



# Study on impact of CSR activities on Consumer attitude of FMCG companies especially amongst the youth.

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## ABSTRACT:

Today the word 'Corporate Social Responsibility' has become a part of people living in India. Initiating CSR activities, this culture is mushrooming across the country's landscape at a faster pace among all industries. It is clear that innovative steps are taken by the company to create positive relationship between CSR activities and consumer decision making. The paper attempts to analyse the impact on youth consumers buying behaviour towards FMCG companies' product with reference to CSR initiatives. The analysis is done taking into consideration factors like preference of product as per CSR activities, attitude of consumer towards CSR initiatives and awareness of CSR program among consumer. The data for this study was collected from Mumbai region from 100 respondents. Research tools such as regression and correlation were used to study the influence of CSR practices on a consumer's buying decision process and also attempts to validate if customers react to CSR activities in a similar way or does it vary as per different demographics.

Keywords: Corporate Social Responsibility; Consumer Buying Behaviour; FMCG; influence; youth.

## INTRODUCTION:

### *What is Corporate Social Responsibility?*

The society is the playground for all business activities that companies' business operations are affected by and that affect the society. Halal (2000) argued that business operations should meet the societal objectives; interests of various stakeholders should be taking into consideration. However, whether corporations should take social responsibility or not is still under debate (Tsoutsoura, 2004; Davis, 2005). Both the parties for and against CSR have realized the significance of social challenges to business success (Davis, 2005). It can be seen that companies are putting more and more efforts and resources to work for serving customers, employees and local communities, instead of purely chasing profits (Halal, 2000).

Corporate Social Responsibility (CSR) is stated as a wide-ranging set of policies, practices and programs that are combined into business operations, supply chains, and decision-making processes all over the organization process and practices, all places where ever they do the business and it also include responsibility for present and past actions as well as future impacts on business. The elements which have headed to the development of the concept of corporate social responsibility (CSR) would be perfect beginning with the theoretical improvement of suitable corporate business practices for emerging markets and developing countries.

**Consumer Behaviour:** Consumer behaviour is the study of how people make decisions about what they buy, want, need, or act in regards to a product, service, or company. It is critical to understand consumer behaviour to know how potential customers will respond to a new product or service.

### ***Consumer Behaviour towards CSR in India:***

India has the world's richest tradition of CSR. Though the term CSR is comparatively new, the concept itself dates back to over a hundred years. In India, CSR has developed in various phases, for instance socially responsible production, engaging the community fruitfully and socially responsible employee relations. Its evolution can be divided in four phases: Phase1 (1850 - 1914) Phase2 (1910 - 1960) Phase3 (1950 - 1990) Phase 4 (1980 onwards). Complete philanthropy and charity throughout the industrialization; businesses are only pledged to the managers and the owners. CSR is seen as a social development amidst the struggle of Independence where the businesses are pledged to the managers, owners, and employees. CSR during the "mixed economy paradigm"; where the businesses are responsible to owners, managers and other target environments also. When we talk about CSR amidst this globalised world, we can see it is in a confused state where the businesses are pledged to the owners, managers, other target environments and the public at large.

### ***CSR initiatives in different sectors:***

Since this particular study is limited to India and the FMCG sector, certain specific papers were reviewed to get a more precise and better understanding of the subject. In India, most FMCG companies have undertaken varied CSR initiatives mainly pertaining to the welfare of the rural population. A huge sum of money is being spent every year by businesses attempting to contribute to the society through their various CSR initiatives directions mode. Companies like TATA, ITC, P&G, Nestle, Britannia, Godrej, Dabur, and Colgate very active on the CSR front and taking lots of efforts for CSR programs (Shinde, 2014). The following are a few sectors where Indian FMCG companies have been taking CSR initiatives:

1. ***Education and Welfare:*** India bears the double burden of malnutrition for a large part of the population. CSR initiatives in this sector aims at improving nutrition awareness of communities with a special focus on school children. Such initiatives are taken by various FMCG companies in India like P&G, Nestle, Britannia, HUL, etc.
2. ***Rural development:*** FMCG Companies nowadays also focus on rural development in order to support the sustainable development of farmers, which would allow them to grow as the company grows and nation as whole. Firms believe in the purpose of 'Enhancing quality of life and contributing to a healthier future'. They not only strive to sustainability with the community but also works to make a positive difference and create maximum value for the society. Companies like Nestle, Marico, ITC Ltd, etc. contribute large part of their CSR funds here.
3. ***Health Safety and Environment:*** Renewing the commitment to Health Safety and Environment, companies have formulated a policy focusing on People, Technology and Facilities. A dedicated "Safety Management Team" has also been put in place to work towards the prevention of untoward incidents at the corporate and unit level, besides educate & motivate employees on various aspects of Health, Safety and Environment. Dabur company has been one of largest companies contributing in this segment following other giants like HUL and Tata.
4. ***Others:*** Companies work on various other sectors also such as women empowerment, technical assistance, children rights, development of infrastructure, sustainable development, etc.

### ***Ways through which companies initiate in CSR:***

Usually, companies can directly invest their funds in various sectors directly by giving funds or services but there are others ways also as mentioned below:

- NGO: A Non governmental organisation is any non profit voluntary organisation which is organised on a local, national or international level. NGOs perform a variety of social welfare activities and also undertake CSR activities the corporate forms may tie up with the NGO to undertake their CSR activities.
- Alliance with foundation: A corporate firm that intends to implement CSR policy may setup its own Foundation or trust to look after CSR activities so that the firm can focus on its core activities along with doing CSR activities. Some firms tie up with NGO's or such CSR foundations and trusts.
- Intergovernmental organizations: Several Intergovernmental organizations (IGO) also address CSR issues. The IGO like UN Development Organization (UNIDO), the UN Development Program (UNDP) and world bank are few other sources where company can contribute in CSR activities through them.
- Employees: Organisations may encourage employees to use their skills to help in CSR initiatives. For instance, if company outsource CSR activities through NGO then marketing and IT staff can help the NGO relating to IT facilities. Also, firms may opt for strategies like matching programmes and voluntary grant programmes where can also contribute for the society.

## REVIEW OF LITERATURE:

1. According to *Unmana Barkakati, Raj Kishore Patra and Payel Das* in article "Corporate Social Responsibility and its impact on consumer behaviour- a consumer's perspective" in journal 'International Journal of Sustainable Society – January 2016' state that there is no thorough measurement available on the impact of CSR activities and of its business performance yet, and the CSR is believed to have a positive relationship with a company's goodwill and thereby have a positive impact on consumer's behaviour. The paper emphasises n investigating the influence of CSR practices on a company's image and reputation with special reference to fast moving consumer goods (FMCG) companies and, on public opinion relating to the buying behaviour.
2. *Dr. Maneesha Kaushik and Dr. Ravish Pandey* in article "Impact of Corporate Social Responsibility on consumer" in journal *Ilkogretim Online - Elementary Education Online*, 2020; Vol 19 (Issue 4) stated that today, consumer a
3. re aware and more inclined about the role of ethics and corporate social responsibility of businesses. The responsibilities of the companies are increasing day by day and therefore they are working more towards the society and the environment welfare to attract more customers and become more customers loyal. Such CSR initiatives work as a competitive advantage for the businesses and companies. Thus, fulfilling corporate social responsibility is an important marketing tool which gives a competitive edge to the companies in the Indian market.
4. The findings of *Creyer and Ross (1997)* explained the relationship that consumers consider ethical behaviour like doing CSR as an important aspect during their purchase decisions. *Tay (2005)* concluded that as society becomes wealthier and face an increase in the level of awareness among consumers, these consumers become more sensitive to the ways in which companies behave, which in turn may influence their buying behaviour.
5. Several studies have suggested that there is a positive relationship between a firms CSR activities and consumers' attitudes towards that firm and its products (*Abu bashar, Brown & Dacin, 1997; Creyer Ross, 1997; Ellen, Webb, & Mohr, 2000*). *Mohr, Webb and Harris (2001)* examined the impact of CSR knowledge on consumers' attitudes and purchase decisions. Also, will CSR affect consumers' decisions and if it does or does not what are the possible reasons for the same. The survey attempted to measure the size and composition of the consumer segment that is affected by CSR, whereas their experiment attempted to determine whether CSR has a significant impact on consumer responses. The finding indicated a significant relationship between CSR and consumer responses.
6. *Pomeroy and Dolnicar (2008)*, marketplace polls reported that consumers expect corporations to provide information about what they do, and they will support those corporations that pursue CSR

initiatives. Sen and Bhattacharya (2001) research on reaction of consumers to CSR shows that CSR directly affects consumers' perception to purchase a firm's products.

## RATIONALE & GAP ANALYSIS

The review of various paper showed that CSR has been playing a significant role in consumer behaviour. But this area is wide enough to study through only single dimension. Also, a number of factors determine the final outcome of the relationship between CSR and consumer behaviour.

Thus, the paper discusses about CSR practices specifically in sector of FMCG and specifically among the youth who are more socially aware these days.

## OBJECTIVES:

1. To study awareness of corporate social responsibility among young customers.
2. To study the factors influencing company's image according to judgement of young customers
3. To discuss various CSR initiatives adopted by FMCG companies in India.

## HYPOTHESIS TESTING-

All hypotheses are stated in the null hypothesis form. The study seeks to analyse the following hypotheses:

**H<sub>01</sub>:** Young customers are not aware about CSR activities

**H<sub>02</sub>:** There is no significant difference in factors influencing company's image according to judgement of young customers. The further analysis is done in data analysis part.

## RESEARCH METHODOLOGY

The quantitative approach and survey method were adopted in the study. The survey instrument in the form of a structured questionnaire was used to gather the required data. Data collected from young customers in the age group of 15 to 29 Questionnaire consisted of questions related to awareness, factors influencing company's image according to young customers, buying FMCG product from a CSR doing FMCG companies, Customers should avoid buying product from socially irresponsible company and many more. In all, 100 young customers responded.

## DATA ANALYSIS

- *Descriptive Statistics Analysis*

Table 1. Gender, Age, Education Stream, Profession, Income

		Frequency/percentage
Gender	Female	50
	Male	50
	<b>Total</b>	<b>100</b>
Age	15-19	30
	19-24	63
	25-29	7
	<b>Total</b>	<b>100</b>

Education Stream	Science	29
	Commerce	64
	Arts	7
	<b>Total</b>	<b>100</b>

Profession	Student	71
	Salaried	22
	Businessman	7
	<b>Total</b>	<b>100</b>

Monthly Income	0-25000	86
	25000-50000	7
	50000 and above	7
	<b>Total</b>	<b>100</b>

Total of 100 responses equal responses were taken from both male and female. The responses were collected only from youths aged from 15 to 29. Majority of respondents were from mid youth of age group 19 – 24. Also, majority of respondents are from commerce stream. Majority of respondents are Students and monthly income of almost respondents ranges from 0-25000.

## AWARENESS OF THE TERM CSR

### Hypothesis Testing-

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### Results and Discussions:

#### Hypothesis 1

To understand the awareness about CSR between young customers, the following hypothesis is designed.

**H<sub>01</sub>:** Young customers are not aware about CSR activities

**H<sub>11</sub>:** Young customers are aware about CSR activities

Young customers have been asked to rate their awareness of CSR on a fivepoint Likert scale and yielded the analysis for H<sub>01</sub>.

9 (9%) out of 100 (N) respondents stated that they are not at all aware about CSR, while 91 consumers (91%) did. The latter rated themselves between Slightly aware (2) and extremely aware (5) about CSR.

To accept H01, the mean value of this item should not be significantly higher than 1 (Not at all aware). However, the mean value was 3.31 and One Sample t-test with Test Value= 1 at 95% confidence interval led to rejection of the hypotheses H01. The result is shown in Table 1 below.

Hypothesis	Test	Result	Decision
	One sample t Test	Mean=3.31	
<b>H01:</b> Young customers are not aware about CSR activities	95 % confidence interval	Std Deviation=1.203	Rejected
	N=100	Std Error Mean=0.120	
	Test Value=1	t value=19.194	
		Df=99	
		Sig (2 tailed) <0.001	

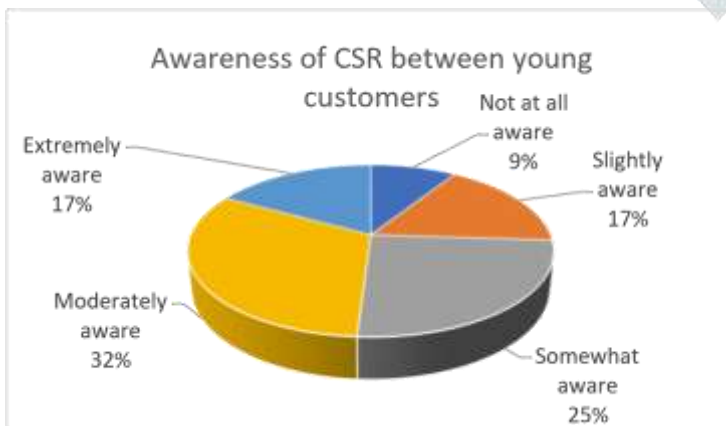
Table 1-Hypothesis Testing H01; One Sample t Test with test value=1

**Interpretation:** Above table indicate that p-value is less than 0.05. Therefore, one sample t test is rejected. Hence null hypothesis is rejected and alternate hypothesis is accepted

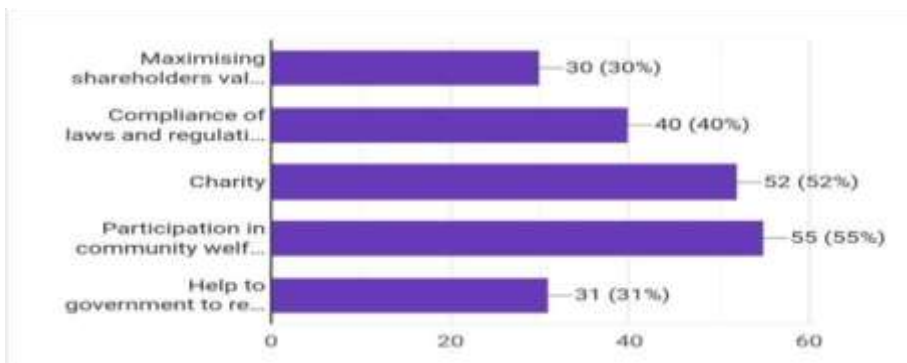
**Conclusion:** Young customers are aware about CSR activities

**Findings:**

The figure below shows that 91% of consumers are aware of CSR in varying degrees, from (2) Slightly aware, (3) Somewhat aware, (4) Moderately aware (5) Extremely aware, while only 9 % said that they are not all aware about CSR .

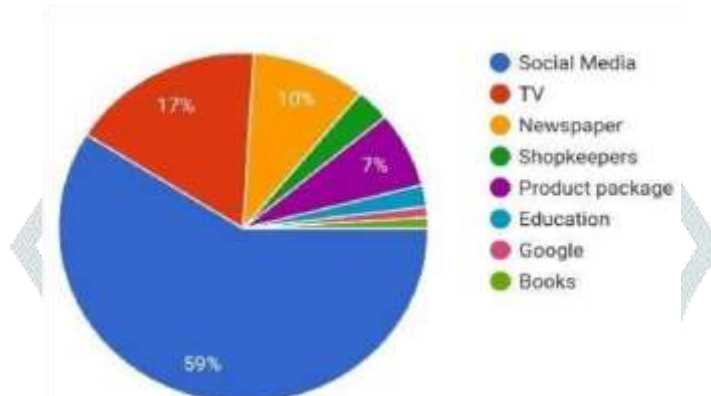


**WHAT IS CSR?**



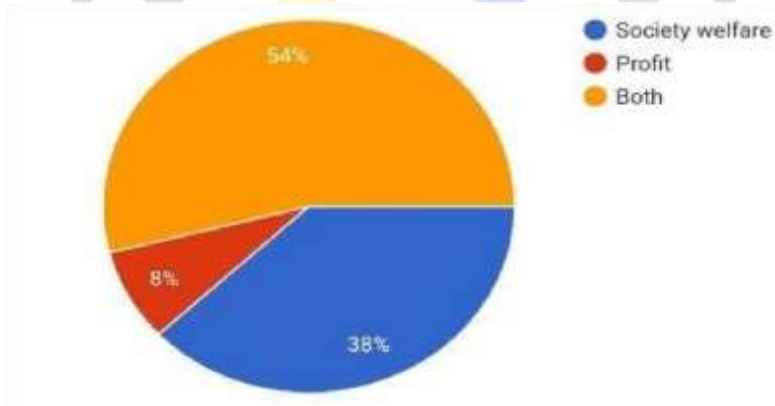
When asked about respondents' opinions about what is CSR majority of them believe that CSR is participation of a company in community welfare and a Charity affair for a company.

**SOURCE OF KNOWING CSR**



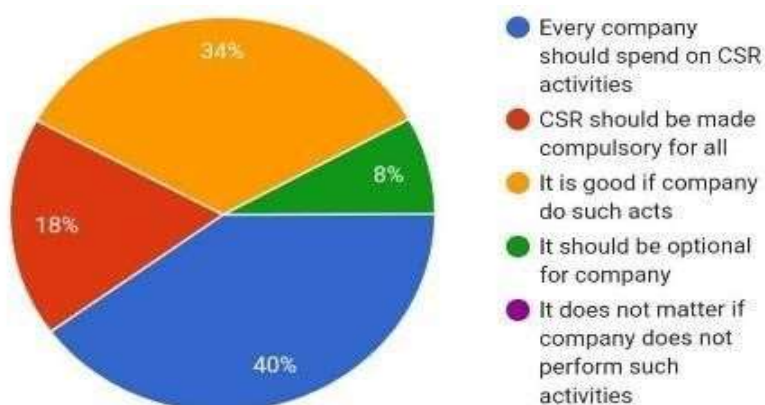
From the above chart it can be interpreted that majority of respondents source of knowing about CSR is social media. TV being the secondary source. And rest of the respondents knew about CSR from other sources like product package, Newspaper, shopkeepers, etc.

**COMPANY MOTIVE OF ENGAGING IN CSR ACTIVITIES**



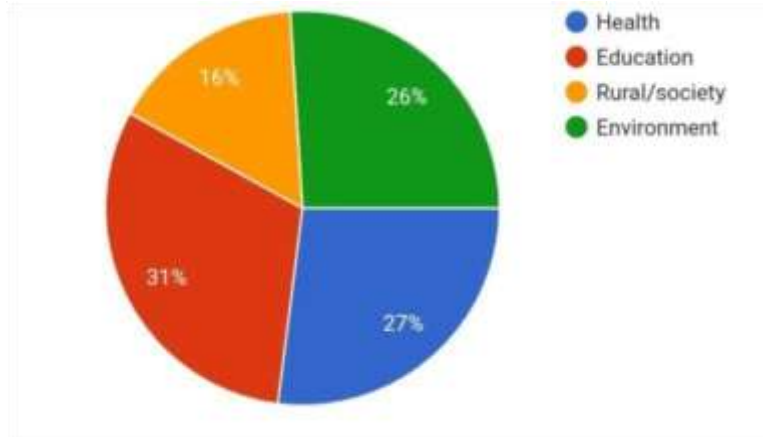
Majority of respondents are of the opinion that a company does CSR for both profit and society welfare. And 38 of them responded that company does CSR for society welfare only. And a very handful of people only believed that companies do CSR with profit motive.

**OPINION ON SPENDING AMOUNT ON CSR**



An example of Tata company was given to respondents informing that the company had spent 10.85 crore on CSR activity in Financial Year 19-20 accordingly what should be done by/for other companies. Majority of respondents believed that just like Tata other companies should also spend on CSR. 34% of them believe that it is good if company does that. And 18% of them believe that CSR should be made compulsory for all companies. And none of the respondents believe that it does not matter if company perform CSR.

**PREFERENCE OF SECTOR**



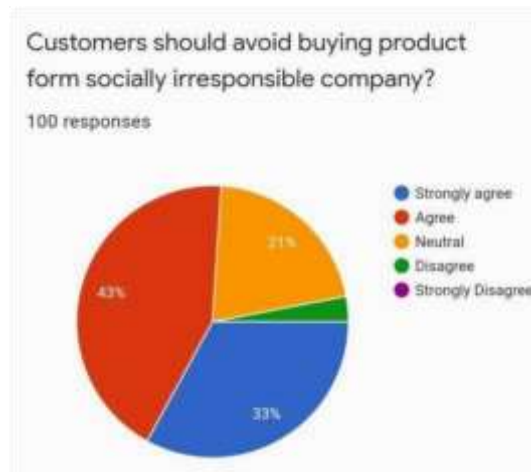
31 respondents prefer that a company should do CSR in education sector. Health and environment were the other two preferences of the respondents with 27 and 26%. And only 16 respondents want company to invest in rural sector.

**COMPANIES KNOWN DOING CSR**

COMPANIES	FREQUENCY
Tata	45
HUL	12
Dabur	11
ITC	8
P&G	6
Nestle	5
Others: FMCG	15
Non FMCG companies	6

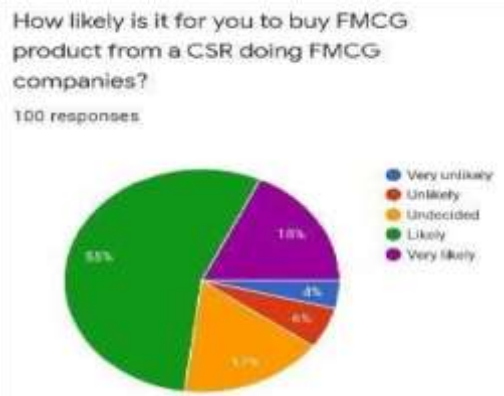
majority of respondents new about Tata consumer products FMCG company doing CSR activities and rest of them new about other companies such as HUL, Dabur, ITC, PNG, Nestle, Marico as an FMCG company doing CSR. 6 respondents also gave names of other companies which do perform CSR activities but are not FMCG companies.

**NON-COMPLIANCE OF CSR**





43% of respondents agree to the fact that one should not buy products from companies not doing CSR. While 33% of respondents strongly agree to the same. Only 3 respondents believe that CSR doesn't matter while buying the product **COMPLIANCE OF CSR**



Majority of respondents believed that there is potential of them to buy products from CSR doing company. 17 respondents were neutral about the fact of buying products from CSR doing company. 10 respondents also are opposite to the fact that they will buy from CSR doing company

**FACTORS INFLUENCING COMPANIES IMAGE**

Hypothesis 2

To understand whether all factors are equally important or not following hypothesis is designed.

**H02:** There is no significant difference in factors influencing company’s image according to judgement of young customers.

**H12:** There is significant difference in factors influencing company’s image according to judgement of young customers

Opinion of respondent	Quality	Brand	Price	CSR	Companies Image	Word of mouth	Promotion
Not at all influential	3	3	5	4	4	6	10
slightly influential	6	11	9	12	10	21	19
somewhat influential	8	37	20	38	35	31	29
very influential	31	37	33	21	30	24	28
extremely influential	52	12	33	25	21	18	14
Total	100	100	100	100	100	100	100

Table 2–Factors influencing Company’s image

To test above null hypothesis, non-parametric Friedman test is applied.

<b>Ranks</b>	
	Mean Rank
Quality	5.30
Brand	3.74
Price	3.87
CSR	4.45
Companies Image	3.84
Word of mouth	3.50
Promotion	3.31

Table 3– Mean rank for factors influencing Company’s image

Above table 3 indicate mean rank for each factor that can influence Company’s image according to judgement of young customers. It is observed that highest rank is for “Quality” and least rank is given for “Promotion” Significance in difference of factors influencing company’s image according to judgement of young customers is tested and results are follows.

Test Statistic	
N	100
Chi-Square	86.663
df	6
P	<.001

a. Friedman Test Table 4- Friedman test **Interpretation:** Above table 4 indicate that p-value is less than 0.05. Therefore, Friedman test is rejected. Hence null hypothesis is rejected and alternate hypothesis is accepted.

**Conclusion:** There is significant difference in factors influencing company’s image according to judgement of young customers.

**Findings:** Most important factor influencing company’s image is “Quality” and least important factor is ‘Promotion”

## FINDINGS

- The findings of descriptive analysis indicates that most of the respondents were well aware about CSR. Majority of the youth received information about CSR from social media. CSR is done for society as well as for profit is believed by respondents.

- Nevertheless, the respondents support to the companies that does CSR. Also, they can avoid buying products from companies that are socially irresponsible.
- It was Analysed that people are more concerned about products quality than CSR.
- The respondents are well aware about CSR and also this CSR image has positive influence of company on minds of customers.
- It was found that the relationship between the CSR awareness and customers reaction on buying companies product can be positive. Thus, companies should try and make the efforts to make customers aware of their companies efforts on CSR and attract more customers.

## CONCLUSION

The above research serves as the informative source to management indicating that the Companies image, companies action can influence buying behaviour of specifically youth consumers if companies properly make the consumers aware of there activities. The research finding provides information on consumers perception of CSR which in turn, affects consumers buying behaviour especially youth consumers.

By understanding the role of CSR, the current market trend, using social media and various other methods to make customers aware the management can manage the company more effectively. The companies should make more effort to maintain quality first and then focus on its CSR activities.

## BENEFITS TO SOCIETY

- The more the youth are aware of CSR activities done by companies the more companies will be forced to work upon CSR activities.
- The more the Companies Perform CSR activities the better the societies situation will be. The gap between poor and rich can be reduced. The unfair practices are reduced.

## SUGGESTIONS FOR FURTHER RESEARCH

The present study focuses only on a particular sector i.e., FMCG. The study can be carried out in various sectors to understand youths' behaviour in various sectors. Further conclusions can be drawn from this research, this research must be considered tentative as it was based on a relatively small sample of respondents (N= 100) taken solely from Mumbai region. Also, the study is confined to young generations thus the other part of population can also be studied.

## LIMITATIONS

- The study was based on FMCG sector only thus may not be applicable on all sectors.
- Also, the study examined the behaviour of youth only so the same may not be applicable to other age groups.
- To current situation it was preferably interviews were not taken.

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E-Journals and articles:

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- <http://article.sapub.org/10.5923.j.mm.20160604.02.html>

- <https://www.sciencedirect.com/science/article/abs/pii/S0278431920301171> Statistic calculators:

[https://www.statskingdom.com/410multi\\_linear\\_regression.html](https://www.statskingdom.com/410multi_linear_regression.html) <https://www.marquette.edu/student-affairs/assessment-likert-scales.php>

