Literature Review of Corporate Social Responsibility – A Ladder of Comprehensive Intensification

Shweta Mehta[1]

[1] *Research Scholar, Ganpat University, Kherva, Mehsana, Gujrat*

ABSTRACT

We reside in a humanity encircled with a variety of exertion connected to environment and society. CSR (Corporate Social Responsibility) is a means to resolve these problems to some amount because business is a part of society. Making higher profit is a normal affair of every business unit but social responsibility is a pledge to the people alive inside and outside the business organizations. Business gets in touch with a series of groups of society such as owners, employees, customers, government, suppliers etc. The responsibility of business, which includes approval of these parties along with the owner, is called social responsibility of business. According to Steiner "Social Responsibility implies recognition and understanding of the aspirations of society and determination to contribute towards their achievements". In spite of its present fame, there are various issues which exist awaiting and businesses need to be alert about them. Presently, the society as a whole and media more and more demand companies to chew over social and environmental issues while conducting business affairs. CSR has become catchphrase of new millennium athwart the globe and the business as well as government must take be bothered of it. Today, Government has also come as an ingenuity to control those business activities which makes a injurious effect on the society. The government recommended time and again to the business units that the business should perform a structure related to CSR i.e its areas, investment, activities etc. and hold them in the vision, mission and strategic planning. CSR typically covers matters related to business ethics, community pledge, global warming, water management, mange the use of natural resources, human rights etc. So, in order to get sustainable development and to endure in this aggressive world, the organizations need to reveal a close and good relationship with society. An attempt has been made to review the literature regarding CSR and consumer behaviour.

Key words: Corporate Social Responsibility, Consumer Behaviour, Stakeholders

Definition of CSR

CSR (Corporate Social Responsibility) refers to company obligation to behave ethically and contribute to economic development, whilst ensuring environment protection from own Operations (Shabana and Carrol, 2010; Van Marrewijk, 2003). There are several pillars underlying CSR concept: economic (value creation through produced goods), environmental (Minimizing environmental impact of operations) and social (improving work conditions and the quality of life of community).The ethics of business activities are becoming more and more significant, and more and more companies are evaluated on the their capability to meet - not only the customers' needs - but also the various needs of employees, NGOs, representatives of the local community and other interest groups. Even though many companies still leave the question of CSR to philosophical minds, more companies are opening to realise that they can no longer close the eyes to the moral obligations placed on them by society. The globalisation of economic activities has unquestionably affected this growth. Even although the idea is still the subject of much debate, few refute the detail that many companies today are occupied in international business activities. When part of the production process is outsourced to companies in diverse geographic, cultural and institutional settings, differences in social and environmental standards are exposed. Furthermore, it is ever more obvious that companies can make use of these differences by stirring their production amenities to countries with low social and environmental standards. However, even though companies might gain short-term payback from the lowering of social and environmental standards, public censure can damage the company's as well as the industry's authenticity in society and thus has a negative effect on sales, market shares and stock prices. Over the years, plentiful companies have been criticised for contravention of union rights, use of child labour, dangerous working conditions, prejudice etc.

CSR has continued the consideration of academics, researchers, non government organisations and governments over a lengthy phase and has emerged as a vital aspect of companies' working activities (Vilanova, Lozano, & Arenas, 2009). The improved globalisation of trade, the increase in the strategic significance of stakeholder associations and the augmentation of corporate picture management has been key drivers of the augmented importance of CSR (Azim, Ahmed, & Islam, 2009). Sadly, CSR does not yet have traditional universal definition. Current CSR definitions are vague and differing interpretations (Valor, 2005) and perspectives (Balasubramanian, David, & Fran, 2005) have been adopted. Dahlsrud (2008) analysed 37 definitions of CSR originating from 27 authors and covering the period 1980–2003. Rather than attempting a comprehensive definition of

CSR, the definition used here is that given by the World Business Council for Sustainable Development (World Business Council for Sustainable Development,1998): 'The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.' In recent years, there has been a rising universal attention in the issue of corporate social responsibility (CSR) that is supported not only by the multinational and international organizations, the European Union, and the governments, but also by the companies themselves. As Srpová, Kunz and Mísař (2012) reported, corporate responsibility has not only social payback, but also brings a lot of reward to the companies themselves. Higher consciousness and hope of the stakeholders and the indecision of the global markets vigour managers to take actions to create positive images of their companies, which can be done just through Corporate Social Responsibility (Singh, Narwal, 2012). A lot of studies conducted in different countries verify both of these factors. For instance, Sun and Cui (2013) suggest in their research that CSR has an ability to build a strong corporate image and reputation, and thus effectively improve a firm's performance. The research empirically examines the relationship through which CSR helps firms lessen the risk of falling into evasion. The results show that CSR sturdily reduces the risk of the business default and this relationship is stronger in animatedly developing environments. The importance of presentation of CSR activities on company performance is also supported by the research results of Yusoff, Mohamad and Darus (2013), who state that there is a major relationship between the structure of the revelation of CSR activities that the firm uses in exercise, and the corporate financial performance in the following year. The observation of social responsibility by Greek managers was examined by authors Leonidas, Mary, Theofilos, and Amalia (2012). Their findings indicate that most companies in Greece have an internal management position that carries out CSR programs mostly oriented towards society, environment and employees. The way CSR is managed depends on the dimension of the company. Moreover, Greek managers believe that CSR activities offer a number of benefits. Other researches also verify the constructive impact of CSR on motivation, loyalty and employees' performance. For example, Lee, E.M., Park and Lee H.J. (2013) state that this is the corporate mores and its ability to turn out to be the source of the aggressive gain as well as the employees' perception of CSR activities which both play significant role in the loyalty to their company as well as in the augment of corporate performance. This is proved by empirical findings. Aya Pastrana and Sriramesh (2013) conducted the research between small and medium-sized enterprises in Colombia. Customers, employees and shareholders are the most important stakeholders for

SMEs in Colombia. The apparent benefits of CSR activities by SMEs are: better organizational culture, attracting and maintaining best employees, improving image and reputation and improving customer loyalty. In enterprises in the eastern Slovakia Ubrežiová, I., Stankovic, Mihalcová and Ubrežiová, A. (2013) have dealt with the similar study in 2009 and 2010. From the research results the authors end that if a company is dedicated to the concept of Corporate Social Responsibility, it gears the Corporate Social Responsibility and prefers activities that are known as socially responsible, and if employees perceive their business as socially responsible, it really increases their motivation, as well as loyalty and performance. All of the above mentioned studies show the importance of CSR for businesses today. Nevertheless, not all companies still act socially responsible. These are mainly small and medium businesses. The evidence is seen in the research of Georgescu (2012), who examined the moral values in Romanian companies. The author concludes that the implementation of ethical values is connected, through the organizational culture, to the size of the enterprise. Big companies are more to be expected to intricate written ethical codes within a strategic image and their employees admit this aspect, compared with small enterprises and their workers. In addition, not all businesses actually act socially responsible, even though they present themselves with the socially responsible behaviour, as evidenced by the results of Perks, Farache, Shukla and Berry (2013). The authors conducted the research focusing on corporate social revelation mainly through advertisements. They were concerned in how organizations make public their CSR strategies through printed advertisements in charge to reveal social and environmentally responsible behaviour to their stakeholders. The probing research finds out that CSR advertisements hold a limited amount of considerable information which reflects probable covert corporate irresponsible (CSI) motives. Also, as the Dytrt and Pribyl (2012) declare, lots of enterprises still evaluate their performance using only quantitative methods. According to the authors, the management should not spotlight only on still leading growth of quantitative values without a relative development of quality content. This allows the controlled subjects to manifest their behaviour as completely closed systems, when in fact there are only comparatively closed systems that cannot exist without their surroundings.

Old Aged Concepts with Innovative Idea?

Conventionally marketing guys have defined marketing recital in terms of sales, earning, or market share goals as compare to a scrupulous output in a specific duration, considering a *shareholder* viewpoint. Nevertheless, the *stakeholder* viewpoint is more and more getting share and businesses have been placed beneath rising stress to display better corporate

residency in all countries in which they work (Pinkston & Carroll, 1994), in marketing as well as managerial requisites. open conversation shows that companies are today ready to to fulfil their economic, legal, ethical, and discretionary obligations not only vis-à-vis their shareholders but also in the direction of employees, customers, other stakeholders, and the community at large (Sen & Bhattacharya, 2001). Corporate social responsibility has thus become a popular concept with practitioners as well as academics (Brown & Dacin, 1997; Handelman & Arnold, 1999; Osterhus, 1997) and many advocate that CSR activities should be regarded as the entry ticket to doing business in the 21st century (e.g., Altman, 1998). However, this proposal is by no means new. Both the management and marketing literatures have discussed social responsibility for many decades, dating back to at least the 1930s (in the USA, e.g., Berle & Means, 1932). In the management literature, the1960s and 1970s witnessed a strong attention in CSR that has since surfaced at regular intervals. For example, Austin (1965) argued that business headship had to evaluate the social effects of its strategic policy decisions and technological advances. Along similar lines, Grether (1969) suggested that social association of private business was essential and should happen from side to side. Similarly, Lavidge (1970) claimed that marketing not only had become broader in function and scope, but was increasingly confronted with requests to redress irresponsibility. He also underlined the dynamics of requirements: "History suggests that standards will be raised. Some practices which today are generally considered acceptable will gradually be viewed as unethical, then immoral, and will eventually be made illegal" (p. 25) – a statement that certainly holds true if one looks at the past three decades! Another strand of the marketing literature is social marketing, i.e., the applicability of marketing concepts to the advancement of social causes (e.g., Kelley, 1971; Kotler & Zaltman, 1971). Beside similar lines, cause related marketing has become a popular topic, defined as the "the process of formulating and implementing marketing activities that are characterized by an offer from the firm to add a particular amount to a designated cause when customers connect in revenue providing exchanges that assure organizational and individual objectives (Varadarajan & Menon, 1988, p.60; see also Cornwell & Smith, 2001; Lafferty & Goldsmith, 2005; Strahilevitz, 1999). The 1980s and 1990s then heralded a more managerial approach to marketing, social responsibility and business ethics (e.g., Drumwright, 1994; Robin & Reidenbach, 1987; for a meta-analysis of the marketing and consumer research literature with a focus on environmental issues,(Kilbourne & Beckmann, 1998). The marketing literature mainly uses the same understanding of the basis of CSR as do other disciplines, namely the stakeholder approach. However, the rudiments that actually constitute CSR are less agreed upon,

stretching from Carroll's (2000) "four faces of corporate citizenship," embracing economic, legal, ethical and philanthropic components, to Lantos (2001, 2002), who argues for rejecting unselfish (philanthropic) CSR, but including ethical and strategic objectives of CSR.

Scaling the Position of Marketing and Consumer Research

A concise historical signal helps in being thoughtful on lineage of the consumer viewpoint on CSR. Consumer behaviour studies – in the Anglo-Saxon literature – starting from the 1970s, most of them is done by Lutterman's (1968) shows characteristic of "conventional socially accountable character." Most of the academic marketing research done first on demographic and later on socio graphic and psycho graphic criteria in order to locate viable consumer segments for socially responsible marketing efforts (Anderson & Cunningham, 1972; Brooker, 1976; Kinnear & Taylor, 1973; Kinnear, Taylor & Ahmed, 1974; Mayer, 1976; Webster, 1975; Scherhorn & Grunert, 1988). The results of these studies were often open to doubt and sometimes opposing. The "green consumer" research stream however precipitated, at least for a short period, a spell of "green" products, "green" ads, and interest in energy preservation, waste handling and recycling. Another major stream of research, started in the early 1980s, investigated the background of socially responsible behaviours such as recycling or buying of "green" products, sometimes with the objective of developing communication campaigns to encourage these behaviours. Again, results were inconclusive in developing the link between environmental attitudes and environmentally responsible behaviour (Balderjahn, 1988; Beckmann, 2005a, 2005b). This stream also introduced other concepts such as knowledge measurement, motivation, peer influence, cost-benefit analysis, and financial incentives as variables for research (see both Kilbourne & Beckmann, 1998, and Ölander & Thøgersen, 1995 for reviews). Many consumer behaviour studies are grounded in the cognitive information-processing theory and assess the past history, correlates and consequences of various stages in the consumer decision-making process: need recognition - information search - evaluation of alternatives - purchase - post-purchase usage experiences - disposal. These stages can be interpreted as follows in the context of CSR:

1. Need Identification refers to consumers' alertness of an interest in companies' CSR activities as an extra *product* quality that may be grounded, for example, in environmental attitudes or beliefs that purchase decisions have political implications. • Both information search, actively and passively, and the assessment of alternatives are inclined by attitudes and beliefs concerning product, brand and/or company. Attitudes and beliefs, in turn, are clearly prejudiced by personal, non-commercial and commercial sources of information.

2. Purchase is most often measured as purchase intentions, in this case of products and services from companies appealing in CSR activities. Experiences with purchased products and services are insofar relevant, as negative experiences, for example relating to quality expectations, might offset attitudes and hence reduce consumer loyalty.

3. Product disposal is pertinent for some types of products and can form the final stage in the decision series. Very few studies of consumer CSR, though, address this sequence openly. In most cases, one or two stages and an assortment of their equivalent concepts are investigated – either by qualitative or quantitative methods. It is also important to point out that the stages can be iteratively linked and that some of the concepts are not necessarily related in a clear-cut cause-effect sequence.

In many of the studies referred to in the table, only certain aspects of CSR activities are addressed, thus providing a limited picture of consumer responses to CSR. Rarely is the whole range of activities addressed, which could either point out that most companies do not engage in the full range of CSR activities or, from a methodological viewpoint that the study design becomes too complicated to deliver suitable and consistent results if the full range were to be investigated. Another significant caution concerns the fact that most studies reviewed here have been conducted in the USA, which for cultural, political and historical reasons limits the generalisability of their findings (cf., Morsing & Beckmann, 2006 on explicit versus implicit CSR in Denmark, following the framework of Matten & Moon, 2004). In terms of the above model of decision-making stages, the findings can be summarized as follows:

4. "Need recognition" (awareness, knowledge and interest): The majority of consumers admit to interest in CSR issues, but there is substantial heterogeneity among consumers in terms of awareness and information of companies' CSR activities. The majority of consumers seem not to be aware that by and large many companies engage in at least some kind of CSR activities. And other consumers are dubious or even pessimistic about companies' CSR communication.

5. Information search and assessment of alternatives/attitudes and beliefs: In general, consumers have a positive attitude towards companies that employ in CSR. Several aspects however make difficult the picture – overall company repute, the fit between company and cause, personal link to the cause that is represented by the company's CSR activity, difference between proactive and reactive CSR initiatives, product quality and price. And it goes for almost all instances that the relationship between expressed attitudes and active consumer choice is weak.

6. Purchase (intentions): Most consumers are reluctant to sacrifice on centre product attributes such as price and quality. However, a pro-active attitude towards CSR functions as an "insurance policy" in, for instance, product-harm crises. Similarly, consumers appear to be suppler to negative information about a CSR dedicated company and stay loyal when there is an infrequent lapse on its part. In addition, consumers are visibly more responsive to unethical than to responsible behaviour, i.e., "doing bad" hurts more than "doing good" helps.

7. Post-purchase experiences: Since the majority of consumers, as stated above, trade off CSR features for "conventional" attributes, a negative experience with product or service quality will in most cases go wrong and thus stop re-purchase in spite of CSR activities. All these findings are difficult by the fact that there are individual, social and national differences that cut across the stages and concepts associated with them. And unfortunately they do not relate in a simple, straight forward manner to, for instance, demographics such as gender and age or one's socio-economic position in society. Nor can they be predicted conclusively from situational factors such as the product, price or purchase environment. Moreover, individual differences also may involve selectively ethical interests: the same consumer choosing a brand because it is environmentally responsibly produced may be unaware of or neutral in issues such as fair worker treatment and racial prejudice. One of the few reliable results that has emerged in several studies, although, is that an imperative predictor of ethical consumer behaviour is past behaviour relating to social causes – in other words an anti-nuclear energy activist in the late 1970's becomes an organic produce consumer in the 1980s and a CSR-rewarding customer in the 1990s.

Table 1: Findings from the Past Studies

Findings from the past studies	Researcher
Consumers are aware of and interested in CSR and mentioned that CSR is one of buying criteria	Creyer & Ross, 1997 Handelman & Arnold 1999 Lewis, 2003
CSR enhances optimistic attitudes towards the company and/or the brand	Brown & Dacin, 1997 Lichtenstein, Drumwright & Braig, 2004 Murray & Vogel, 1997
CSR functions as "insurance policy" in predicament situations: the significance of pro-active CSR pledge	Dawar & Pillutla, 2000 Klein & Dawar, 2004 Ricks, 2005
CSR activities have positive brim over effects to strategic alliances (sponsorships, co-branding, not-for profit)	Cornwell & Smith, 2001 Lafferty & Goldsmith, 2005 Ross, Patterson & Stutts, 1992
Consumers' attitudes are more affected by unethical behaviour than by pro-CSR	Elliott & Freeman, 2001 Folkes & Kamins, 1999

behaviour	
Lack of knowledge, awareness and/or concern – and very modest information about which companies are CSR dedicated or not	Auger et al., 2003 Belk, Devinney & Eckhardt, 2005 Boulstridge & Carrigan, 2000 Carrigan & Attalla, 2001
Consumers' hold of the CSR sphere selected by the company matters	Lichtenstein, Drumwright & Braig, 2004 Sen & Bhattacharya, 2001
Transaction effects in favour of conventional decision criteria ("Old habits die hard")	Andreau et al., 2004, 2005 Beckmann et al., 2001 Boulstridge & Carrigan, 2000 Carrigan & Attalla, 2001 Mohr, Webb & Harris, 2001
Product class and/or price play a role	Elliott & Freeman, 2001 Mohr & Webb, 2005 Strahilevitz, 1999 Strahilevitz & Myers, 1998
Slight readiness to pay more: the effect of personal cost-benefit analyses	Creyer & Ross, 1997 Osterhus, 1997
Cynicism and scepticism regarding corporate CSR (communication)	Mohr, Webb & Harris, 2001 Sen & Bhattacharya, 2001 Swaen & Vanhamme, 2004
Consumers differentiate between individual and social consequences of ethical/unethical company performance	Baron, 1999 Pitts, Wong & Whalen, 1991
In favour of CSR consumers do exist, but profiling them is difficult	Auger et al., 2003 Hustad & Pessemier, 1973 Mohr, Webb & Harris, 2001 Roberts, 1995, 1996
National and cultural differences do exist	Andreu et al., 2004, 2005 Maignan & Ferrell, 2003

Review of Methodology

There is, however, another important issue that affects conclusions and recommendations on how to handle consumers and CSR. All the research studies listed in Table 1 were scrutinized for the methodology applied to data collection and analyses. Three different generic approaches were identified: questionnaires in survey studies often analysed by simple frequency and correlation analyses, experimental designs leading to multivariate analyses, and qualitative research using text and content analysis. The overall finding – regardless of

respondent type, concepts studied or cultural factors - reveals a strong and consistent effect of methodology,

1.Opinion poll or attitude surveys propose soaring levels of consumer attention in CSR and typically positive effects on product evaluations and purchase intentions.

2.(Quasi) experimental designs lead to either inconclusive or more complex results.

3.Qualitative research (focus groups, depth interviews) mainly reveals indifference, lack of knowledge and scepticism. The pessimistic conclusion is therefore that the favoured outcome should decide the data collection method. If the board of directors is to be influenced of the need of a CSR policy, then present opinion poll results. If to decide which CSR activity fits which target group, combine surveys and experimental design. And if to disprove attempts to introduce CSR activities, choose focus groups. The positive approach is, of course, to carefully choose the most suitable method(s) for answering satisfactorily a given research question. Along similar lines, Bhattacharya and Sen (2004) state: "…[This]underscores the need for improved measurement models of CSR that confine and estimate evidently the effects of a company's CSR actions on its stakeholders, including its consumers" (p. 22).

Conclusion

Reviewing the past decade of research into consumers, marketing and CSR, it can securely be stated that the effects of CSR initiatives are anything but straightforward and depend on a number of factors that are entwined in a multifaceted manner: consumers' interest in some CSR and indifference in other CSR activities (which in turn is grounded in values held by citizen-consumers); their information and knowledge level; consumer-company correspondence; significance of other product or brand attributes; assessment of tradeoffs between CA (corporate associations) and CSR; and the supposed credibility of various CSR information sources. In addition, there are cultural differences that propose a strong influence of the economic, technological, political and social context within which any assessment of the (communication) effects of CSR activities on consumers' responses need to be analysed. So the answer to the question of whether consumers' feels a "warm glow" vis-à-vis CSR committed companies is: yes, quite a few consumers feel positively, and yes, they will recompense these companies, though much more in an intangible manner – better corporate reputation and brand image – than a tangible manner that is directly reflected in the company's "bottom line." CSR's power on consumers' behaviours is much more compound and uncertain than its effects on their attitudes and opinion. Moreover they are more receptive to negative CSR information than to positive CSR information, thus raising the risk of refuse of events of alleged social irresponsibility (Beckmann & Langer, 2003).

References

Altman, B.W. (1998). Transformed corporate community relations: A management tool for achieving corporate citizenship. Business and Society Review, 102/103, 43-51.

Anderson, T.W. & Cunningham, W.H. (1972). The socially conscious consumer. Journal of Marketing,36(3), 23-31.

Andreoni, J. (1990). Impure altruism and donations tothe public good – A theory of warm glow giving. Economic Journal, 100(401), 464-477.

Creyer, E.H., & 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), 421-32.

Maignan, I., Ferrell, O.C., & Hult, G.T.M. (1999). Corporate Citizenship: Cultural antecedents and business benefits. Journal of the Academy of Marketing Scencei, 27(4), 455-69.

Maignan, I. & Ferrell, O.C. (2003). Nature of corporate responsibilities: Perspectives from American, French, and German consumers. Journal of Business Research, 56(1), 55 67.

Maignan, I. & Ferrell, O.C. (2004). Corporate social responsibility and marketing: An integrative framework. Journal of the Academy of Marketing Scienc, 32(1), 3-19.

Mohr, L.A., Webb, D.J. & Harris, K.E. (2001). Do consumers expect companies to be socially responsibleThe impact of corporate social responsibility on buying behavior. The Journal of Consumer Affairs, 35(1), 45-72

Ross, J.K., Patterson, L.T. & Stutts, M.A. (1992). Consumer perceptions of organizations that use causerelated marketing. Journal of the Academy of Marketing Science, 20(1), 93 97.

Sen, S., & 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.

Sethi, P.S. & Votaw, D. (1969). Do we need a new corporate response to a changing social environment?California Management Review, 12(1), 3-31.

Webster, F.E. (1975). Determining the characteristics of the socially conscious consumer. Journal of Consumer Research, 2(3), 188-196.