



A Theoretical approach on the moderating effect of competitive positioning on consumer reactions to Corporate Social Responsibility

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Abstract: *In the changing global scenario, consumers are cautious, inter- connected, and empowered by the information revolution. The predominant environmental and societal issues such as pollution, over depletion of natural resources and endangered sustainability, man-made diseases, and global poverty are the major threats posed by the nations worldwide. In this background, corporate for the maximization of stakeholder's wealth and to withstand the market competition is incorporating Corporate Social Responsibility to the bloodline of the organization. Nowadays Corporate Social Responsibility (CSR) is the path that paramount companies strategize in their business for deep-rooted benefits. This paper is merely a theoretical approach focusing on two aspects; (a) what corporate social responsibility means and (b) what are its direct and indirect effects on consumer attitudes and behaviors.*

Keywords: *Stakeholder's wealth, Corporate Social Responsibility, endangered sustainability*

I. Introduction

Corporate social responsibility is an integral part of the marketing arsenal to open doors to the government-organized mass media, to public administrators and even to the hearts and minds of the consumers globally. In today's business environment, concerns related to social responsibility and sustainability are soaring popularity, especially in the commercial arena. Business mission and vision are indissoluble from the micro and macro variables within which they function. Recent studies proved that CSR is the only apparatus that ensures the long-term sustainability of the business enterprises.

Over a period of time, consumers are observing a remarkable growth on Corporate Social Responsibility (CSR). Now CSR flourishes more sturdily across many segments signifying that modern conglomerates realize the necessity to provide to their business a more holistic sagacity. The focus of this paper is to concentrate on the effect of CSR initiatives on consumer behavior.

II. Objective of the Study

This paper throws light into the key areas of CSR, which projects the impact of the CSR initiatives on consumer's perception. More specifically, the study is streamlined to envisage a probable answer to the problem as to "Whether a consumer obtains any superfluous benefit in the procurement of a product or availing a service from a firm that capitalize in CSR?" The perseverance of this paper is to gather facts from the end user about their acquaintance of Business practices and to discover how much their outlooks are influenced.

III. Conceptual Framework

Conventionally marketing managers have conceptualized marketing performance in terms of sales, profit, market share goals in relation to a particular product or service within a stipulated time. Nevertheless, a stakeholder outlook is increasingly gaining opinion, and companies are forced to exhibit good corporate citizenship in each country in which they operate (Pinkston & Carroll, 1994), both in marketing and general managerial terms. Public discourse indicates that companies today are more than ever supposed to fulfill their economic, legal, ethical, and discretionary obligations not only in relation to their shareholders but increasingly also towards employees, customers, other stakeholders, and the community at large (Sen. & Bhattacharya, 2001). Corporate social responsibility (CSR) has thus become a popular concept with practitioners as well as academics (Brown & Dacin, 1997; Handelman & Arnold, 1999).

Kolter (2011), in his article "Reinventing Marketing to Manage the Environmental Imperative," concluded that, "increasing numbers of people will prefer to buy from companies that care. Companies will need to add an environmental dimension to their profile. They do not want to appear indifferent to larger economic, social, and political concerns. Word of mouth is becoming a growing force in shaping consumer decisions. Consumers can

be e-mailing, blogging, and tweeting to their friends and acquaintances good things or bad things about a company. Companies are increasingly swimming in a highly transparent fishbowl.”



Source: Carroll, A. B. (1991), "The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders"

IV. CSR as Paraphernalia: Undeviating and incidental stimulus on Consumer's Attitudes and Behavior

Prior studies examined to explore what the consumer's attitude was towards corporations that devote in CSR. Brown and Dacin (1997) in their survey found out that CSR has a positive impact on consumer's perception for the company's products as well as brand image. It has been revealed by the researchers that a product marketed by the companies capitalizing in CSR has more market and the buyers are inclined to such products. (Bhattacharya and Sen, 2004). Sen and Bhattacharya (2001) are of the opinion that CSR's impact on buying behavior is significant as the consumer's support to social causes is countless in which the company participates. Clandestine studies approved this, indicating the prominence of consumers' valuation regarding societal activities maintained by organizations (Mohr and Webb, 2005; Auger et al., 2003). The attitude of the customer in relation to the CSR initiatives and the pricing criteria is undoubtedly a reason of concern; i.e. the consumers are eager to pay a higher value for products of companies endorsing CSR events.

The CSR strategies would implicate sustaining purchasers' desires allied to product's physiognomies, and eventually, reap the benefits of investment; Furthermore conception of a healthier society. It can be proposed that the moderating effect of competitive positioning on consumer reactions to Corporate Social Responsibility can be generalized through a theoretical model of observed assessment. The following table shows the contribution of the top Indian corporates towards CSR along with their profits before tax.

BIG SPENDERS				Number of BSE 500 companies that would be required to mandatorily contribute towards CSR
	Actual spend in FY13	Estimated avg PBT for FY12, FY13 & FY14*	Likely CSR spend requirement for FY15	
ONGC	261.58	33,062	661.24	441
Reliance Industries	357.05	26,467	529.34	
State Bank of India	123.27	19,605	392.10	Total likely corporate social responsibility spend requirement in 2015 fiscal
TCS	65.21	18,077	361.54	
NTPC	79.53	14,319	286.37	₹10,054 crore
Coal India**	149.55	12,895	257.90	
Infosys^	NA	12,822	256.44	* FY14 estimates based on analysts' expectations ^ Infosys Foundation total CSR spend figures not available for FY13
ICICI Bank	117.00	11,275	225.50	
ITC	82.34	10,721	214.42	Source: Company BR reports, Capitaline data for BSE 500 companies
HDFC Bank	39.01	10001	200.02	

Source: archive.financialexpress.com

V. Conclusion

It can be concluded that several studies have emphasized on the ethical facet of CSR and consumer behavior affirming that the buyers are willing to pay a higher price for those companies endorsing CSR initiatives as a part of the branding activity. Even though critical studies have been conducted in this arena which has only focused on the humanitarian aspect, this paper gives a brief outline as to the direct and indirect effect of the consumers' perception for buying the products of companies initiating in CSR strategies as a part of their legitimate framework. Hence, the contemporary work shows that CSR is a key instigator for the companies for retaining and regaining customers through enhanced brand image.

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