

Awareness on Corporate Social Responsibility among the Consumers of Aluva Taluk

Neeraja Unni

*Department of Food Business Management
College of Food Technology, Chalakkudy
Kerala, India
neeraja.krishnasudha@gmail.com*

M Malarkodi

*Directorate of Open and Distance Learning
Tamil Nadu Agricultural University, Coimbatore,
Tamil Nadu, India
malarkodi.m@tnau.ac.in*

Abstract:

In today's corporate world, the concept of Corporate Social Responsibility has been integrated into their strategic plans and policies. It has been incorporated into the decision making process taken in view of the competitive advantage that could be achieved through social initiatives. As consumers were the most sensitive group among the stakeholders to such initiatives, this paper tries to explore the awareness of consumers of companies towards CSR practices in Aluva Taluk. The paper also tries to examine whether CSR initiatives have any association with the consumers demographic profile. A total of 160 respondents were chosen from Aluva Taluk using convenience sampling technique. The data was collected through self-administered questionnaires and were analysed using SPSS 16.0 software. The study revealed that majority of the consumers of Aluva were aware of CSR but was unaware of the fact that it was a mandatory provision for the firms under the Companies Act, 2013. The consumers who were aware had only a medium level of understanding on the concept of CSR. Age, education and income of the consumers were found to have a significant association with their awareness on CSR.

Keywords- Corporate Social Responsibility, awareness, consumers

I. INTRODUCTION

Corporate Social Responsibility (CSR) is a word that has become so familiar in today's corporate world. The need of a company to be socially and ethically responsible regardless of its size and product has become a strategic concern. As today's societies are facing lots of social challenges, the companies can take up the role to reach out their hands to help sustain the society. Keeping this in view, on April 1, 2014, India became the first country to legally mandate CSR under Section 135 of India's Companies Act. As such is the situation, a shift has occurred in company's focus from mere profit earning to meeting the social needs.

The websites of more than 80 per cent of the Fortune 500 companies address CSR issues, reflecting the pervasive belief among business leaders that in today's marketplace CSR is not only an ethical/ideological imperative, but also an economic one. In other words, companies today are increasingly aware of both the normative and business case for engaging in CSR; not only is "doing good" "the right thing to do," but it also leads to "doing better" through its positive effects on key stakeholder groups. (Sharma and Kiran, 2012)

Consumers remain the most susceptible group among all the other stakeholders to a company's CSR initiatives. Many researchers have also stated a positive influence of company's CSR on the consumer's purchase decision and in building customer loyalty. Thus engaging in CSR throws light up on the company being socially and ethically responsible as well as building a reputation and strong positive image in consumer's mind.

II. OBJECTIVE OF THIS STUDY

- The study mainly focused to assess the extent of awareness among the consumers of Aluva Taluk, Kerala. The main objectives of the study were:

- To study the extent of understanding on the concept of corporate social responsibility among the consumers of AluvaTaluk
- To study the association between the awareness about CSR of firms and demographic characteristics of the consumers
- To provide suggestions on improving the awareness and understanding among the consumers

III. REVIEW OF LITERATURE

Pomeroy and Sara (2009) studied the level of actual consumer awareness of CSR initiatives on Australian banking sector and found that consumers were having a low level of awareness. They suggested the need for educating the consumers about various social issues that firm engaged in order for better contextualizing firm's CSR initiatives.

The study of Hieu (2011) found that the awareness of Vietnamese consumers and their purchasing decisions had a significant influence on the CSR implementation as well as CSR disclosure of companies.

Tianet *et al.*, (2011) through his study assessed how consumers of China responded to CSR with a multiproduct, comparative survey. Consumers' awareness of CSR; their trust or attribution of CSR; their company evaluation (CE); product association (PA); and purchase intention (PI) influenced by CSR was taken as variables for studying the interrelation between consumers and CSR. The study revealed that consumers' awareness of CSR had a significant and positive impact on their purchase intention, but its positive impact was not significant for corporate evaluation and product association.

However study of Jayakumaret *et al.*, (2014) to assess the knowledge of consumers of companies towards CSR practices in Salem city concluded that though the consumers in Salem were not aware of the mandatory provisions of CSR yet they showed their willingness to buy CSR products and willingness to pay premium price for the CSR practicing companies' products.

IV. NEED OF THE STUDY

The study mainly intends to find out whether the consumers of the locality were aware on various CSR activities undertaken by the firms and whether the awareness had any association with their demographic profile. As the awareness about CSR could lead to creating attitude and perception about CSR of firms in the minds of consumers, it is very important to study their extent of awareness on CSR.

V. SCOPE OF THIS STUDY

As the study was confined only to the consumers of AluvaTaluk, the scope of this study is restricted to consumers of Aluva.

VI. RESEARCH DESIGN

The study was conducted in AluvaTaluk that was purposively chosen because of convenience and also since it was an industrial area of Kerala. Totally there were 23 wards in AluvaTaluk.

Sampling Unit: In this study, consumers from each ward were chosen as the sampling unit.

Sampling Procedure: Convenience sampling was used to select seven respondents from each ward of AluvaTaluk making it a total sample size of 160 respondents.

Questionnaire Design: This study mainly relied on primary data for which well-structured questionnaire was prepared based on the objectives of the study. The questionnaire contained questions for assessing the extent of awareness and also the demographic profile of the consumers. The questionnaire was administered face to face to the respondents either at their workplace or home where they were asked to provide their responses and were collected at the convenience of the respondents, either on the same day or the next day.

The study was undertaken during the months of March, April and May, 2016. The collection of data from the sample respondents covered a period of two weeks during the month of March 2016.

VII. DATA ANALYSIS AND INTERPRETATION

A. Demographic details of the consumers

The classification of consumers according to demographic profile is given the table below.

Table I. Demographic Profile of the Consumers

	Category	No. of respondents	Percentage
Gender	Male	101	63.13
	Female	59	36.87
	Total	160	100.00
Age Groups	18-24	17	11.88
	25-34	39	24.37
	35-44	38	23.75
	45 and above	66	40.00
	Total	160	100.00
Educational Status	Secondary	14	8.74
	Higher Secondary	33	20.63
	Under Graduation	80	50.00
	Post-Graduation	33	20.63
	Total	160	100.00
Occupational status	Student	11	6.88
	Private Sector	17	10.62
	Government Employee	80	50.00
	Retired	8	5.00
	Businessman	14	8.75
	Professional	14	8.75
	Housewife	16	10.00
Total	160	100.00	
Monthly income	No income	33	20.62
	Up to 10000	8	5.00
	10001- 20000	46	28.76
	20001-30000	33	20.62
	Above 30000	40	25.00
	Total	160	100.00

Source: Primary survey

It could be revealed that out of 160 respondents, about 63 per cent of the respondents were males and the remaining 37 per cent were females. The female and male respondents were unequally distributed. In the age group category, 40 per cent of the respondents were in the age group of 45 years and above, 24 per cent in the age group of 25-34 years, 24 per cent within the age group of 35-44 years and remaining 12 per cent belonged to the age group of 18-24 years.

Under the educational background, about 50 per cent of the respondents completed under-graduation, 21 per cent completed higher secondary education, 21 per cent had post graduate degree and remaining 9 per cent had secondary level of education.

Under the occupational profile of the respondents, 50 per cent of the total respondents were Government employees followed by private sector employees (11 per cent), housewives (10 per cent), businessman (9 per cent), professionals (9 per cent) and 7 per cent were students. A very meager percentage of consumers were retired employees (5 per cent).

Further, under the income level of the respondents, 29 per cent of the respondents' monthly income was in the range of Rs 10,001 to Rs 20,000, 25 per cent of them earned above Rs 30,000 followed by 21 per cent earned between Rs 20001-30000 monthly. Around 21 per cent of the respondents belonged to no income category. Students, housewives and retired respondents were included in the no income category.

B. Consumer's awareness about 'CSR'

Awareness of consumers about the CSR initiatives of the firms in and around their locality is a prerequisite for invoking a positive evaluation about the firms by the consumers. It paves way for creating a

favourable attitudinal and/or behavioural response in the minds of the consumers thereby influencing their purchase decision on the commodities produced by such firms.

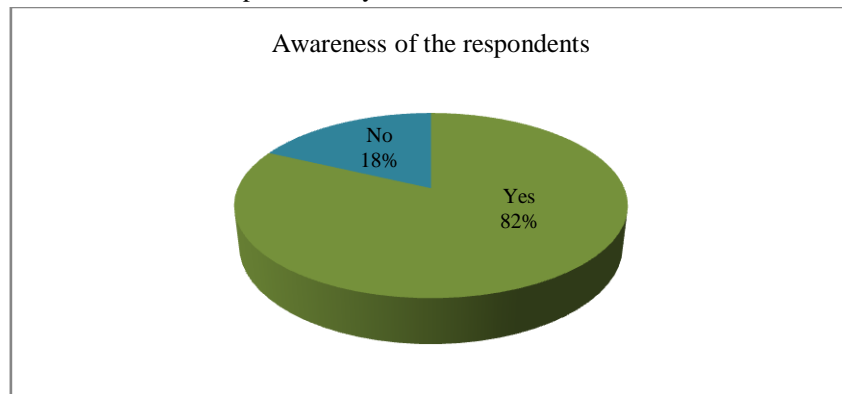


Fig1. Consumer’s awareness about ‘CSR (n=160)

Source: Primary survey

It could be evident from Fig 1 that about 131 respondents (82 per cent) were aware about various social initiatives undertaken by the firms in their localities while remaining 29 respondents (18 per cent) were unaware about such initiatives. Of the 82 per cent of respondents who were aware, majority didn’t know the fact that the companies were engaged in such social initiatives as a part of CSR and hence the term ‘CSR’ was unfamiliar.

However majority of the respondents were aware of the facts that big companies were doing social welfare activities as a part of their business and ethical responsibilities. Respondents also entrusted their positive opinion on companies taking up the right initiatives capable of bringing a social change.

C. Extent of understanding on the concept of CSR

Consumers have different levels of understanding about the concept of CSR. The extent to which consumers are aware of the social issues that firms engage with their CSR programs decides how well the consumers support such firms.

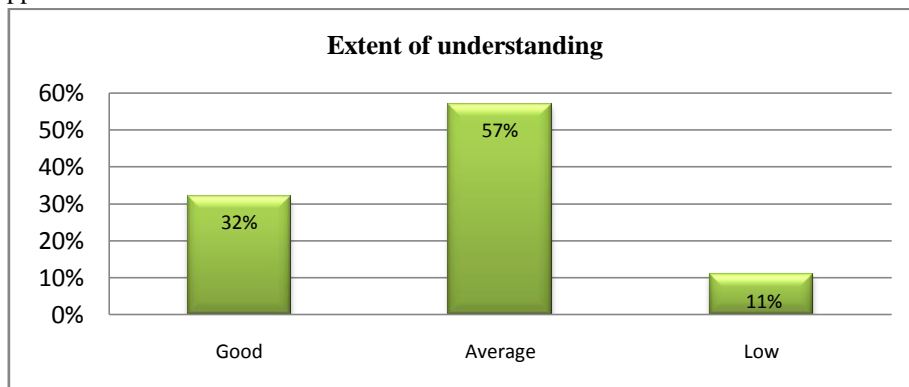


Fig 2. Extent of understanding of the concept of CSR (n=131) Source: Primary survey

Figure 2 revealed that out of 131 respondents who were aware about CSR of various firms, 57 per cent of consumers had an average level of understanding of the concept of CSR, 32 per cent had good level of understanding and 11 per cent had a low level of understanding.

Hence, it could be concluded that majority of the aware consumers had good and average level of understanding on the CSR initiatives of firms.

D. Sources of information about CSR of firms

Sproles et al., (1978) suggested that increasing levels of information on CSR could lead to increasingly efficient consumer perceptions of product quality and purchasing preferences. Consumers get to know about various social causes that companies engage in through multiple sources. The sources of information about CSR of firms among the respondents were analysed and the results are presented in the Figure 3.

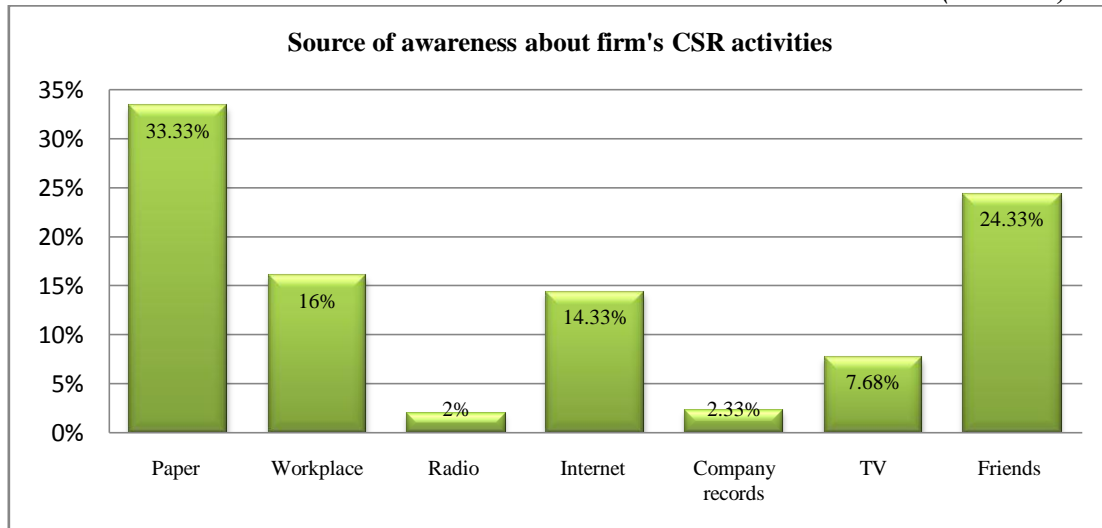


Fig 3. Sources of information about CSR of firms among the respondents (n=131)*

Source: Primary survey *Multiple responses

Consumers were found to have information about the CSR activities from multiple sources. From the Fig 3, it could be evident that 33 per cent of respondents came to know of CSR through newspapers or magazines, 24 per cent through friends, 16 per cent from their workplaces, 14 per cent from internet, 8 per cent through TV and 2 per cent each through radio and company records.

It could be concluded that majority of consumers came to know about various activities undertaken by the firms in Aluva as a part of CSR through newspaper articles and magazines while another large portion got information on CSR through discussions among their friends and from their workplaces.

E. Association between the awareness about CSR of firms and demographic characteristics of the respondents

The association between the demographic characteristics of the respondents (Gender, Age group, Educational status and Occupation) and awareness of consumers about CSR of firms was verified through Chi-square analysis individually using SPSS 16.0 and the combined results are presented in the Table II with the statement of hypothesis.

H₀₁: There is no significant association between the gender of the respondents and their awareness about CSR of firms.

H₀₂: There is no significant association between the age of the respondents and their awareness about CSR of firms.

H₀₃: There is no significant association between the educational status of the respondents and their awareness about CSR of firms.

H₀₄: There is no significant association between the occupation of the respondents and their awareness about CSR of firms.

H₀₅: There is no significant association between the income of the respondents and their awareness about CSR of firms.

Table II. Association Between Awareness on CSR And Demographic Characteristics of the Respondents (n=131)

Sl. No	Variable 1	Variable 2	Chi square value	df	P Value
1.	Awareness	Gender	3.35	1	0.067
2.	Awareness	Age	16.24	3	0.001*
3.	Awareness	Education	42.46	4	0.000*
4.	Awareness	Occupation	0.53	7	0.912
5.	Awareness	Income	20.30	4	0.000*

Source: Primary survey * - 0.05% Level of Significance

The Chi square value was calculated for each of the variable included under the demographic characteristics namely gender (3.35), age (16.24), education (42.46), occupation (0.53) and monthly income (20.30). The P value was observed to be less than 0.05 for age, education and income of the respondents which indicated that the association between awareness and the demographic characters such as age, education and income of respondents were significant at 5 per cent level of significance. The association between awareness and the demographic characters such as gender and occupation of respondents was found to be insignificant at 5 per cent level since P value was found to be more than 0.05.

From this analysis, it could be concluded that there exists a significant association between the awareness of respondents on firm's CSR and their demographic characters such as age, education and income of the respondents.

VIII. CONCLUSION

The term 'CSR' is not familiar to many of the consumers of Aluva Taluk. But majority of them are aware of the fact that big companies are taking up several welfare initiatives in and around their locality. Consumers are of the opinion that if companies can take up such activities for a good cause, it would help sustain the society. They are also willing to be a part of such initiatives.

But as a consumer, they have only an average level of understanding on the concept of CSR. They are unaware of the fact that it has been made by the government for companies having a stipulated turnover to contribute a part of their profit on CSR. They also lack a clear idea on the different dimensions that a company could bring about a social change or support the developmental activities of the society.

Newspapers and magazines play a dominant role in reaching to the consumers, informing them about various social activities that a company engage in followed by discussions within friends and at their workplaces.

It was found that demographic characters like age, education and income was found to have a significant association with the awareness on CSR. Consumers belonging to the age group of above 45 years showed more interest in knowing about the numerous welfare initiatives undertaken by firms for helping the society. Also it was found that consumers with fairly good educational background (Graduate or Post graduate) was found to be more aware about the firm's CSR initiatives. Consumers earning an average monthly income in the range of Rs 20,000-30,000 were more aware about firm's welfare activities than any other income category.

IX. SUGGESTIONS

Creating an awareness among the consumers about a firm's CSR initiatives could help build a positive image about that firm in the minds of consumers. This would serve as a competitive advantage for a firm involved in such kinds of initiatives. Firms can take up the CSR activities as a part of their strategic plan so that it helps in the mutual development of both the firm and the society. Moreover, firms should resort to a thorough research and study for identifying the appropriate area of intervention of their CSR activities.

Companies can seek the support from the localities also so that the people in and around are well aware about the good initiatives that companies come up with. Also the companies can make use of print media, bill boards etc appropriately for keeping their consumers well informed. Companies could take the initiatives to organise medical/education/career/ environment related campaigns and drives so that it attracts good amount of public to the vicinity.

Building a positive image among the consumers helps in generating loyalty and good word of mouth towards a responsible company. Moreover, consumers would extend all their support and help create a congenial external environment for the functioning of the firm.

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