



## **A Critical Study on CSR on Customer Engagement**

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### **ABSTRACT**

Corporate Social Responsibility (CSR) is a fundamental concept that has gained substantial prominence in the world of business and commerce. It represents a commitment by businesses to go beyond their primary objective of profit generation and take on a broader responsibility for the well-being of society and the environment in which they operate. CSR has become a fundamental business practice and has gained much attention from the management of large international companies. The main aim of this study is to understand the importance of CSR, public awareness about it and what effects it has on the buying behaviour of consumers. The study delves into the conceptual framework of CSR and its various dimensions, including environmental sustainability, ethical practices, and community involvement. It investigates how these CSR dimensions shape customer perceptions, trust, and loyalty towards organizations. Furthermore, the study examines the role of communication channels, such as social media and corporate communications, in disseminating CSR activities to customers. The research method followed here is empirical research. A total of 200 samples have been collected out of which all samples have been collected through a convenient sampling method. The survey was conducted online and through field visit. The statistical tools used here is graphical representation. The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society.

Keywords: CSR Activities, Responsibility, customer engagement, public awareness, sustainability

### **1. Introduction**

CSR is the process by which an organisation thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. India has the world's richest history of corporate social responsibility. The term CSR is relatively new however the concept dates back to over a hundred years. The first phase of CSR was from 1850-1915 is known for its charity and philanthropic nature. CSR was influenced by several factors like family values, traditions, culture and religion, as also industrialisation. The second phase was from 1910-1960, i.e., during the Independence Movement. The third phase was from 1950-1990 which was characterised by the emergence of PSUs (Public Sector Undertakings) to ensure better distribution of wealth in society. The Fourth Phase was from 1980 onwards. This is the last phase in which CSR was characterised as a sustainable business strategy. Customer engagement is that customers are increasingly seeking information about businesses' values and responses to societal issues. They're also increasingly basing their buying decisions on such information. CSR is an important concept both for the company as well as the consumers. It facilitates a healthy relationship between the employers and employees and creates a good public image and reputation for the company. The government has made the concept of CSR mandatory for the companies through Section 135 of the Companies' Act, 2013. Some of the factors that influence CSR in India include lack of community participation in CSR activities, transparency issues, lack of consensus, competition, employees demand, etc. The COVID-19 pandemic has surfaced issues we never considered important till now. The best example for CSR activities is Starbucks which has long been known for its keen sense of corporate social responsibility and commitment to sustainability and community welfare. According to the company, Starbucks has achieved many of its CSR milestones since it opened its doors. CSR is its potential to shape customer engagement—the dynamic interaction between an organization and its customers. Customer engagement encompasses a spectrum of behaviors, ranging from initial awareness and purchase decisions to brand loyalty, advocacy, and active participation in a company's mission. In this era of heightened consumer consciousness, customers increasingly scrutinize a company's ethical and social conduct, impacting their perceptions, trust, and long-term commitment to the brand. According to its 2019 Global Social Impact Report, these milestones include reaching 99% of ethically sourced coffee, creating a global network of farmers, pioneering green building throughout its stores, contributing millions of hours of community service, and creating a groundbreaking college program for its partner/employees.

#### **Objectives**

\* To analyze the level of importance that the consumers give toward the CSR activities of companies.

\* To analyse the impact of CSR on uplifting of downtrodden society

\* To understand the effect of CSR activities on the buying behavior of the consumers.

\* To determine the aspects of consumer engagement.

### 1.1 Review of Literature

[Dr. Rajni Saluja \(2017\)](#) has conducted a study on the evolution of Corporate Social Responsibility (CSR). CSR is about companies having responsibilities and taking actions beyond their legal obligations and economic/business aims. These wider responsibilities can be summed up as the triple bottom line approach: economic, social and environmental. This concept is also referred to as corporate responsibility or corporate citizenship. Some of the CSR activities that can be taken up by the company include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or State Governments. [Vijay Kumar \(2017\)](#) has done an overview on the concept of CSR. India has the richest history of CSR. It has evolved through different phases, like community engagement, socially responsible production and socially responsible employee relations. The companies should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, etc. and create value for all of them. The author has also enumerated the current CSR issues in India like labour rights and poverty alleviation. One of the author's findings was that nearly one-fourth (27%) of the companies spent more than the prescribed CSR spending and about two-third (64%) of the companies spent less than the prescribed CSR spending. [Dr. Reena Shyam \(2016\)](#) has conducted an analysis of CSR in India. The author has emphasised on the current trends and challenges in CSR. Till the 1990s, businesses never kept the stakeholder in mind while planning for such initiatives, thereby reducing the efficacy and efficiency of CSR initiatives. However, over the last few years, the concept of CSR has been changing. Some of the challenges of CSR include lack of community participation in CSR activities, lack of transparency, non-availability of well-organized non-governmental organizations, etc. One of the suggestions given by the author to strengthen the CSR activities is to address the issue of building effective bridges amongst all stakeholders of a company. [Harshavardhini \(2018\)](#) has done a paper on the introspection of CSR in India. The author has analysed how the concept of CSR operates in India and to what quality the organisations are following it for social and financial growth. The evolution of CSR in India has followed four chronological thinking approaches: Ethical model, Statist Model, Liberal Model and Stakeholder Model. One of the main challenges of CSR currently is the fact that the majority of the companies are engaging and spending money on CSR activities only for personal benefit and exposure. It is very difficult to see real benefit-producing activities. [Premlata \(2013\)](#) has given an Indian perspective on Corporate Social Responsibility. The researcher has emphasised on the importance of CSR to a company and a country's economic development and what initiatives can be taken up by the Government to improve the contribution of corporates towards CSR activities. The author has also explained the applicability of CSR through the provisions of Companies' Act, 2013. Profitable companies with a sizable business have to spend at least 2 percent of three-year average profit on CSR activities. The author has concluded by the fact that the companies and the Government have to work together to bring dramatical changes in the welfare schemes of society. [Ashish Bhagla \(2018\)](#) has analysed the Corporate Social Responsibility practices of a few companies in India. The author has examined the CSR activities of companies like Tata Group, UltraTech Cement, Mahindra & Mahindra, ITC Group and many other companies. The Tata Group conglomerate in India carries out different CSR projects, a large portion of which are network improvement and poverty alleviation programs. The CSR activities of UltraTech Cement center around healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood. [Dr. Sanjeeb Kumar Dey \(2018\)](#) has given a review of literature on the CSR activities of companies in India. The researcher has tried to study the prevailing status of CSR practices of companies in India. The author has stated that CSR activities can have three kinds of impact on a company's financial performance: Positive impact, negative impact or no impact on the firm's performance. The author has concluded that further research needs to be conducted taking into account all aspects of Corporate Social Responsibility. [Ki-Hoon Lee \(2010\)](#) has conducted a study to explore the relationship between consumer awareness of CSR activities and their purchase intention. The researcher employed a questionnaire survey involving Korean consumers. From the analysis, the author found that there exists a positive relationship between the two parameters. The researcher found out that as CSR activities corporate social contribution and local community contribution affect consumers' purchase intention while corporate environmental protection and contribution have no effects on consumers' purchase intention. [Shuili Du \(2010\)](#) has analysed the role of CSR communication in maximising business returns to Corporate Social Responsibility. By engaging in corporate social responsibility (CSR) activities, companies can not only generate favorable stakeholder attitudes and better support behaviors, but also, over the long run, build corporate image, strengthen stakeholder-company relationships, and enhance stakeholders' advocacy behaviors. However, stakeholders' low awareness of and unfavorable attributions towards companies' CSR activities remain critical impediments in companies' attempts to maximize business benefits from their CSR activities, highlighting a need for companies to communicate CSR more effectively to stakeholders. [Dina Jamali \(2007\)](#) has critically examined the CSR approach and philosophy of eight companies that are considered active in CSR in the Lebanese context. The World Business Council for Sustainable Development (WBCSD) defines CSR as "the commitment of business to contribute to sustainable economic development, working with employees, their families and the local communities". The researcher found that there is a lack of a systematic, focused, and institutionalized approach to CSR and that the understanding and practice of CSR in Lebanon are still grounded in the context of philanthropic action. [H. Gordon Fitch \(1976\)](#) Many social critics have noted the failure of corporations to behave in socially responsible ways, but few have taken the next important step, which is the specification of a problem-solving approach suitable to achieving the level of corporate responsibility desired by the society in which these corporations thrive. Society charters, or gives life to, corporations through state governments and regulates the behavior of corporations through the devices of federal, state and local government. [Anna Dolize and Michael Fessler \(2011\)](#) CSR stands for Corporate Social Responsibility. It refers to a concept in which businesses and organizations take responsibility for their impact on society and the environment. CSR involves integrating social and environmental concerns into a company's operations and interactions with stakeholders, including employees, customers, suppliers, communities, and the broader public. [Jean B. McGuire \(1988\)](#) The management literature has acknowledged social responsibility

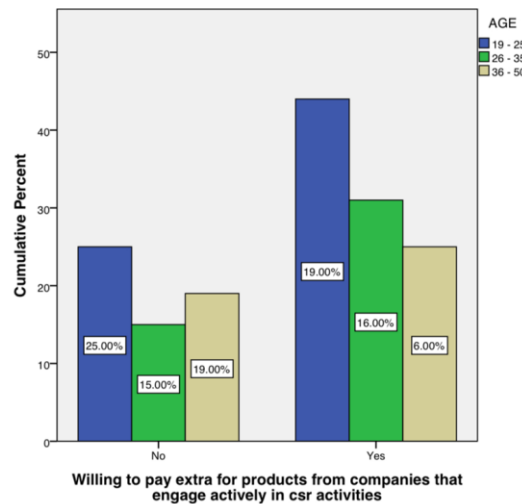
as an important corporate duty Given the significance of corporate social responsibility in corporate decision making, the relationship between a firm's social and ethical policies or actions and its financial performance is an important topic. Various arguments have been made regarding the relationship between firms' social responsibility and their financial performance. [Alison Sundgren \(1988\)](#) Research into the relationship between corporate social responsibility and financial performance has been based on several theoretical arguments. Those who have suggested a negative relation between social responsibility and financial performance have argued that high responsibility results in additional costs that put a firm at an economic disadvantage compared to other, less socially responsible firms [Thomas Schneeweis \(1988\)](#) a high degree of corporate social responsibility may permit a firm to have relatively low financial risk as the result of more stable relations with the government and the financial community. In addition, to the degree that a firm has high social responsibility, it may also have a low percentage of total debt to total assets. [Philip L. Cochran \(1984\)](#) Whether or not a relationship exists clearly is an important issue for corporate management. If certain actions (classified as socially responsible) tend to be negatively correlated with financial performance of firms, then managers might be advised to be cautious in this area. If, on the other hand, a positive relationship can be shown to exist, then management might be encouraged to pursue such activities with increased vigor or to investigate the underlying causes of this relationship. [Markus Kitzmueller \(2012\)](#) This paper synthesizes the expanding corporate social responsibility (CSR) literature. We define CSR from an economic perspective and develop a CSR taxonomy that connects disparate approaches to the subject. We explore whether CSR should exist and investigate conditions when CSR may produce higher welfare than other public good provision channels. We also explore why CSR does exist. [Abigail McWilliams \(2001\)](#) the paper outlines a supply and demand model of corporate social responsibility (CSR). Based on this framework, we hypothesize that a firm's level of CSR will depend on its size, level of diversification, research and development. advertising. government sales, consumer income, labor market conditions, and stage in the industry life cycle. [Kunal Basu \(2008\)](#) In contrast to content-based models of corporate social responsibility (CSR), we propose a process model of organizational sensemaking explaining how managers think, discuss, and act with respect to their key stakeholders and the world at large. We also propose a set of cognitive functions. linguistic, and cognitive dimensions to identify such an intrinsic orientation that guides CSR-related activities. [Xueming Luo \(2006\)](#) This study develops and tests a conceptual framework, which predicts that customer satisfaction partially mediates the relationship between CS and firm market value, corporate abilities moderate the financial returns to CSR, and these moderated relationships are mediated by customer satisfaction. Based on a large-scale secondary data set, the results show support for this framework.

**1.2 Methodology**

The research method followed here is empirical research. A total of 200 samples have been collected out of which all samples have been collected through a convenient sampling method. The survey was conducted online and through field visit. The independent variables are age, gender, educational qualification, occupation and marital status and monthly income . The dependent variables are importance of CSR activities, Willingness to pay extra , Responsibility of a company and Reasons to engage in CSR activities. The statistical tools used here is graphical representation.

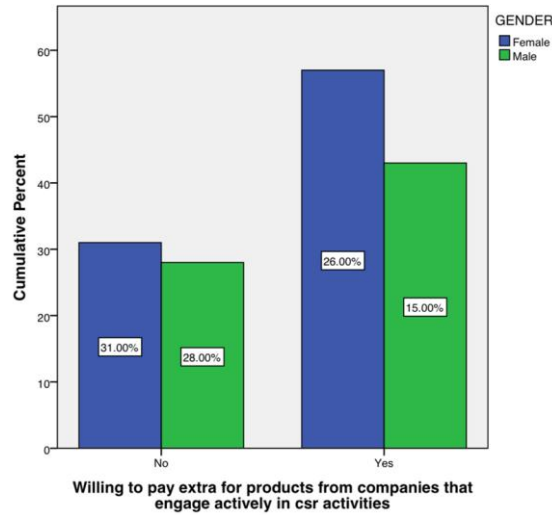
**1.3 Analysis**

**Figure 1:**



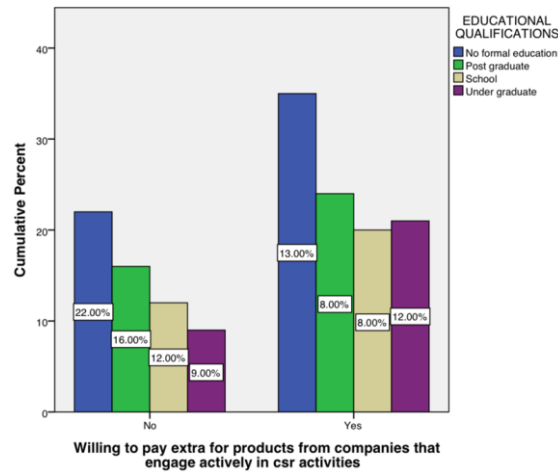
**Legend :** This graph represents between age and the question Willing to pay extra for products from companies that engage actively in csr activities

**Figure 2 :**



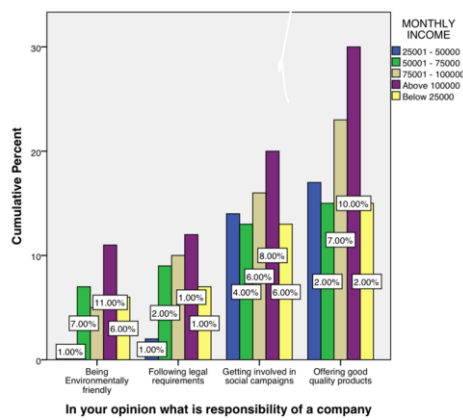
Legend : This graph represents between gender and the question Willing to pay extra for products from companies that engage actively in csr activities

Figure 3 :



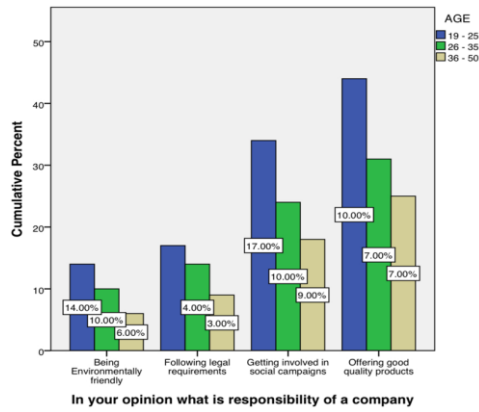
Legend : This graph represents between educational qualifications and the question Willing to pay extra for products from companies that engage actively in csr activities

Figure 4 :



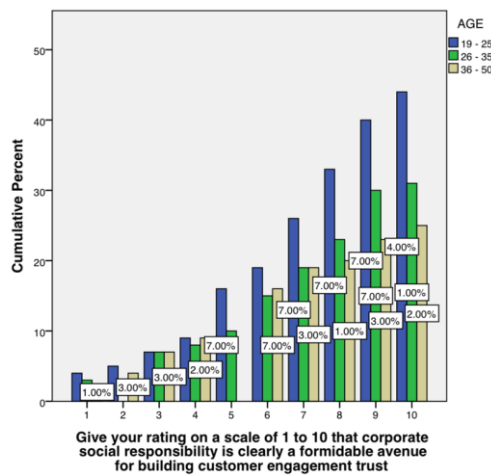
Legend : This graph represents between monthly income and the question In your opinion what is the responsibility of a company

Figure 5



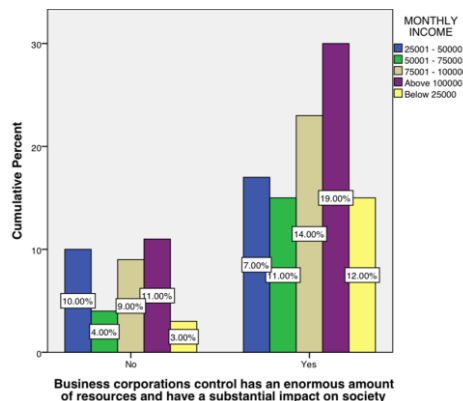
Legend : This graph represents between age and the question In your opinion what is the responsibility of a company

Figure 6 :



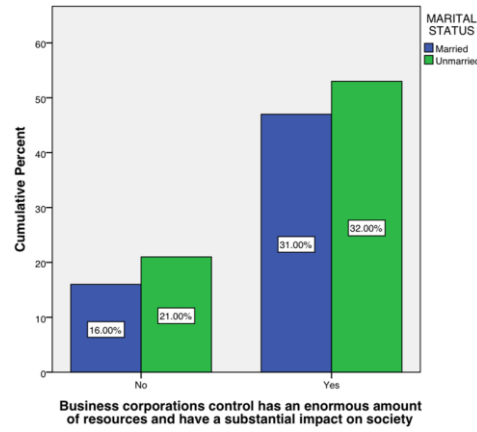
Legend : This graph represents between age and the question Give your rating on a scale of 1 to 10 that Corporate social responsibility is clearly a formidable avenue for building customer engagement trust

Figure 7 :



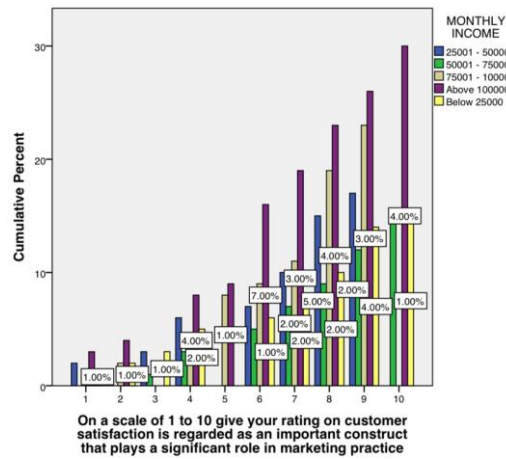
Legend : This graph represents between monthly income and the question Business corporations control has an enormous amount of resources and have a substantial impact on society.

Figure 8 :



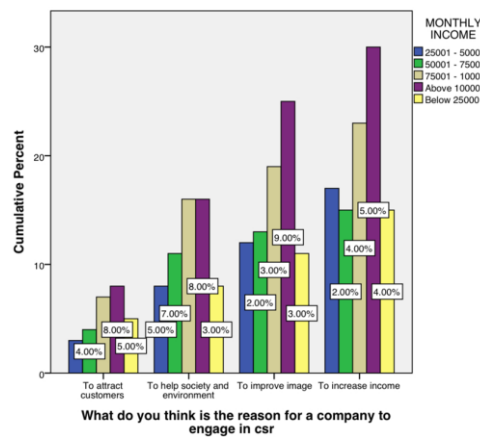
Legend : This graph represents between marital status and the question Business corporations control has an enormous amount of resources and have a substantial impact on society.

Figure 9 :



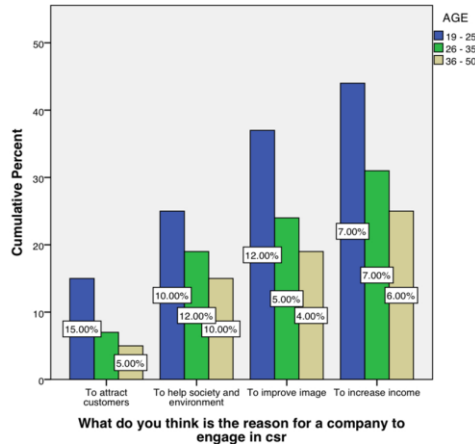
Legend : This graph represents between monthly income and the question On a scale of 1 to 10 give your rating on Customer satisfaction is regarded as an important construct that plays a significant role in marketing practice

Figure 10 :



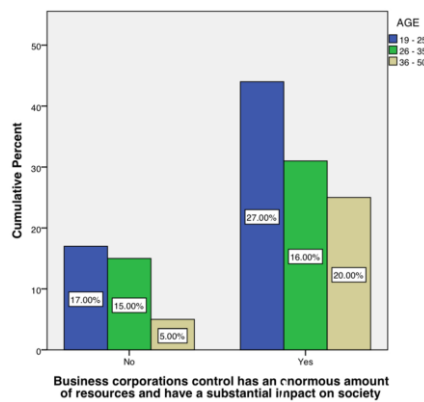
Legend : This graph represents between monthly income and the question what do you think is the reason for a company to engage in csr

Figure 11 :



Legend : This graph represents between age and the question what do you think is the reason for a company to engage in csr

Figure 12 :



Legend : This graph represents between age and the question Business corporations control has an enormous amount of resources and have a substantial impact on society.

**RESULTS:**

Figure 1 reports that age group of 19-25 have highly opted the option yes as their opinion at the percentage of 19.00 % for the statement willing to pay extra for products from companies that engage actively in csr activities. Figure 2 reports that female gender have highly opted the option yes as their opinion at the percentage of 26.00 % for the statement willing to pay extra for products from companies that engage actively in csr activities. Figure 3 reports that no formal education group have highly opted the option yes as their opinion by 13.00% for the statement Willing to pay extra for products from companies that engage actively in csractivities.Figure 4 shows that people earning above 1,00,000 have highly opted the option offering good quality products is the responsibility of a company by 10.00 % . Figure 5 shows that age group of 19-25 have highly opted the option offering good quality products is the responsibility of a company by 10.00 % . Figure 6 reports that age group of 19-25 have highly rated 10 as their opinion at the percentage of 4.00% for the statement Corporate social responsibility is clearly a formidable avenue for building customer engagement trust. Figure 7 reports that people earning above 1,00,000 have highly opted the option yes at 19.00% for the statement business corporations control has an enormous amount of resources and have a substantial impact on society. Figure 8 reports that Unmarried group have highly opted yes at 32.00 % for the statement business corporations control has an enormous amount of resources and have a substantial impact on society. Figure 9 reports that people earning above 1,00,000 have highly given a rating of 10 by 4.00% higher than others for the statement customer satisfaction is regarded as an important construct that plays a significant role in marketing . Figure 10 reports that people earning above 1,00,000 have highly opted the option to increase income as their opinion for the reason to companies engage in csr by 5.00% . Figure 11 reports that age group of 19-25 have highly opted the option to increase income as their opinion for the reason to companies engage in csr by 7.00% . Figure 12 reports that age group 19-25 have highly opted yes as their opinion by agreeing the statement at 27.00% that business corporations control enormous amount of resources and have a substantial impact on society.

**DISCUSSION:**

Figure 1 shows that It reflects a growing awareness among younger consumers about the impact of their purchasing decisions on societal and environmental issues. Figure 2 shows that It emphasizes the potential for companies to build strong brand loyalty and reputation among female consumers by actively engaging in meaningful CSR initiatives. Figure 3 individuals with no formal education might be less likely to prioritize socially

responsible consumption due to factors like limited awareness, lower incomes, and skepticism. Figure 4 Companies aiming to capture and retain this market segment should take heed of this strong connection between income and the belief in corporate responsibility for product quality, recognizing that meeting these expectations can be pivotal to success in this market. Figure 5 the preference of the 19-25 age group for companies to take responsibility for offering good quality products can be attributed to their high expectations, social awareness, and the influence of modern marketing and transparency. Figure 6 CSR is highly regarded by the 19-25 age group because it aligns with their values, promotes transparency, and reflects a long-term commitment to sustainability and Companies that prioritize CSR are well-positioned to connect with and earn the loyalty of this demographic. Figure 7 High earners may have experienced or witnessed firsthand how business corporations can shape policies and affect societal decisions. Their personal experiences may lead them to agree that corporations have substantial influence. Figure 8 Unmarried individuals may have encountered situations in which they felt directly affected by corporate actions, leading them to have a stronger opinion about corporate influence on society. Figure 9 This information allows businesses to segment their target market more effectively. By focusing marketing efforts on individuals with higher incomes who value customer satisfaction, companies can tailor their messaging and offerings to better meet the needs and expectations. Figure 10 People with higher incomes might prioritize financial stability and growth. They may view CSR activities as a means for companies to increase profitability and, subsequently, offer better financial rewards to shareholders, including Figure 11 This finding underscores the importance of effective communication and education around CSR to promote a more comprehensive understanding of its role in the business world. Figure 12 Younger generations often express stronger concerns about social and environmental issues, such as climate change, income inequality, and social justice. They may see corporations as powerful actors that can either contribute to or mitigate these problems, which could explain their greater agreement with the statement.

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### LIMITATIONS:

Corporate Social Responsibility (CSR) in small businesses faces unique limitations due to resource constraints. Small businesses often lack the financial resources and expertise to implement comprehensive CSR programs. They may prioritize survival and growth over long-term sustainability, making it challenging to allocate resources to CSR initiatives. Additionally, small businesses may have limited influence over their supply chains and face difficulties in measuring and reporting the impact of CSR efforts.

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### SUGGESTIONS:

To incorporate CSR into customer engagement, consider these strategies for your business. First, involve customers in your CSR initiatives by seeking their input and feedback on sustainability efforts. Communicate your CSR actions clearly through marketing materials and social media, demonstrating your commitment to causes they care about. Implement customer loyalty programs that reward eco-friendly behavior or charitable contributions, incentivizing them to support your CSR goals. Additionally, showcase the positive impact of their purchases, such as how buying your products contributes to environmental conservation or social causes. This transparent and engaging approach can foster stronger customer relationships and brand loyalty.

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## 4. Conclusion

It can be concluded that CSR has great importance for an entity and also is highly significant for Indian companies as they are the backbone of our economy. The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. Good corporate governance means governing the corporation in such a way that the interests of the shareholders are protected whilst ensuring that the other stakeholders' requirements are fulfilled as far as possible. India is a fast growing economy and is booming with national and multinational firms. At the same time, the Indian land also faces social challenges like poverty, population growth, illiteracy just to name a few. These above mentioned figures collectively demonstrate the intricate interplay between demographics, values, awareness, and corporate responsibility perceptions in shaping consumer behavior. Acknowledging and adapting to these dynamics can be pivotal for businesses seeking to effectively engage with their target audiences and leverage CSR initiatives to enhance brand reputation and customer loyalty.

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