

Does CSR Effect on Consumer Purchase Decision? A Study on University Students of Dhaka City in Bangladesh

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***Abstract:** Corporate Social Responsibility (CSR) is the activities carried out by the corporations that not only contribute to society but also influence to purchase behavior of the consumers. But there are misconceptions about CSR and its effect on purchase behavior of the students. As this study concerns about CSR and its persuasion on students' purchase behavior, exploratory research design was used. This study carried out based on students' purchase behavior which is related with the awareness about CSR. The findings indicate that students, who are knowledgeable and aware about CSR, have favorable attitude and positive influence on their purchasing decisions.*

***Key Words:** CSR, Purchase behavior, Awareness, attitude*

Introduction:

Existence of Businesses always depends on existence of customers. It is important for businesses to gain customers' satisfaction. In the short run businesses can satisfy customers by delivering quality products and services. But in the long run businesses need to do more to maintain customers' satisfaction. In today's world society expects from a business not only quality products and services but more from it. Because businesses earn its profit through selling its product to society, society expects that a part of the profit should be spent for the betterment of the society at large. Forte and Lamont (1998) experienced that consumers are actively consider the role of the corporations in society when making purchases decision. If a business wants to do well in the long run, it should run its activities in a socially acceptable way. Businesses should operate in such a way that the fate of the future generation can be protected and by thinking for the society, environment, and stakeholders, business can ensure that. Long run sustainability of a business depends on the relationship with the stakeholders. For that reason corporate social responsibility currently such an importance issue.

Wood (1991, p 693) defined corporate social responsibility as, "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships." In today's world, corporations are using CSR to establish good relation with the customers. It is also used as a pre-emption strategy by the corporations to save itself from any future risks like, corporate scandals, environmental accidents, governmental rules and regulations, big increase in profits etc. Corporations try to get the sympathy of the customers by informing them on their CSR activities (Kashyap

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et al., 2006). That's why corporations now are much enthusiast to publish their CSR activities on their websites, through publications and their advertising campaigns. Now a day corporations using these CSR activities to gain competitive advantage over those corporations that do not do any CSR activities. CSR is now seen as an effective tool to help corporations to attract and retain customers. Berger and Drumwright (1996), in their study found that corporations with sound CSR actions develop positive social identity and enjoy increased loyalty from both customers and employees.

Information is one of the basic inputs into modern theories of rational choice (Schuler and Cording 2004). It is important to have an informed marketplace if consumers are to purchase in a socially-responsible manner, support more responsible businesses, and use their purchasing power to bring about social change (Webster 1975). Various authors (Auger et al. 2003; Sen and Bhattacharya 2001; Brown and Dacin 1997) examined the effect of CSR on consumer purchase-behaviour and found that it has positive effect on purchasing decisions when customers aware about corporations' CSR activities. Several researchers (Maignan 2001; Mohr, Webb, and Harris 2001) have called for research to determine the extent consumers are aware of the CSR records of corporations.

In various Marketplace polls (Enviro-nics 1999; Cone Inc. 2004; Dawkins 2004) reports on consumers in different markets suggested that consumers not only expect more social activities from corporations but also wants to be informed. A 23-nation poll of public attitudes to CSR (Enviro-nics 1999) found one in every 5 respondents discusses about CSR many times with his/her family and friends in the past year. In USA, Cone Inc. (2004) conducted a study on CSR found 86 percent respondents want more information on how company supporting the society, while in the UK, Dawkins (2004) found 74 percent of respondents indicated information on company's social and ethical behavior has great influence on their purchasing decisions, and 86 percent not happy because of companies lack of active communication on their CSR activities.

Bangladesh is an emerging economy with a average growth rate of 6% per annum (Ahmed, 2006) but there is a shortage of research activities relating CSR and its effect on the consumer. Corporations also provide little or no information about their CSR activities (Belal, 2001; Imam, 2000). In a review of research on CSR in developing countries, Visser (2008) pointed out that studies of this nature most frequently focus on China, India, Indonesia, Malaysia, Pakistan and Thailand. It can be placed Bangladesh in the category of countries that remain under-researched in terms of the CSR concept.

Objectives of the study:

The main aim of the present study is to contribute to filling the knowledge gap about market awareness of CSR in real markets. To fulfill the main objective, this study will try

1. To identify the knowledge level on company's CSR activities and its application in their purchasing decision in consumer level.
2. To explore the importance of awareness about CSR while consumers made their purchasing decisions.
3. To understand the relationship between CSR activities and its influence on purchase behavior of the onsumers.

Literature Review:

Since 1950's the concept of CSR is under discussion. But due to the fast globalization and mass international trade, it got incredible attention of business and research community during recent decades (Guo et al., 2009). The International Organization for Standardization (ISO), strategic advisory group on CSR describes it as "*a balanced approach for organizations to address economic, social and environmental issues in a way that aims to benefit people, communities and society*" (ISO/TMB AGCSR N4, 2002). Mohr et al. (2001, p. 47) recognized that CSR is generally defined as ". . . a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society". Deetz (2003) described CSR as the response to the needs of the community. Maignan et al., (1999) defined CSR as economic, legal, ethical, and discretionary responsibilities imposed on them by their various stakeholders. Issues such as human rights, workplace and employee, unfair business practices, organizational governance, environmental aspects etc. are considered as CSR activities.

It has been suggested that CSR actions can influence purchase intentions (Sen & Bhattachary, 2001). In the past many author (Harrison, 2004; Alexandris et al., 2002; Berger et al., 1999; Holmes and Kilbane, 1993; Klein and Dawar, 2004) investigated the issue of CSR and its effect on consumer purchasing decision but there is no unanimous findings whether the effect is positive or negative. Some author suggested positive effects of CSR activities on consumer purchase intentions (Harrison, 2004; Alexandris et al., 2002), while some suggested no or minimum effects of CSR on consumer purchase intentions (Berger et al., 1999; Holmes and Kilbane, 1993; Mohr et al., 2001). Mohr et al., (2001) also found discrepancy between consumer level of awareness and purchase intentions. Brown and Dacin (1997) found that CSR is one of the important evaluating factors for consumers when choosing product. Mohr et al. (2001) suggested consumers want moderate to high levels of CSR activities from companies. Klein and Dawar (2004) found that consumers tend to favor companies that participating in social development activities and which in turn influenced brand evaluations and purchase intentions. Mohr and Webb (2005) maintained that within the domains of philanthropy and the environment, CSR had a positive impact on company evaluation and purchase intentions.

A study by Creyer and Ross (1997) found that consumers are willing to pay higher to companies as a reward for ethical behavior and also prepared to punish them for unethical behavior by paying lower prices. Furthermore, Barone *et al.* (2000) found that consumer prepare to ignore minor competitive product and price trade-offs and switch towards the product of the company that engages in CSR. Finally, Mohr *et al.* (2001) examined the effects of CSR on consumers' purchase decisions, but could not find a significant relationship.

Most of previous works (Belal, 1999, 2000a, 2000b, 2001, 2006; Belal & Owen, 2007) carried on CSR practice in Bangladesh are based on Corporations' reporting practices and one of the earliest studies carried out on CSR practice in Bangladesh by Belal (1999). In that study, it was examined annual report of 30 companies to measure their CSR reporting patterns. Belal found that 90% of the companies examined made environmental disclosures; 97% made employee disclosures and 77% made ethical disclosures. Other

authors like Imam (2000), Belal and Owen (2007) also carried out their research on CSR activities in Bangladesh on the basis of Corporate Reporting. In this research work we focused on the effects of CSR activities done by the corporations on consumers' decision making.

Methodology:

Primary concern of this study is to get insight into the relationship between awareness about Corporate Social Responsibility (CSR) and decision making of the consumers. So, this study is exploratory in nature. The study was conducted by both using primary and secondary data. Secondary data was collected from various journals and published materials whereas primary data was collected through using questionnaire. In developing questionnaire, five point Likert scale was used ranging from “1. Strongly Disagree” to “5. Strongly Agree”. Students were targeted as consumers to examine questions. This target group was chosen to get insight about- 1) whether they have understanding about CSR, 2) whether they are highly engaged in purchasing activities, and 3) whether they can differentiate between CSR activities and non-CSR activities. The method and result of this study consist a questionnaire filled by 200 students from different Universities like Dhaka University (DU), East West University, Daffodil International University (DIU), United International University (UIU), are then described. Because students do not want to give answers to all of the questions, respondents were selected through convenient sampling by seeking time from them. Although main focus of the study is students from different Universities, implications are drawn for academics, marketing professionals and policy makers.

Findings and Discussions:

Respondents' Characteristics:

Table-1

n %		Mean	Std. Dev.	n %		Mean	Std. Dev.
Age		1.92	1.046	Study Level		1.1950	.3971
18-22	91 45.5			Bachelor	161 80.5		
23-27	62 31			Masters	39 19.5		
28-32	20 10			Year of Study			
33+	27 13.5	1 st Year		12 6			
Gender		1.2650	.4424	2 nd Year		15 7.5	
Male	147 73.5			3 rd Year		94 47	
Female	53 26.5			Final Year		40 20	
				Masters		39 19.5	
						3.3950	1.0699

Source: Authors' Computation

From above table, it can be seen that most of the participants are from age group 18-22 years old. In addition to these, male students were 73.5% whereas 26.5% respondents were female students. However, respondents varied in study level such as Bachelor and Masters. But 80.5% respondents were studying bachelor degree while 19.5% respondents

were studying masters degree. In addition to these, 47% respondents were student of third year whereas 20% and 19.5% were the students of final year of bachelor and masters respectively. On the other hand, means for age, gender, study level, year of study are 1.92, 1.2650, 1.1950, and 3.3950 respectively. It indicates that the average respondents were from 23-27 age groups. And also it indicates that most of the respondents were male. It can be seen that most of the respondents' study level were bachelor and year of study is 3rd year. As students varied their knowledge level, some had little knowledge but some had precise knowledge about CSR. The standard deviations of respondents' characteristics such as age, gender, study level and year of study are 1.046, .4424, .3971, and 1.0699 respectively. Thus, respondents provided their response based on their knowledge and analytical thinking.

Awareness about CSR and Purchase Behavior:

The authors developed the questionnaire for each variable based on the dimensions revealed by the interviews and, when appropriate, relevant theory. They were able to identify and code variables on views of CSR and purchase behavior (See Table 2). In the table below, the distribution of respondents on each variable is described. Given the exploratory nature of this research, it should be noted that this study ought to be viewed as a preliminary typology requiring quantitative testing in the future. In addition, the frequencies and proportion are reported to give the reader a more complete understanding of the findings, but they are not intended to be projected to the general population.

However, the study was based on the students if it mattered to them, as a consumer, if a company takes action to help society or not. The researchers consider it a high involvement behavior to base purchasing of goods, services, or company stocks on CSR because it involves a pattern of purchasing as opposed to making only one purchase decision. Furthermore, this pattern of purchasing requires breaking out of the traditional, self-oriented way of buying based primarily on price, quality, and convenience or, in the case of stocks, on financial returns. Using CSR as a criterion requires both learning about complex social issues and obtaining information about the social responsibility records of individual firms as a student. These are high effort behaviors that are only likely to be undertaken when CSR is seen as important. Changing such behaviors rarely happens quickly for students. The researchers expect, instead, that students, who do respond to CSR, work up to socially responsible consumer behavior through a progression of stages. As they advance through the stages they may even backslide to an earlier stage from time to time.

Table-2

		1 Strongly Disagree (%)	2 Disagree (%)	3 Neither Agree nor Disagree (%)	4 Agree (%)	5 Strongly Agree (%)	N	Mean	Std. Dev.

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Awareness about CSR	I have extensive knowledge about CSR	3	7.5	3	55.5	31	200	4.040	.955
	I can recall a CSR related advertisement for a product	2	6.5	9	45	37.5	200	4.095	.948
	I have favorable attitude towards companies spending for CSR	1.5	9	0	47.5	42	200	4.285	.752
	I would like to see more CSR activities from companies	1.5	1	2	25	70.5	200	4.620	.719
	In my opinion, companies do CSR activities for helping the society	2	0	0	43.5	54.5	200	4.505	.609
Purchase Behavior	I would like to purchase products made by company doing CSR activities	3.5	0	8	42.5	46	200	4.310	.766
	When purchasing products i care aspects most	.5	4	15.5	40.5	39.5	200	4.145	.858
	During purchasing decision i often do think about CSR	3	9	14.5	34	39.5	200	3.980	1.084
	I will change brand/retailer to support CSR activities by companies	2.5	16.5	10.5	43	27.5	200	3.765	1.102

Source: Authors' Computation

From the above table, it can be seen that most of the respondents have extensive knowledge about CSR whereas most of them can recall the CSR related advertisement for a product. In addition to these, respondents recognized what a company does for society as Corporate Social Responsibility (CSR). And they expect more and more CSR activities from a company. It indicates that students have favorable attitude toward companies spending for CSR. Overall indication is that students have much awareness about CSR and feel encouraged to see more and more CSR related activities so that society can be benefitted.

On the other hand, respondents would like to purchase products made by company which is doing CSR activities and contributing to the development of the society. Because

students care aspects most when purchasing products, they often do think about CSR during their purchase. It indicates, respondents have tendency to relate the CSR activities with their purchase. To support CSR activities, most of the respondents will change brand/retailer. CSR is important to them, they work to learn about social issues and the behaviors of specific firms, and they believe that they can have an impact on the social responsibility of companies.

Most of the respondents have agreed at the point of awareness about CSR. Moreover, their purchase behavior also indicates that awareness about CSR can have good impact. It can be observed that the mean responses indicate most of students have extensive knowledge about CSR and they can recall CSR related advertisement. Nonetheless, they have favorable attitude toward companies doing CSR activities and expect more activities from companies. In that case, most of the students think CSR activities as helping hand for society's welfare. On the contrary, it can be seen that students are interested to purchase products from those companies which do CSR activities but respondents care aspects more in most of the cases. Most of the respondents, It can be observed that, often think about CSR when taking purchasing decision even some respondents are ready to change brand/retailer to support CSR activities by companies. The standard deviations of awareness about CSR are .9554, .9489, .7527, .7198 and .6097 respectively whereas standard deviations of purchase behavior .7660, .8588, 1.084, and 1.102 respectively because it shows that the individual responses to a question, on average, vary or "deviate" from the mean.

Limitations of the Study:

As the study was exploratory in nature, findings could not be possible to generalize to the population. This study intended to provide a complete understanding of the awareness about CSR and purchase behavior related with that understanding. Because students' perception and knowledge level varies, their answering pattern also varies. But more and more relationship could be developed between awareness about CSR and Purchase behavior if respondents were in same level of knowledge about CSR. It would be appropriate to take some other measurement to examine.

Conclusion:

Corporate Social Responsibility (CSR) is a kind of activities that not only contribute to society but also build up a good brand image of a company. Doing CSR, companies are able to propagate their brand name among the community people because CSR activities create awareness among them. However, CSR activities by companies not only create awareness but also influence purchase behavior of the people. The more companies do CSR activities the more opportunities become open to succeed in the competitive market arena. As the respondents expect more and more CSR activities, companies should be concerned about conducting CSR activities more frequently to build a better future for the society.

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