

Relationship of Corporate Social Responsibility with Consumer Buying Behavior: An Indian Perspective

Supran Kumar Sharma¹
Shravani²

With the help of binary logistic regression model present attempt examines the impact of business organization's Corporate Social Responsibility (CSR) practices on buying behavior of the consumers. By taking the responses of 197 consumers in the Jammu and Kashmir province of India, the study highlights that how different dimensions of CSR practices and selected demographics of the organizations are significantly associated with the buying behavior of consumers. The study finds negative relationship between both legal responsibilities and environment friendly practices of companies with the consumer buying behavior. The results have implications for marketing practitioners and strategic management professionals who would like to use their organisation's CSR practices as a tool to positively influence consumer behavior. Findings suggest that business organizations should be more transparent on their legal aspects and philanthropic activities.

Keywords: CSR, Consumer, Carroll's pyramid, Philanthropy

JEL Classifications: M14, D64, N3

¹ Dr. Supran Kumar Sharma, Assistant Professor, College of Management, Shri Mata Vaishno Devi University, Katra, India, e-mail: suparn329@yahoo.co.in

² Shravani, PhD Student, Shri Mata Vaishno Devi University, email: shravanisharma06@gmail.com

Introduction

Severe competition in market raises the level of need for organizations to use strategies focused on higher consumer retention (Sirohi et al. 1998; Ellen et al. 2006). In the present competitive business environment for attaining larger consumer base and enhancing consumer retention, many practitioners elevated the importance of corporate image in building important corporate outcomes like strong consumer relations. With the purpose to raise market fundamentals and to increase market share, the role of corporate social responsibility (CSR) in literature and in practice has increased particularly in the last two decades (Nuanlaong and Yongyut, 2012). Over the years, the concept of CSR has been defined, redefined and extended differently. Many definitions can be found in existing literature, which come from researchers, organizations, governmental bodies and other institutions concerning the society. Carnegie (1889) associated CSR with religious principle and defined it as: ‘charity principle’ and the ‘stewardship principle’. As per charity principle more fortunate should assist less fortunate and stewardship principle requires the big corporate to see themselves as stewards of the society (Wulfson, 2001).

Similarly, the constituents of CSR may be elucidated differently. Some have identified CSR for the corporations as the responsibilities which extend beyond the economic and legal obligations (Macguire, 1963; Backman, 1975; Davis 1973; McIntosh and Mohan 1999). While another school of thought feels that CSR activities should purely be voluntary and should not include economic and legal responsibilities (Manne and Willch, 1972). One of the approaches to include economic and non-economic social concerns in explaining CSR is the ‘three circles approach’. The approach lays emphasis on the responsibility of business to improve the social environment (Committee for Economic Development, 1971). Further, an important contribution in the area of CSR practices has been made by Carroll (1979) who suggested that CSR activities should be divided into four

levels: economic, legal, ethical and philanthropic responsibilities. Economic responsibilities refer to the profitability of the organizations, while legal responsibility is complying with laws and regulation. As for the ethical perspective, the organization's operations are considered to be beyond the laws such as, to do the right thing in fairways and philanthropic responsibility refers to voluntarily serving the society.

Making implementation of social responsibility in business, Smith (2003) uncovered that new and more companies are undertaking CSR initiatives. The websites of more than 80 per cent of the Fortune 500 companies concentrate on matter of CSR, suggesting that in marketplace of present time the adopted CSR practices are also supporting companies economically for growth (Murray and Vogel, 1997). Mostly organizations do such activities keeping consumers and their behavior in mind. Bhattacharya and Sen (2004) identified that CSR adds to a consumer's sense of wellbeing and this benefit is in turn rewarded by consumers in the market.

Creyer and Ross (1997) explicated a positive relationship between CSR practices of a company viz a viz reaction of consumers to that company and its products. However, some researchers have identified that CSR can negatively impact an organization if consumers are suspicious regarding company's CSR initiatives, by seeing the corporate actions as only profit-driven (Chakaraborty et al., 2004; Friedman, 1970; Smith, 2003). Moreover, Quelch and Jocz (2009) stated "consumers have increasingly acute radar for hypocrisy". This perspective is supported by the Persuasion Knowledge Model which explains that people use persuasion knowledge to deal with marketer's persuasive attempts and how people use such knowledge to process their attitudes towards a product or marketer (Friestad and Wright, 1994).

Many organizations follow different CSR activities to lure consumers, but it is very intricate to identify to what extent the CSR practices followed by organizations are actually helping them to retain and attract consumers in India. Focusing on the nature of CSR practices, the present attempt aims to examine the influence of CSR practices by organizations on the buying behavior of the consumers. Thus, the results of this study may be useful for business organizations in understanding the consumer's preference for the CSR activities in emerging economies of the globe.

II. Review of Existing Literature

A vast majority of the available literature have focused on the nature of the CSR practices which organizations are adopting. The different types of CSR practices as described earlier were firstly categorized by Carroll (1979) and a number of theoretical discussions and empirical studies have drawn on this conceptualization (e.g. Wood 1991; Swanson 1999).

Considering only one aspect of CSR practices, Creyer and Ross (1997) measured the mind set of people towards ethical and unethical behavior of organizations. The study identified that consumers expect organizations to conduct business in an ethical manner. Moreover, consumers illustrated willingness to buy products even at higher prices from ethical organizations (Trudal and Cotte, 2008). Similarly, Auger et al. (2003) suggested that grouping of additional product choices, wealth, education and brand consciousness, and simultaneously raising the accessibility of ethical goods, provides a more socially aware consumer. Similarly, the empirical study of Mohr et al. (2006) indicated that CSR has an important and positive influence on setting criteria for company assessment and purchase intention by consumers. Taking all the components of Carroll's pyramid, Maignan (2001) suggested that respondents viewed legal practices undertaken by the companies as the significant responsibility, followed by ethical,

philanthropic and economic responsibility. Similarly, Visser (2005) also identified that the CSR pyramid in Africa was completely dissimilar from the Carroll's classic pyramid. Fulfilling economic responsibility was identified to be the most preferred CSR practices by the consumers and the second priority was given to philanthropic responsibility followed by legal and ethical responsibilities. On a similar note, Rahim et al. (2011) identified that all the CSR components of Carroll's pyramid (economic, ethical, legal and philanthropic responsibilities) have significant impact on the buying behavior of consumers.

A vast number of industry surveys do suggested that companies are ready to invest in CSR practices as consumers are willing to make an effort to support CSR practices of such organizations. For instance, Jones (1997) suggested that 76 per cent of consumers are prepared to switch to brands or stores which seem concerned about society. With the same notion, Dacin and Brown (1997) stated that negative CSR perception by the consumer can have an unfavorable effect on the overall product evaluation, whereas positive perception about a firm can favorably augment product evaluations by the respective consumers. Marketplace polls (e.g. Dawkins, 2003) and academic research (e.g. Sen and Bhattacharya, 2001) experienced that consumers are increasingly expecting business to go beyond delivering economic outcomes and contributes to society's welfare and sustainability by being socially responsible. It is, therefore, suggested that pro-social marketing initiatives such as CSR claims can become a market differentiating strategy (McWilliams and Siegel, 2001), build up brand equity (Hoeffler and Keller, 2002), and lead to consumer loyalty and other positive post purchase outcomes (Bhattacharya and Sen, 2004). Ross et al. (1992) indicated that cause related advertisements regarding a particular company made respondents willing to purchase goods from that very company. Both theory and recent research evidence suggest that a socially responsible behavior of an organization may

positively affect consumer's attitudes toward the organization (Lichtenstein et al. 2004).

Apart from these factors, environment friendly behavior has been identified as a significant factor influencing consumer buying behavior in terms of CSR. Antil (1984) discovered a positive association among environment knowledge and pro-environment attitudes. In other words, socially responsible consumers have more familiarity about environment related issues and are expected to exhibit positive attitudes towards the environment. Moreover, according to Hallin (1995) and Mc-Carty and Shrum (2001) there is a positive relationship between the environment friendly products and consumer buying behavior towards such products.

On the contrary, according to Tang and Chan (1998), majority of the consumers indicated negative attitude towards the environment friendly products, as other attributes of the product like quality, price etc are also important during purchase decision. These results were further reinforced by Johri and Sahasakmontri (1998) who found that consumers do not base their purchasing choices only on environmental concern alone and other product attributes such as convenience, availability, price, and quality play a more significant role in the purchasing decision process of a consumer. On the similar note, Page and Fearn (2005) using a large consumer sample in the UK, US and Japan identified that consumers do care about corporate behavior, but this is not the prime concern when they are shopping. Apart from price and quality, consumers are concerned for how they are treated. They are also less willing to sacrifice basic functional features of goods and services for socially acceptable characteristics of the product (Auger et al. 2003).

Apart from identifying the impact of different types of CSR practices, Chahal and Sharma (2006) analyzed that CSR is an effective marketing tool and proposed a conceptual framework to clarify the relationship between CSR and corporate marketing performance. This has been

specified by Luo and Bhattacharya (2006) that CSR practices contributes positively to market value signifying that managers may obtain competitive advantages and reap more financial benefits by activities based on CSR practices. The study specifically uncovered that for a typical company with an average market value of roughly \$48 billion, there can be an increase of around \$17 million more profits on an average with a one unit increase of corporate social responsibility ratings.

On the similar lines, Barone et al. (2000), Creyer and Ross (1997) and Berger and Kanetkar (1995) established that companies committed to cause related marketing, environment friendly practices, or ethics are keenly supported by consumers (Maignan and Ferrell, 2001). The available literature has also witnessed studies which examined the collective impact of multiple CSR programs on consumer behavior. Brown and Dacin (1997) suggested that CSR associations influence buying behavior through their influence on overall company evaluations. On a similar note, Murray and Vogel (1997) investigated the effect of pooled programs of socially responsible business practices cause promotions, community volunteering, corporate social marketing as well as economic factors and consumer protection on buying behavior of consumers. The study suggested that CSR programs have resulted in improved attitude of both consumers and employees towards a business organization, in terms of beliefs about the organization's honesty, consumer responsiveness, truth in advertising, pro-environmental and pro-employee attitudes (Murray and Vogel, 1997).

There is dearth of literature where for developing and emerging economies attempts have been made to identify different aspects of CSR practices and consumer buying behavior. The CSR related literature is enriched with detailed developed economies oriented empirical studies however, not many studies have been conducted in budding and developing markets such as India. Furthermore, the

above discussion on literature depicts that there is a considerable disagreement on the nature and extent of CSR practices which can influence consumer buying behavior. Moreover, the inconsistent and abstract results of previous research, necessitates the need for further and comprehensive research for clarifying the impact of CSR practices on consumer buying behavior particularly for countries like India. Most of the available studies have been conducted either considering individual factors or considering only some of the factors. Like some of the studies have focused only on the impact of ethical and unethical practices of the firms on the consumer's buying behavior. While some have taken into account all the four factors of Carroll's model, but have not considered other factors including the environmental factor. The present study conducts an in-depth comprehensive analysis of the impact of CSR activities on the buying behavior of consumers in India, which has received negligible attention of the researchers. The present attempt is build upon the foundation laid by the previous research in the area of corporate social responsibility and provides a theoretical and empirical synthesis of some key issues in this area at comprehensive level using qualitative response model in the form of binary logit analysis.

III Research Methodology

A questionnaire based survey using convenient sampling procedure was carried out for a total of 220 consumers in Jammu and Kashmir state of India. To develop the questionnaire, previous literature on the impact of CSR practices adopted by business organizations on the consumer buying behavior has been reviewed exhaustively. Further, in order to make the questionnaire more comprehensive and concrete, online discussions with the researchers and experts were made. The primary data were collected during the period of February to April, 2011. Of the total of 220 questionnaires, 197 questionnaires were returned with estimated response rate of 89.54 per cent.

The components of CSR incorporated in the questionnaire were primarily based on the CSR pyramid defined by Carroll (1979) (refer Figure 1). But the present study is more comprehensive, as here an additional fifth component i.e. environment friendly practices, has also been added to the original model of Carroll's CSR pyramid. Incorporation of the additional dimension would be helpful to measure association and influence of environment friendly practices undertaken by corporate on the consumer's buying behavior.

Figure 1

Dimensions of Corporate Social Responsibility



Source: Carroll (1996)

The questionnaire developed for the present study is fundamentally adopted from Rahim et al.(2011) and it primarily consists of the following dimensions:

Economic dimension indicates the responsibility of business to produce goods and services and to make an acceptable profit level. The economic dimension included four statements including "The firm should provide goods and services at reasonable prices", "The firm should be consistent in providing competent goods/services", etc.

Legal dimension has been defined as the responsibility of business to comply with the laws and regulations promulgated by central, state and local governments as the ground rules under which business must

operate. The legal dimension in the present study has been constituted of nine statements viz. 'Well run companies comply with all the state laws and regulations', 'Companies operate strictly within the legal framework of the society'.

Ethical dimension embodies those standards, norms, or expectations which reflect a concern for what consumers and the community regard as fair and to what extent protection of moral rights of consumers are being practiced. The ethical dimension has been constituted of six statements in the present questionnaire including 'Companies don't compromise ethical norms of the society in order to achieve corporate goals', 'Companies should avoid doing harm at all cost', etc.

Philanthropic dimension encompasses those corporate actions that are in response to society's expectation. This dimension included actively engaging in acts or programs to promote human welfare or goodwill. The scale has been comprised of seven statements such as 'Socially responsible companies contribute more to charitable organizations', 'Socially responsible companies commit resources to support culture and arts', etc.

Environment friendly dimension is defined by abiding with the environmental laws and taking proactive steps by organizations to protect the physical environment. The scale has been constituted of three statements including 'Companies should have waste minimization and recycling programs', 'It is desirable to buy eco friendly products', etc.

Consumer buying behavior has been defined as the priority that the consumer has set before buying any product. In other words, in the present case it helps to identify to what extent consumer considers organization's CSR practices before indulging into actual purchase. The scale consists of nine statements like 'The purchase decisions of people can influence firm's CSR activities', 'If the price and quality of

two products are the same, I would buy from the firm that has a socially-responsible reputation', etc.

Responses on the scale were given via the use of five-point likert type scale ('1' = strongly disagree; '5' = strongly agree) and the negative statements were reverse coded such that "1" = "strongly agree" and "5" = "strongly disagree". In the present questionnaire, four statements under legal dimension and two statements under ethical dimension were negative and thus, were reverse coded. The reliability of the scale was estimated using the Cronbach's Alpha. The estimated values of Cronbach's Alpha for economic, ethical, legal, environmental and philanthropic dimensions are given in the Table 1

Table 1

Reliability Test for Different Dimensions of CSR and Consumer Buying Behavior

S. No	Dimension	Cronbach's Alpha
1	Economic	0.78
2	Ethical	0.97
3	Legal	0.97
4	Environment	0.98
5	Philanthropic	0.98
6	Consumer Behavior	0.91

Source of data: Author's calculation from the data collected from primary survey

The results in Table 1 suggests that the items have a relatively high degree of internal consistency as reliability coefficient of 0.70 or higher and is considered acceptable in social science research (Zikmund, 2003; Hair et al., 2006). These alpha scores are acceptable for an exploratory analysis indicating that the variables within each factor are sufficiently inter-related.

Apart from the scales, the information on demographic variables of the consumers was sought through the same questionnaire. Although researchers have focused on various demographic variables, yet to

avoid multicollinearity only four critical demographic variables i.e., age, education, gender and monthly salary were used and applied in the model of the study.

Formulation of Theoretical Comprehensive Analytical Model

For the purpose of determination of two categories of consumers i.e., those which consider CSR activities of companies while purchasing the product and the others which relatively do not give value to CSR activities undertaken by the companies. The aggregate score of consumer buying behavior of each respondent for all the dimensions relating to CSR practices was calculated. This aggregate score was used to estimate the Z score for which each respondent has the constant mean (mean = 0) and standard deviation (SD = 1). A positive Z score value indicates that it is above the norm while a negative value indicates that it is below the norm (Verma and Larson, 2002).

Consumer buying behavior = 1, if Z value is positive

Consumer buying behavior = 0, if Z value is negative

In the context of present study, positive values of Z score have been specified as responses where consumers relatively consider CSR activities of companies more strongly while purchasing the product, whereas negative values of Z score are the responses where consumers relatively do not give much value to CSR activities undertaken by the companies. Moreover, in case of independent variables the aggregate score for each of the component namely, economic, ethical, legal, philanthropic and environmental friendly practices were taken into consideration for further analysis.

The demographic profile of the focal group of respondents reveal that the sample is predominantly of male consumers (61 per cent), most of the respondents were older than 30 years (71 per cent). With regard to the level of education, close to 51 per cent respondents were having bachelor's degree and around 40 per cent included were postgraduates and above. With respect to salary, approximately 56 per cent

respondents were earning a monthly salary of more than Rs. 30,000 (ie. \$ 550.06).

As discussed earlier, to identify whether the degree of involvement of companies in CSR practices have any bearing on consumer's buying behavior, qualitative response model i.e. binary logit regression model has been applied in the present attempt with the help of SPSS 20 version. Since, the dependent variable in this model is a qualitative variable and is incorporated into the model as a dummy variable taking the value 1 or 0, thus, the binary logit regression has been preferred. The model may be described as follows:

$$L_i = \ln (P_i/(1-P_i)) = f(X_1, X_2, X_3, \dots, X_i) \quad \text{Where, } i= 1,2,3, \dots, 9$$

Where, L_i = dependent variable (consumer buying behavior)

X_i = Predictor or independent variables and the details of all nine explanatory variables is provided with Table 2.

Table 2

Details of Explanatory Variables Included in the Model

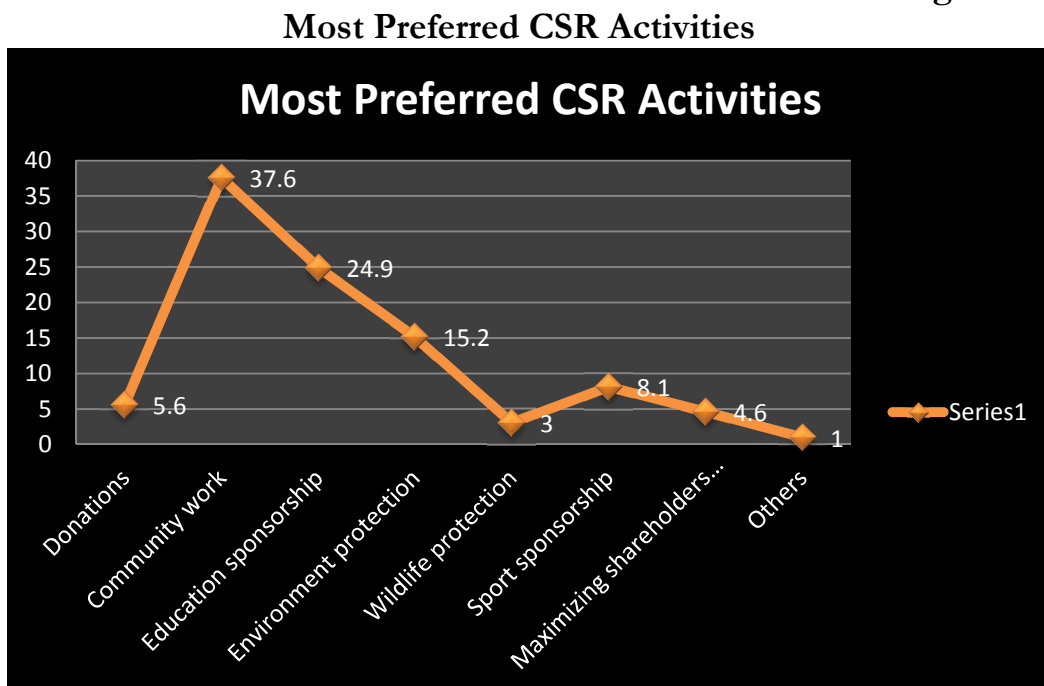
Variables	X_i
Salary	X_1
Education	X_2
Gender	X_3
Age	X_4
Economic Dimension	X_5
Ethical Dimension	X_6
Philanthropic Dimension	X_7
Legal Dimension	X_8
Environment Friendly Dimension	X_9

Codes used: Salary (\leq Rs.30,000 = 0, $>$ Rs.30,000 = 1); Education (\leq Graduate = 0, $>$ Graduate = 1); Gender (female=0, male=1); Age (\leq 30 years = 0, $>$ 30 years = 1)

IV Results and Discussion

In order to identify the most preferred CSR activities, consumers were asked to select an activity from a set of activities which according to them organization should include as a part of their CSR initiatives. The result (Figure 2) suggested that 38 per cent and 25 per cent of respondents identified community work and education sponsorship respectively as the most preferred CSR initiatives that should be practiced by corporate. Carroll (1991) also suggested that it is important for managers and employees to participate in voluntary and charitable activities within their local community, especially in projects that enhance the community's quality of life.

Figure 2



Source of data: Author's calculation from the data collected from primary survey

The Table 3 summarizes the findings of the binary logistic regression estimating the affect of CSR practices on the consumer buying behavior. The log likelihood ratio statistic is sufficiently high with value of 219.37 and is also statistically significant at 1 per cent level of significance which indicates that the model fits the data and is appropriate for identifying the factors that influence the consumer's buying behavior. The fitness of model is further reinforced by the statistically insignificant value of Hosmer and Lemeshow test (Meyer et al. 2006) and $\chi^2 = 9.59$ with $p = 0.29$, suggesting that values predicted by the present model are not significantly different from the actual observed values. On the similar lines, the value of pseudo R^2 i.e. Nargelekar R^2 is also found to be sufficiently high with a rule of .25. Moreover, this also shows that the model fits the data and is appropriate for identifying important dimensions of CSR practices which impact consumer buying behavior. The estimated coefficients of the model for independent variables, affecting the consumer buying behavior due to CSR practices being followed by the firms indicates that economic dimension, legal dimension, philanthropic dimension, ethical dimension, environment dimension, education qualification, gender and salary are the significant factors that help in determining the impact of CSR activities undertaken by business organizations.

Table 3

Determinants of Consumer Buying Behavior with Special Reference to CSR Practices of Business Organizations

Predictor	X _i	Coefficient	S.E	Z-statistics	Odds Ratio
Salary	X ₁	0.71**	0.34	4.61	2.01
Education	X ₂	0.92****	0.57	2.48	2.51
Gender	X ₃	-0.77**	0.37	4.33	0.46
Age	X ₄	0.28	0.59	0.23	0.75
Economic Dimension	X ₅	0.10****	0.07	2.11	1.10
Ethical Dimension	X ₆	0.08****	0.05	3.11	1.08
Philanthropic Dimension	X ₇	0.14*	0.05	10.10	1.15
Legal Dimension	X ₈	-0.08***	0.05	3.26	0.98
Environment Friendly Dimension	X ₉	-0.15**	0.06	4.72	0.86
Constant		-2.21****	1.51	2.17	0.11

Note: (Log-likelihood = 219.37, Hosmer and Lemeshow test =9.58, Negelekarke R² = 0.25 , LR statistics= 41.4)

*Significance at 1%, **Significance at 5%, ***Significance at 10%, ****Significance at 15%

Source of data: Author's calculation from the data collected from primary survey

The analysis brings into light that the respondents who earn monthly salary of more than Rs. 30,000 consider CSR practices of different companies while buying respective products (as indicated by the positive coefficient which has been found to be significant at 5 per cent level of significance). The reason attributed to this may be that consumers with low disposable salary might prefer first of all (or perhaps only) price, whereas a consumer with a higher disposable

salary prefer other criterias like the sustainability, environment effects of a product. Moreover, salary could play a major role as it influences the priorities of a consumer during purchase decisions. The odds ratio in favor of the variable is found to be 2.01 also reveals that the consumers with higher salary are 2 times more susceptible to consider the CSR practices of companies while buying their products as compared to those who are earning relatively lesser salary.

On the same lines, as indicated by the model that there exists a positive relationship between education and consumer's preference towards CSR practices i.e., higher the level of education higher is the level of influence of CSR practices on the buying behavior of consumers. Taking into account the odds ratio of 2.51 in favor of this coefficient it is safe to conclude that the consumers who have higher education are 2.51 times more likely to consider company's CSR practices in product purchase. The reason behind it may be that nowadays educated consumers are not only interested in new products; but also want to know more about the companies which produce these products, the labour conditions under which such products are produced and how their production impacts the environment and economic growth of the local communities (Strong, 1996; Shaw and Clarke, 1998, Harrison et al., 2005).

It is suggested by the model that there exists a negative relationship between the variable representing gender and consumer's inclination towards organization following CSR practices. As the variable gender is used in a dummy variable format with reference category of female respondents being assigned dummy variable zero the result suggests that male (female) consumers are less (more) likely to consider CSR practices of organizations while making purchase decision. Taking into account the odds ratio of 0.46 against the coefficient also indicates that the male consumers are (54 per cent) more likely to disregard the company's CSR practices while making purchases. Apart from these variables, a statistically insignificant relationship has been identified

between age and consumer buying behavior in terms of CSR practices, suggesting that factors like salary, education are more prominent aspects which help in determining the CSR practices influenced consumer buying behavior. Moreover, various studies (including Mwiti and Nyongesa, 2011 and McEvoy, 1972) have also identified similar results.

A positive relationship between economic dimension of CSR and consumer buying behavior has been established in the present case. Thus, suggesting that companies which perform and fulfill their economic responsibilities of CSR are preferred by the consumers. One of the reasons behind such kind of result may be that economic dimension of CSR is considered to be the most fundamental dimension of CSR which a company should fulfill in any case. Thus, with the achievement of economic responsibilities by firms, consumers will have better preference for their products. The Z-statistics value is also found to be statistically significant at 15 per cent level of significance in this area. Of importance is the odds ratio which is found to be 1.10 indicating that fulfillment of economic dimension of CSR by companies increases the chances of molding consumer buying behavior in favor of those companies by approximately 1.10 times more as compared to other companies which are not fulfilling this dimension.

Similarly, the study has also found positive (although moderate) relation between ethical dimension of CSR and buying behavior of consumers. This shows that administration of ethical dimension by companies has a considerable impact on the buying behavior of consumers in favor of those companies. This is quite true in the present circumstances where the companies are following strong ethical code of conducts and consumers are also equally aware and sometimes even boycott companies following unethical practices. For this dimension, the Z value is found to be statistically significant at 10 per cent level of significance. The emphasis on philanthropic

dimension of CSR practices has been found to be positively related with the consumer buying behavior. One of the prominent reasons for the positive influence of philanthropic activities is that these activities are more visible in nature. This composition indicates that higher the stress on the philanthropic dimension of CSR practices, higher is the preference level of consumers towards those business organizations. The positive relationship between consumers buying behavior and philanthropic activities specifies that consumer desire corporations to contribute their financial resources towards humanitarian purpose. The philanthropic activities by business organizations increase the chances that consumers will prefer the organization's product while making their purchase decision. In other words, with increase in promotion of philanthropic activities of an organization, the consumers react positively (Sen and Bhattacharya, 2001). The relationship was also found to be statistically significant at 1 per cent level of significance. Of importance is the odds ratio which was found to be 1.15 indicating that fulfillment of philanthropic dimension of CSR practices increases the chances of molding consumer buying behavior in favor of those companies by approximately 1.15 times more as compared to other companies which are not fulfilling this dimension.

On the contrary, a negative relationship between (although the coefficient value is very low) legal dimension of CSR practices and consumer buying behavior has been depicted in the present analysis. The results indicated that consumer buying behavior towards an organization tends to decrease (or nearly neutral) if the legal dimension is more prominent component of its respective CSR practices. This indicates that consumers believe that companies do not seriously comply with the laws and regulations promulgated by central, state and local governments, as the ground rules are not really essential to follow. Moreover, there are many activities which are considered to be legal but which would also be considered immoral by many people.

For example, although current laws permit a spectrum of exaggerated claims in advertising, yet critics argue that many of these advertising claims would at the same time count as lying (Fieser, 1996). For this dimension, the *Z* statistic value was found to be statistically significant at 10 per cent. Besides that, the odds ratio against the coefficient was found to be 0.98 (but close to unity thus shows nearly neutral behavior) which indicates poor relation of legal dimension with consumer buying behavior.

On the similar lines, it is explicated by the model that there exists a negative relationship between environment dimension and the consumer buying behavior in terms of CSR practices i.e., higher the level of implementation of environment friendly CSR practices by companies, lower is its influence on consumer buying behavior. This shows that administration of environment friendly activities decreases the chances of turning the consumer buying behavior in favor of the business organizations. An individual's perception about the severity of ecological problems might influence his/her willingness to pay more for ecologically compatible products. Moreover, the inconvenience caused by the environment friendly products like a person may feel that recycling is important for the long-run welfare of the society, but he or she may also feel that it is personally inconvenient. Many individuals may have high ecological concern, but feel that the preservation of the environment is responsibility of the government and/or big corporations. This attitude of consumers might impact the willingness of consumers to spend more for environment friendly products. Taking into account the odds ratio of 0.86 against the coefficient also indicates that the consumers are (14 per cent) more likely to disregard companies environment friendly activities.

Marginal Effects

Furthermore, the marginal effects of estimated binary logit model (refer Table 4) exhibit the relative importance of predictors in the

determination of consumer buying behavior in terms of CSR. The interpretation of marginal effect coefficients of the model explains the total standard deviation change in dependent variable due to one standard deviation change in the independent variable. In this way, marginal coefficients reflect the standardized coefficients where the variables are measured in standard deviations and results are comparable on relative basis without unit biasness of the independent variables. The results indicates that the most contributing factors in determination of the level of consumer buying behavior are education qualification ethical dimension of CSR activities of companies and environment dimension is the least causative factor for the consumer buying behavior in terms of CSR. The high Z statistics corresponding to each of the ratio specifies that all these values (except age) are statistically significant as is also indicated by the coefficient values of the model in the earlier discussion.

Table 4

Marginal Effects after Logit Model Estimation

Variable	Marginal Effects	Z value
Salary	0.16	2.17**
Education Qualification	0.22	1.66***
Gender	-0.17	-2.19**
Age	0.06	-0.49
Economic Dimension	0.02	1.45****
Ethical Dimension	0.19	1.77***
Philanthropic Dimension	0.03	3.15*
Legal Dimension	-0.02	-1.82***
Environmental Friendly Dimension	-0.30	-2.01**

Note: *Significance at 1%, **Significance at 5%, ***Significance at 10%, ****Significance at 15%

Source of data: Author's calculation from the data collected from primary survey

V Conclusion and Implications

Business organizations are expected to exhibit ethical behavior and moral etiquettes. Not only firms are expected to be virtuous but are also required to practice social responsibility. The nature of CSR

practices which can influence consumer buying behavior is a debatable issue. Focusing on the nature of CSR practices, the present paper aims to identify the influence of CSR practices by organizations on the buying behavior of consumers. The theoretical significance of the findings of this study is noteworthy as it attempts to broaden the scope of antecedents of consumer buying behavior in terms of CSR practices followed by companies. Most of the studies have taken only the four dimensions (economic, ethical, philanthropic and legal dimension) of Carroll pyramid for identifying the impact of consumer buying behavior, but collaborating these four dimensions with the environment friendly CSR practices the present attempt provides some unique and comprehensive analysis particularly for emerging economies like India. The results of the present study significantly define that dimensions of CSR practices are not only the ethical, economic, legal and philanthropic one but environment friendly dimension is also a significant dimension under CSR practices. Apart from the different dimensions of CSR practices, demographic features like age, gender, educational qualification and salary of consumers have also been taken into account to determine their impact on the consumer buying behavior.

The results of this study have important implications for marketing practitioners and strategic management professionals who would like to use their company's CSR practices as a tool to positively influence consumer behavior. The result of logit regression analysis has suggested that ethical, philanthropic, economic, legal and environment friendly dimensions are the critical factors of CSR practices that contribute to the consumer buying behavior. Moreover, gender, education qualification and salary of the consumers are also the important demographic factors that contribute to the consumer buying behavior in terms of CSR. It has been suggested that buying behavior of male consumers is relatively less influenced by the CSR practices of business organizations. The result also suggests that

ethical dimension is the most preferred CSR dimension by consumers. As the study has shown negative but mild impact of environmental friendly dimension and legal dimension of CSR practices of business organizations on the level of consumer buying behavior, it is suggested that in order to maintain the consumer buying behavior, organizations should pay more attention to other aspects of CSR practices. The positive relation of economic dimension and the ethical dimension of CSR practices with the consumer buying behavior is in contradiction with other dimensions namely environmental friendly dimension and legal dimension of CSR practices. It provides an insight to the organization that on consumer attraction and retention front, attention needs to be paid on economic, ethical and philanthropic dimensions of CSR practices as it can help to modulate the level of consumer buying behavior. Apart from it, the impact of education in increasing the consumer buying behavior in favor of firm cannot be undermined. An educated consumer would be more supportive of a socially responsible organization than a consumer who is not aware of the problems that the company is trying to alleviate. The result for the most preferred CSR activity comes out to be participating in community services followed by education sponsorship. Thus, indicating that consumers want business organizations to contribute towards the welfare of community.

Findings suggest that business organizations should be more transparent on their legal aspects. As far as the environment friendly activities are considered it has been suggested that business organization should see that the various recycling and waste minimization programs are not causing any inconvenience to the consumers particularly in terms of quality and price of the product.

By implementing CSR in a proper manner, corporations can create better image in consumer's mind. A good corporate image helps in attracting new consumers also. Thus, clubbing CSR practices with other marketing activities can be helpful in strengthening consumer

relationships. From the findings of the present attempt, it can be said that consumer buying behavior in terms of CSR is a multidimensional phenomenon. The results of this study provide a holistic view of the impact of CSR practices on the consumer buying behavior. For more specific analysis, CSR activities of a particular business organization can be taken into consideration in order to see the impact of CSR practices on the buying behavior of consumers. Furthermore, a study with increased number of sample size may result in revealing more factors having impact on the consumer buying behavior in terms of CSR.

References

- Antil, J.H. (1984), "Socially responsible consumers: Profile and implications for public policy", *Journal of Macromarketing*, 4(2): 18-39
- Auger, P. Burke, P. Devinney, T.M. and Louviere, J.J. (2003), "What will consumers pay for social product features?", *Journal of Business Ethics*, 42(3):281-304.
- Backman, J. (1975), "Social responsibility and accountability. New York", New York University Press.
- Barone, M. J. Miyazaki, A. D. and Taylor, K. A. (2000), "The influence of cause-related marketing on consumer choice: Does one good turn deserve another?", *Journal of the Academy of Marketing Science*, 28(2): 248-262.
- Berger, I.E. and Kanetkar, V. (1995), "Increasing environmental sensitivity via workplace experiences", *Journal of Public Policy and Marketing*, 14: 205–215.
- Bhattacharya, C.B. and Sen, S. (2004), "Doing better at doing good: When, why, and how consumers respond to corporate social initiatives", *California Management Review*, 47: 9-24.
- Brown, T., and Dacin, P.A. (1997), "The company and the product: Corporate associations and consumer product responses" *Journal of Marketing*, 61(1): 68-84.

- Carnegie, A. (1889), "Wealth", *North American Review*, 148(391).
- Carroll, A. B. (1979), "A Three-Dimensional Conceptual Model of Corporate Performance", *Academy of Management Review*, 4(4): 497-505.
- Carroll, A. B. (1991), "The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders", *Business Horizons*, 34(4): 39-48.
- Carroll, A. B. (1998), "The four faces of corporate citizenship", *Business and Society Review*, 100(101): 1-7.
- Chahal, H. and Sharma, R. D. (2006), "Implication of corporate social responsibility on marketing performance: A conceptual framework" *Journal of Services Research*, 6(1): 205-216.
- Chakraborty, S. K. Kurien, V. Singh, J. Athreya, M. Maira, A. and Aga. (2004), "Management paradigms beyond profit maximization", *Vikalpa*, 29(3): 97-117.
- Committee for Economic Development. (1971), 'Social responsibilities of business corporations' NJ: Committee for Economic, 1971.
- Creyer E.H. and Ross W.T. (1997), "The influence of firm behavior on purchase intention: Do consumers really care about business ethics?", *Journal of Consumer Marketing*, 14(6): 421-432.
- Davis, K. (1973), "The case for and against business assumption of social responsibilities", *Academy of Management Journal*, 16(2): 312-322.
- Dawkins, J. (2003), "The Public's Views of Corporate Responsibility, White Paper Series", <http://www.ipsos-mori.com/publications/whitepapers/index.shtml>' accessed on May, 2012.
- Ellen, P.S. Webb, D.J. and Mohr, L.A. (2006), "Building Corporate Associations: Consumer Attributions for Corporate Social Responsibility Programs", *Journal of the Academy of Marketing Science*, 34(2): 147-157.

- Fieser, J. (1996), "Do businesses have moral obligations beyond what the law requires?", *Journal of Business Ethics*, 15(4): 457-468
- Friedman, M. (1970), "The social responsibility of business is to increase its profits", *The New York Times*, pp. 2
- Friestad, M. and Wright, P. (1994), "The Persuasion Knowledge Model: How People Cope with Persuasion Attempts", *Journal of Consumer Research*, 21(1): 1-31
- Hair, J. F. B. Babin, W.C. Anderson, J.B. and Tatham, R. L. (2006) 'Multivariate data analysis' NJ: Prentice Hall.
- Hallin P. (1995), "Environmental concern and environmental behavior in Foley, a small town in Minnesota", *Journal of Environmental and Behaviour*, 27(4): 558–578
- Harrison, R. Terry, N. and Shaw, D. (2005), "The Ethical Consumer", NJ: Sage publisher.
- Hoeffler, S. and Keller, K.L. (2002), "Building brand equity through corporate societal marketing", *Journal of Public Policy and Marketing*, 21(1): 78-89.
- Johri, L.M. and Sahasakmontri, K. (1998), "Green marketing of cosmetics and toiletries in Thailand" , *The Journal of Consumer Marketing*, 15(3): 265-281.
- Jones, M. (1997), "The Role of Stakeholder Participation: Linkages to Stakeholder Impact Assesment and Social Capital in Camisea, Peru", NJ: Greenleaf Publishing in association with GSE Research.
- Lichtenstein, D. R. Drumwright, E. M. and Braig, M.B. (2004), "The Effect of Corporate Social Responsibility on Consumer Donations to Corporate-Supported Nonprofits", *Journal of Marketing*, 68(10): 16-33.
- Luo, X. and Bhattacharya C.B. (2006), "Corporate Social Responsibility, Consumer Satisfaction, and Market Value", *Journal of Marketing*, 70(10): 1–18.

- Maignan, I. (2001), "Consumers' perceptions of corporate social responsibilities: A cross-cultural comparison", *Journal of Business Ethics*, 30(1): 57-72.
- Maignan, I. and Ferrell, O.C. (2001), "Corporate citizenship as a marketing instrument – Concepts, evidence, and research directions", *European Journal of Marketing*, 35(3): 457-484.
- Manne, H.G. and Wallich, H. C. (1972), "The Modern Corporation and Social Responsibility", NJ: American Enterprise Institute for Public Policy Research
- McCarty, J.A. and Shrum, L.J. (2001), "The influence of individualism, collectivism, and locus of control on environmental beliefs and behavior", *Journal of Public Policy and Marketing*, 20(1): 93–104.
- McEvoy, D. (1972), "Vacancy rates and the retail structure of cities". In: Sadahiro, Y. (1998), A PDF-based analysis of the retail structure in a metropolis, Center for Spatial Information Science and Department of Urban Engineering University of Tokyo, Discussion paper No. 75R
- McGuire, J. (1963), "Business and Society", NJ: *McGraw-Hill*.
- McIntosh, M. and Mohan, A. (1999), "Mapping the Research Knowledge Base. Linking Poverty and Business Practice", working paper series, University of Warwick, England.
- McWilliams, A. and D. Siegel. (2000), "Corporate social responsibility and financial performance: Correlation or misspecification?", *Strategic Management Journal*, 21(5): 603-609.
- Meyer, J. W. Drori, G. S. and Hwang, H. (2006), "World society and the proliferation of formal organization", NJ: *Oxford University Press*.
- Murray, K.B. and Vogel, C.M. (1997), "Using a Hierarchy-of Effects Approach to Gauge the Effectiveness of Corporate Social Responsibility to Generate Goodwill Toward the Firm: Financial versus Non financial Impacts", *Journal of Business Research*, 38(2): 141-159.

- Mwiti , F. and Nyongesa, S. (2011), “Corporate Social Responsibility and Consumer Behavior in Nairobi and Nakuru: A Focus on Cause Related Marketing”, http://www.trustafrica.org/documents/research_findings/Mwiti.pdf Accessed on June, 2012.
- Nuanlaong, A. and Yongyut, R. (2012), “The roles of corporate social responsibility strategy in brand loyalty: an empirical study of the Thai listed firms” *International Journal of Strategic Management*, 12(2).
- Page, G. and Fearn, H. (2005), “Corporate reputation: what do consumers really care about?”, *Journal of Advertising research*, 45(5): 305-313.
- Quelch, J. A. and Jocz, K. E. (2009), “Can corporate social responsibility survive recession?” http://www.rezonance.ch/fssearch/download/Can_CSR_Survive_Recession_John_Quelch.pdf?version_id=2454501 Accessed on July, 2012
- Rahim, R.A. Jalaludin, W.F. and Tajuddin, K. (2011), “The importance of corporate social responsibility on consumer buying behavior in Malaysia”, *Asian Academy of Management Journal*, 16(1): 119–139.
- Ross, J.K. Patterson, L.T. and Struts, M.A. (1992), “Consumer Perceptions of Organizations that Use Cause Related Marketing” *Journal of Academic Marketing Sciences*, 20(1): 93-97.
- Sen, S. and Bhattacharya, C.B. (2001), “Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility”, *Journal of Marketing Research*, 38: 225-243.
- Shaw, D. S. and Clarke, I. (1998), “Culture, Consumption and Choice: Towards a Conceptual Relationship”, *Journal of Consumer Studies and Home Economics*, 22(3): 163-168.
- Sirohi, N. McLaughlin, E.W. and Wittink, D.R. (1998), “A Model of Consumer Perceptions and Store Loyalty Intentions for a Supermarket Retailer” *Journal of Retailing*, 74(2): 223-245

- Smith, N.C. (2003), "Corporate Social Responsibility: Whether or How?", *California Management Review*, 45(4): 52-76.
- Strong, F. C. (1996), "Features Contributing to the Growth of Ethical Consumerism: A Preliminary Investigation", *Marketing Intelligence and Planning*, 14(5): 5-13.
- Swanson, D. L. (1999), "Toward an Integrative Theory of Business and Society: A Research Strategy for Corporate Social Performance", *Academy of Management Review*, 24 (3): 506-521.
- Trudel, R. and Cotte, J. (2009), "Does it pay to be Good?", *Sloan Management Review*, 50(2): 61-68.
- Verma, S. and Larson, R.W. (2002), "Television in Indian Adolescent's Lives: A Member of the Family", *Journal of Youth and Adolescence*, 31(3): 177-183.
- Visser, W. (2005), "Corporate Citizenship in South Africa: A Review of Progress Since Democracy", *Journal of Corporate Citizenship*, 18(10): 29-38.
- Wood, D. J. (1991), "Corporate social performance revisited", *Academy of Management Review*, 16(4): 691-718.
- Wulfson, M. (2001), "The Ethics of Corporate Social Responsibility and Philanthropic Ventures", *Journal of Business Ethics*, 29(09): 135-145.
- Yam-Tang, E.P.Y. and Chan, R.Y.K. (1998), "Purchasing behaviors and perceptions of environmentally harmful products", *Marketing Intelligence and Planning*, 16(6): 356-362.
- Zikmund, W.G. (2003), "Business Research Methods", NJ: Thompson South-Western: Ohio.

