such awareness among them is very important. Therefore all stakeholders should be aware about CSR, and involved in the CSR practices which can contribute positive impact towards the society.

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**Fall seven times, Stand up eight.**

~ Japanese Proverb