

## Challenges of CSR adoption and its influences on Customer Buying Behavior: A descriptive survey investigation

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### Abstract

*Today's business environment, Corporate Social Responsibility (CSR) adoption is becoming an increasingly important activity to businesses nationally and internationally. Many companies think that corporate social responsibility is a peripheral issue for their business but consider customer satisfaction more important for them. Thus, this exploratory study undertakes to investigate whether or not the Corporate Social Responsibility (CSR) positively impact on customer buying behavior. It highlights the importance of organizations to adopt CSR and how these socialization activities adoptions impact Customer buying behavior. To explore this research a descriptive methodology was considered as ideal to determine and examine the effect of corporate Social Responsibility (CSR) on customer buying behavior. Primary data was collected using structured questionnaire as an effective instrument. A descriptive survey is drawn from the sample size of 240 respondents.*

*The data was tabulated and analyzed using various statistical tools such as Percentage Analysis, Chi-Square Test, Correlation and Regression analysis to test the hypothesized relationship of the model. Findings of the study indicated that there is a positive relationship between CSR adoption and Customer buying behavior. The study highlights that adopting of CSR could help in enhancing positively the Customer Buying Behavior Based on this study, findings were taken up for drawing logical conclusions.*

**Keywords:** CSR adoption, socialization activities, Customer buying behavior

### 1. Introduction

Corporate Social Responsibility (CSR) adoption is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe.

Buyers or customers have a more favorable view of a company that contributes or sponsors a cause they believe is worthy. In this light, people will be and are more likely to be interested in a company that is contributing to a cause like HIV/AIDS research than one that is just promoting its

goods and services without saying what interest it has in contributing to society now than they used to.

### **1.1 Research Question**

This exploratory study undertakes to investigate whether or not the Corporate Social Responsibility (CSR) positively impact Customer buying behavior. Explicitly, the research question to be addressed in the study is: ***Does Corporate Social Responsibility (CSR) positively impact Buyer's and Customer's Behavior?***

### **1.2 Research objective**

The main reason to choose this topic is to fill in the gaps in research body. As the impact of Corporate Social Responsibility (CSR) on Customer buying behavior is not thoroughly tested, there is a need to explore the relationship between Corporate Social Responsibility (CSR) and Customer buying behavior in details.

### **1.3 Research hypothesis**

The null hypothesis ( $H_0$ ) and the alternative hypothesis ( $H_1$ ) to test this objective are stated as follows:

**$H_0$ :** Corporate Social Responsibility (CSR) adoption will be positively related to Buyer's and Customer's Behavior

This hypothesis was operationalized as:

$$\begin{aligned}
 & H_0: \mu = \mu_0 \\
 & \mu \neq \mu_0
 \end{aligned}$$

With  $\mu$  as the mean of the responses for a primary activity  
and  $\mu_0$  as the test of Likert scale value.

*Source: Developed in this research*

## **2. Literature review**

### **2.1 Customer buying behavior**

Buying Behavior is the decision processes and acts of people involved in buying and using products. And Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. It refers to the buying behavior of the ultimate consumer. That is why some factors such as social, cultural, personal and psychological are not only involved in the consumer behavior , but also influence it.

## 2.2. What is Corporate Social Responsibility (CSR) ?

Definitions of Corporate Social Responsibility (CSR) have been provided by many academics, researchers, and corporations, however for the purpose of this research the researcher focuses on three definitions found to be relevant to this study. Osei-Tete (2012), defines Corporate Social Responsibility (CSR) as achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.

The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for measuring an organization's performance against economic, social and environmental parameters. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are enlightened self-interest, Social investment, transparency and trust, increased public expectations of business.

CSR includes a variety of socially responsible activities. Kotler and Lee (2005) identified six different types of CSR initiatives: cause promotion, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering, and socially responsible business practice.

## 2.3 Issues and Challenges of Corporate Social Responsibility adoption

### *Issues of Corporate Social Responsibility adoption*

Many companies think that corporate social responsibility is a peripheral issue for their business but consider customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out important changes that are taking place worldwide and could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. Some of the drivers pushing business towards CSR included: that:

- There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.
- There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers.

CSR issues are now being integrated in all aspects of business operations and explicit commitment to CSR is articulated in vision, mission and value statement of most companies (Ofori, et al, 2006). Indeed, they emphasized that "stakeholder demands on business have increased at such a dramatic rate that, given the immensity of these pressures, large and small firms find it increasingly difficult to avoid assuming their CSR.

### *Challenges of Corporate Social Responsibility Adoption*

Many companies think that Corporate Social Responsibility is a peripheral issue for their business and customer satisfaction is more important for them. They imagine that customer satisfaction is

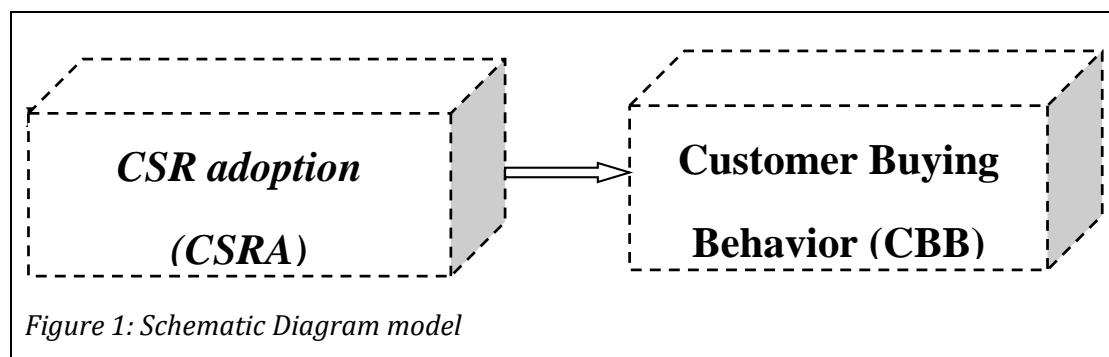
now only about price and service in some context; however they fail to point out important changes that are taking place worldwide and could impact on their business. Some businesses seem to be no longer interested in activities that benefit the society, citing them as the role of government since government collects tax money, hence, resulting in some firms not having any policy initiative towards CSR. Also some companies think of CSR as double taxing of the customer since it means a company will have to charge the customer more in order to raise more income and take care of social issues. Finally, a lack of management interest and an effective implementation of plan are some of the challenge of CSR.

#### **2.4 The effect of Corporate Social Responsibility (CSR) on Buyer and Customer Behavior**

The existing body of literature can be extended by determining how Corporate Social Responsibility (CSR) could help in enhancing positively the Buyer's and Customer's Behavior. The researchers focused only on Corporate Social Responsibility (CSR) as it is growing trend of today's organizations. So the focus of researchers is to find out the impact of Corporate Social Responsibility (CSR) on Buyer Behavior.

#### **2.5 Theoretical framework**

Literature indicates that researches on Corporate Social Responsibility (CSR) and its effect on Buyer and Customer Behavior. Based on pertinent literature, the Schematic Diagram of the Proposed Relationship between Corporate Social Responsibility (CSR) and Buyer and Customer Behavior is addressed as following:



*Figure 1: Schematic Diagram model*

*Source: Conceptualized by the author*

### **3. Research methodology**

The research design chosen for this study is a descriptive research design. The main objective is to explore the relationship between Corporate Social Responsibility (CSR) and Buyer Behavior. The study is based on both primary data. The primary data were collected with the help of a questionnaire designed for the purpose. Questionnaire has two sections: The first section deals with demographic details of the respondents and the second section addresses questions related to Corporate Social Responsibility (CSR) and Buyer Behavior. Questionnaires were administered and distributed to a sample population of 600. Then, based on a level of precision of 5% ( $e = 0.05$ ), and a 95% confidence level and a population size of 600 ( $N = 600$ ), the simplified formula to calculate sample sizes according to Yamane (1987:886) is assumed in the equation follow:

$n = \frac{N}{1 + N(e)^2}$	$= \frac{600}{1 + 600 * (0.05)^2} = 240 \text{ respondents}$
<p><i>Assumption of normal population is poor (Yamane, 1987). The entire population should be sampled.</i></p>	

Source: Developed in this research

Therefore, for a sample population of 600, the required sample size is **240** and should be appropriate for the analysis that is planned. The data was collected and compiled by using the random sampling technique. It was analyzed using various statistical tools such as Percentage Analysis. Chi-Square Test, Correlation and Regression analysis

Statistical tools
<b><u>Percentage Analysis</u></b>
<b>Percentage of Respondents</b> = $\frac{\text{Number of respondents}}{\text{Total respondents}} \times 100$
<b><u>Chi-Square Test</u></b>
$\chi^2 = \frac{\sum (O_I - E_I)^2}{\sum E_I}$
Where, O = Observed Frequency
E = Expected Frequency = $\frac{\text{Row Total} \times \text{Column Total}}{\text{Grand Total}}$
I = 1, 2, 3.....n      DF = (m - 1) (n - 1),      CL 5% Level OF Significance
<b><u>Correlation Analysis</u></b>
$r = \frac{N \sum xy - \sum x \sum y}{\sqrt{N \sum x^2 - (\sum x)^2} \sqrt{N \sum y^2 - (\sum y)^2}}$
Where, r measures the degree of relation that exists between the variables

Source: Developed in this research

The percentage refers to special kind of ratio. It is not only to describe relationship but also to make comparison between two or more series of data.

The Chi-square test is used to find out if there is a relationship among various groups or not. At 5% Level of Significance if Chi-square Calculated Value ( $\chi^2_{cv}$ ) is equal or greater than Chi-square Table Value ( $\chi^2_{tv}$ ) the hypothesis proposed is accepted if not it is rejected.

The correlation and regression analysis is used to ascertain the association or relationship that exists between two or more variables.

#### 4. Data Analysis and Interpretation

In this paper the data was analyzed using various statistical tools such as Percentage Analysis, Chi-Square Test, Correlation and Regression analysis to test the hypothesized relationship of the model.

The following tables which give detail of different structures of the questionnaire and detail of demographical variables such as gender and age of respondents are addressed:

**Table 1: Respondents Demographics**

Gender														
Variables	Frequency	Percent	Cumulative Percent	Graph										
Male	135	56.25%	56.25%											
Female	105	43.75%	100%											
Total	240	100%		<table border="1"> <tr> <td>Percent, 5, 0</td> <td></td> </tr> <tr> <td>Percent, 4, 0</td> <td></td> </tr> <tr> <td>Female: 43.75%</td> <td></td> </tr> <tr> <td>Male: 56.25%</td> <td></td> </tr> <tr> <td>Percent, 1, 0.00%</td> <td></td> </tr> </table>	Percent, 5, 0		Percent, 4, 0		Female: 43.75%		Male: 56.25%		Percent, 1, 0.00%	
Percent, 5, 0														
Percent, 4, 0														
Female: 43.75%														
Male: 56.25%														
Percent, 1, 0.00%														
Age														
Variables	Frequency	Percent	Cumulative Percent	Graph										
20-30 years	88	36.67 %	36.67 %											
31-40 years	78	32.50%	69.17%											
41-50 years	50	20.83%	90.00%											

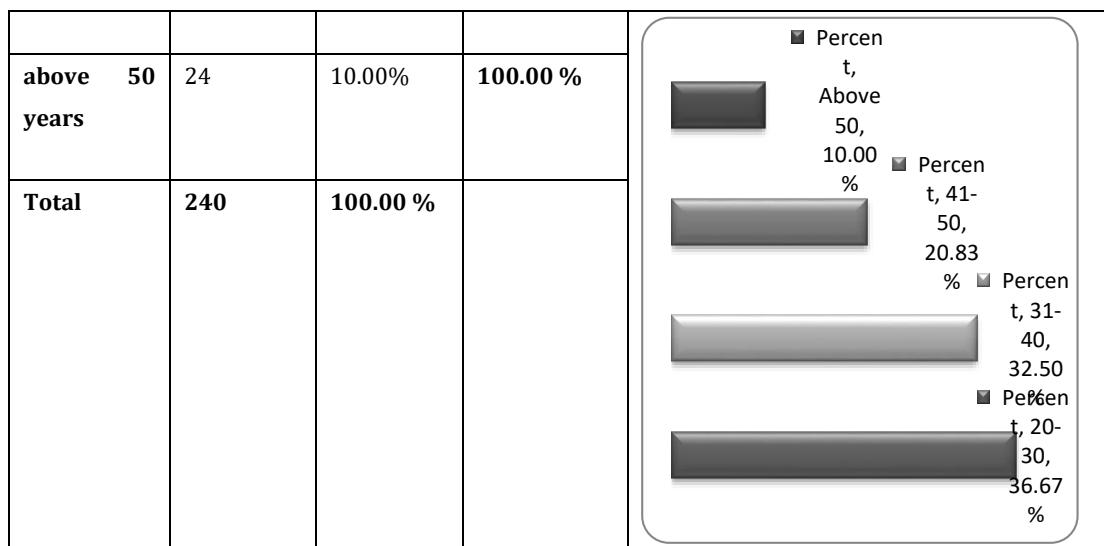


Table 1 shows respondents profile for the study. Most of respondents were male: (56.25%) are between 20-30 years old, (36.67 %) between 31-40 years old, (32.50%) between 41-50 years old (20.83%) and above 50 years old (10.00%).

#### 4.1 Hypothesis testing of the model

*H01: Corporate Social Responsibility (CSR) will be positively related to Buyer's and Customer's Behavior*

#### Chi-Square Test analysis

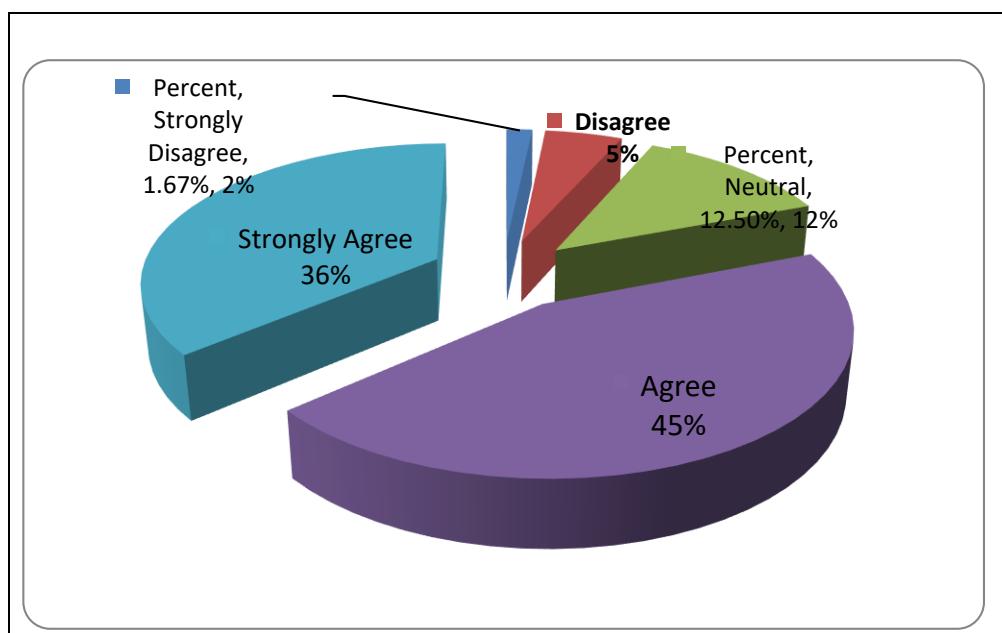
**Table 2:** Opinion about the positive relationship between *Corporate Social Responsibility (CSR)* and *Customer's Behavior*

Scale	Yes	No	Frequency	Percent	Cumulative Percent
Strongly Disagree	02	2	04	1.67 %	1.67 %
Disagree	10	02	12	5.00 %	6.67%
Neutral	24	06	30	12.50%	19.17%
Agree	74	33	107	44.58%	63.75%
Strongly Agree	60	27	87	36.25 %	100 %
Total	170	70	240	100 %	
<b>DF= 4</b>			<b>ME(5%)</b>		
<b><math>\chi^2</math> cv= 11.63</b>		<b><math>\chi^2</math> tv = 9.49</b>		<b>then <math>\chi^2</math> cv &gt; <math>\chi^2</math> tv =&gt; H0 accepted</b>	

Source: Developed by the author

To test the null hypothesis ( $H_0$ ) through simple intuitive method of percentage distribution table is drawn. There is a tendency to show high value for the positive values as the graph show high values towards left of central tendency and as the figure shows below.

In the table below, the first two responses (Strongly Disagree, 0.87 % and Disagree, 5.22 % ) are rejected . The neutral (13.05 %) opinion is also rejected to avoid central tendency. The last two responses (strongly agree, 36.95 % and agree, 43.91% ) are observed the perceptions of respondents opinions about positive relationship between Corporate Social Responsibility (CSR) and Customer Buying Behavior.



*Source: Developed by the author*

At 5% level of significance the Chi-square Calculated Value ( $\chi^2_{cv} = 11.63$ ) is greater than Chi-square Table Value ( $\chi^2_{tv} = 9.49$ ), then the hypothesis by which corporate Social Responsibility (CSR) adoption will be positively related to Buyer's and Customer's Behavior is accepted. Therefore there is a significant relationship between Corporate Social Responsibility (CSR) adoption and customer's buying behavior.

**Table 3 : Model summary tools**

<b>Correlation matrix</b>				
<b>Variable</b>	<b>CSR Adoption</b>		<b>Buyer and Customer Behavior</b>	
<b>CSR Adoption</b>	<b>1</b>		0.712**	
<b>Buyer and Customer Behavior</b>	0.712**		<b>1</b>	

<b>Summary and Regression Coefficients</b>				
<b>Model</b>	<b>R</b>	<b>R square</b>	<b>Sig.</b>	<b>Finding</b>
<b>1</b>	0.728	<b>0.706**</b>	.000	<b>Accepted Ho</b>

\*\* p < 0.05  
*Predictor: (Constant) CSR Adoption Dependent Variable: Customer Buying Behavior*

*Source: Developed by the author*

In this model summary table, the correlation matrix is 0.712, the multiple correlation coefficients is 0.728 and the R Square is 0.706 at a significant level of 0.000 (with an observed significance level p, under 5%). These results show that there is a positive correlation between independent variable (*CSR Adoption*) and dependent variable (*Customer Buying Behavior*). Hence the hypothesis is proved that there is a positive relationship between CSR Adoption and Customer Buying Behavior.

**Figure 2: Relationship between CSR Adoption and Customer Buying Behavior**

### **Relationship between CSRA and CBB**



## 5. Conclusion

In conclusion this research is carried out to clear the ambiguous effect of *CSR* Adoption on Customer Buying Behavior. Buyers or Customers have a more favorable view of a company that contributes or sponsors a cause they believe is worthy. They cited the fact that though the *CSR* activities engaged in influenced them to choose some firms, customers claimed that social activities must be well researched into in order to ensure that those needs that are pertinent are looked at. More so, *CSR* activities seem to have been used for marketing purposes which customers say should not be the case even though it impacted on their choice. Additionally customers claimed a nation-wide approach should be adopted and should be done in collaboration with government and other institutions in order to create a national impact of these *CSR* activities

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