

*Influence of Corporate Social Responsibility on Consumer Brand Engagement:
A Study on Malaysian Youth*

Jalilah Jaafar Sidek, Universiti Teknologi MARA, Malaysia
Nurul Hanani Omar, Universiti Teknologi MARA, Malaysia
Ngu Teck Hua, Mongolia International University, Mongolia

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Abstract

A growing area of corporate social responsibility (CSR) research is the CSR-consumer relationship. Today, organisations across all industries are facing increasing pressure to both sustain profitability and act in socially responsible manner. Consumers are becoming more demanding and appear concerned about patronizing brands engaged in CSR. Yet, not many researchers have looked into how consumers perceive and react to CSR. The purpose of this study is to examine consumer attitudes towards organisations' engagement and communication about CSR, as well as its impact on Malaysian youth's behavioural intentions. It also analyses whether they take into consideration a brand's CSR initiatives prior to making purchasing decisions. Indeed, youth represent a sizable citizen group with the possibility for creating an influential collective force in society for socially responsible behaviours. Carroll's definition of CSR is adopted in this study, deliberating on organization's economic, legal, ethical and philanthropic responsibilities. This study employs a consumer survey using an online questionnaire to uncover the underlying attitudes and behavioural intentions guiding youth's brand engagement. The findings obtained in this study is instrumental to explain the changing landscape of consumerism in Malaysia to organisations, media practitioners and future researchers on how to better engage youth in their communications.

Keywords: corporate social responsibility, consumer behaviour, Malaysian youth

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Introduction

Organisations started using the term stakeholder in the late 1960s to represent those who were affected by its activities. The goal of corporate social responsibility (CSR) is to be accountable for an organization's actions and give back to its surrounding communities, environment, consumers, employees, as well as other stakeholders (Freeman et al, 2010). CSR is not a new concept, and most organisations have embraced and implemented CSR initiatives. As such, more and more organisations are addressing CSR issues on their websites, reflecting the persistent belief that today CSR is not only important ethically, but also in terms of economic advantages.

A stakeholder group that seems to be predisposed to an organization's CSR efforts is its customers. Various studies have implied that positive relationship exists between an organization's CSR activities and consumers' reactions to that organization and its products. This positive link has led organization to allot greater resources towards CSR, leading to an increase in CSR activities across all industries.

Malaysia's multicultural society has long encouraged firms' socially responsible behaviour. In Malaysia, the concept of sustainability and social responsibility has developed due to growing awareness and desire for greater social concern. The Malaysian government, one of few in Asia, requires public listed companies (PLCs) to adhere to CSR reporting requirements. Codes of conducts and regulations such as the Malaysian Code on Corporate Governance, Global Reporting Initiatives (GRI) and many others have ensured transparency in organizational practices. CSR Asia (2009) revealed that a large chunk of Malaysia's CSR efforts is focused on philanthropy, which does not necessarily address issues around its impact at the workplace, environment and community. The same study also revealed how superficial knowledge of CSR is for most Malaysian organisations.

At the moment, many larger organisations operating in Malaysia have initiated CSR actions in line with the industry they are in (e.g. Murphy Oil Corporation supports reef rehabilitation efforts in Mantanani Island, Sabah), while others are involved in varying initiatives across all fields, such as education and public awareness campaigns, as well as supporting community programs. Many research has been conducted in developed countries to identify an organization's behaviour towards consumer purchasing decision and brand engagement, whereas not many has been conducted in developing markets, such as Malaysia.

The objective of this research is to examine consumer attitudes towards organisations' engagement and communication about CSR, as well as its impact on Malaysian youth's behavioural intentions. It also analyses whether they take into consideration a brand's CSR initiatives prior to engaging with a brand and making purchasing decisions. Indeed, youth represent a sizable citizen group with the possibility for creating an influential collective force in society for socially responsible behaviours. The challenge now is to investigate consumers' awareness, intentions and behaviour towards organization-sponsored initiatives in Malaysia, so as to create trust, thus enhancing their loyalty for the firm.

The findings obtained in this study is instrumental to explain the changing landscape of consumerism in Malaysia to organisations, media practitioners and future

researchers on how to better engage youth in their communications, as well as contributing to existing literature.

Literature Review

Corporate Social Responsibility

The concept of CSR has evolved since its introduction by Bowen in 1953, followed by Heald in 1957 and further developed by Davis in 1960 (Lloyd et al., 2008). Despite the continuing interest in CSR, there is a profusion of contradicting definitions as to how CSR should be defined. It refers to an organization's thought and reaction to matters that are not limited to its economic, technical and legal requirements in order to achieve social and [environmental] benefits together with the pursuit of traditional economic gain (Davis, 1973). Researchers such as Van Marrewijk (2003) and Dahlsrud (2008) have tried to provide a more holistic definition of CSR by analysing previous definitions. Dahlsrud (2008) recognized five distinctive dimensions for CSR – social, voluntariness, stakeholders, economics and environmental.

In the management context, it is described as “the social responsibility of business encompassing the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time” (Carroll, 1979), suggesting that a firm's obligation to the society is beyond economic gains. Conceptually, it is rooted in the notion that corporations must incorporate community interests in their operations.

Davis (1976) suggested a model in which social responsibility stem from social power and that business has substantial power over issues plaguing the society, meaning that businesses are liable for social conditions resulting from being in power. Some critics support the view that only the parts of business that is socially responsible should maximize shareholder value (Bird et al., 2007), whereas advocates of CSR argue the importance for businesses to engage a proactive tactic in order to maximize profits and allay risks (Grossman, 2005).

In contemporary view, Keith Davis posed two crucial questions to set the point for deliberation: Can business afford to ignore its social responsibilities? (Davis, 1960); What does the businessman owe society? (Davis, 1967). Since then, dialogues concerning CSR have centred on the unending discussion regarding the ideal relationship between businesses and society (Schwartz & Carroll, 2003).

In 1991, Carroll described CSR as “the total corporate social responsibility of business entails the simultaneous fulfilment of the firm's legal, economic, ethical and philanthropic responsibilities. Or we can say that the CSR firm should strive to make a profit, be ethical, obey the law and be a good corporate citizen.” Carroll offered four levels (pyramid) or CSR, namely economic, legal and philanthropic responsibilities. Economic responsibility refers to the expectation of the corporation to make a profit and expand. Legal responsibility refers to a business' obligation to obey laws and regulations, within the legal framework of society. Ethical responsibility means a business has to consider the rights of others and meet the hope applied by society to do what is right, whereas philanthropic responsibility refers to charitable expectations of the society for the organization.

Just like the varied definitions of CSR, the implementation of CSR actions also differs from one firm to another. In order for organisations to be effective, its corporate social responsibility policy needs to be embraced throughout the organization – suggesting all levels of stakeholders must be involved in order to make affirmative differences. Thus, it is safe to presume that as firms are motivated to broaden their objectives beyond profit maximisation, they would embrace CSR initiatives as a way to promote socially responsible behaviour and policies, consequently giving in to stakeholder demands.

Consumer Behaviour and Brand Engagement

This research aims to examine consumer's behaviour prior to engaging with a brand and making purchasing decisions, and exploring whether or not youth consumers in Malaysia consider an organization's initiatives beforehand. Furthermore, the researchers also seek to identify which type of responsibility, based on Carroll's pyramid, have a significant impact on consumer behaviour.

Buying intention is a prediction of consumer attitude or behaviour towards a purchase decision (Espejel et al., 2008). In other words, buying or purchase intention is a pattern of consumers' attitudes or beliefs, regarding their future purchases. Consumer's positive attitudes towards the organization's reputation, image, and product evaluation can be influenced by CSR activities (Dacin & Brown, 1997).

Several studies have indicated that there is a positive relationship between a business's CSR initiatives and consumers' attitudes towards that organisation and its products (Brown & Dacin, 1997; Ellen, Webb, & Mohr, 2000; Creyer & Ross, 1997). Mohr, Harris and Webb (2001) in their study established a pertinent relationship between CSR and consumer responses. Sen and Bhattacharya (2001) research on reaction of consumers to CSR indicated that CSR will directly affect consumers' intentions to purchase an organization's products.

Through this research, it is hoped that organisations in Malaysia can also maximise youth consumers' response to CSR initiatives in the marketplace by carefully identifying which categories of CSR affects them the most. This knowledge can in turn explain the changing landscape of consumerism in Malaysia to organisations, media practitioners and future researchers on how to better engage youth in their communications.

Methodology

Data were collected through an online survey that was designed and distributed to a convenience sample, in which a total of 100 respondents completed the online survey. The survey was conducted between the months of January and February in 2017. Key considerations for developing the online survey were ease of use and easier access. The researchers used a sole technique to solicit respondents, whereby members of the researchers' networks were asked to complete the online survey, at the same time asking those individuals to solicit other individuals in a snowball technique. No incentives were provided to complete the survey.

The questionnaire consists of five major sections. Section A gathered information on consumer's knowledge of CSR, which comprises some general queries to obtain the

respondents' understanding of the term CSR. This signifies their ability to complete the rest of the survey.

Section B, C and D covers statements on consumers' awareness, intentions and behaviour towards CSR activities implemented by business organisations. The statements were divided into four categories based on Carroll's pyramid of CSR, including economic, legal, ethical and philanthropic responsibilities.

Section E collects demographic information of the respondents such as gender, age, race and education level. Sections A and E were designed using nominal scales, whereas sections B, C and D was designed using a five-point Likert scale with the end points being "strongly agree" to "strongly disagree".

Results and Discussion

Consumer General Knowledge and Awareness Towards CSR

This section presents the findings of the respondent's general knowledge and awareness towards CSR. Based on the 100 questionnaires, 47% of the respondents said that they understood the concept of CSR well, whereas the other 36% understood the concept moderately. 17% of respondents have little understanding of the concept, while none of the respondents indicated having no understanding of CSR at all. The finding shows that the majority of respondents appear to possess a rather good understanding of CSR.

Of the five statements posed on the definition of CSR, the finding shows that contributing to charitable organisations has obtained the highest frequency (76 counts), followed closely by participating in community services (75 counts). Complying with law and regulations (50 counts) was the third choice, followed by upholding human rights and minimizing discrimination (45 counts). Maximizing shareholder's value ranked the lowest, demonstrating that respondents felt that business organisations should put an emphasis on the society, rather than focusing on their shareholders' benefit.

As for CSR activities that organisations should be involved in, community work (82%) and donation (77%) ranked the highest, followed closely by environmental protection (70%), education sponsorship (67%) and wildlife protection (65%). Sport sponsorship (57%), producing safe products (48%) and maximizing shareholder's value (35%) were the activities least chosen by respondents. These findings are aligned with the definition of CSR listed above, where the majority of respondents showed that it is imperative for business organisations to contribute to charitable organisations and participating in community services to ensure conscientious corporate citizenship. Outcomes from this study is also consistent with Rahizah et al (2011). Carroll (1991) also recommended that it is essential for managers and employees to engage with their local communities so as to enhance the community's quality of life.

In terms of awareness, the majority of respondents (63%) know of companies that engage in CSR activities in Malaysia, with 61% of respondents recognising companies that are more socially responsible than others. This study also found that

64% of respondents are alert to companies in Malaysia that publicizes their CSR activities.

Consumer Intentions and Behaviour Towards Organisations Engaged in CSR

The next section of the study asked respondents to indicate whether they were willing to pay a premium price for a product or service from an organisation that is socially responsible. 59% of respondents indicated that they would, while 28% were on the fence. A small number of respondents (9%) were reluctant to pay a premium price, even if they know the organisations were socially responsible.

When provided with cheaper alternatives from less socially responsible companies, 58% of respondents expressed a desire to still purchase from a socially responsible company. This shows that consumers are somewhat concerned about an organisation's ethical behaviour in the marketplace. This is further supported when the majority of respondents (59%) explicitly answered that price in comparison to the CSR activities of an organisation is not as important when deciding to purchase products or services from the said company. Together, these results provide important insights into youth consumer's brand engagement and purchasing decisions.

When respondents were asked whether they paid a higher price for a product or service from a socially responsible company even when there were cheaper alternatives from less socially responsible companies, only a minority of respondents (9%) have not. Over half of those surveyed reported that they have paid a premium price for a product or service because of the CSR activities of the company offering it. Interestingly, almost two-thirds of respondents (61%) have reported that they have stopped buying products or services from an organisation that they found were not socially responsible. When presented with two alternatives of products and services, one from a socially responsible company and the other from a less socially responsible company, more than half (55%) of respondents would pick the former. The same number of respondents also indicated that they have deliberately looked for products and services offered by a socially responsible organisation.

The findings discussed above have shown that all four responsibilities of CSR listed by Carroll in 1991 play a major role in consumer brand engagement and purchasing behaviour. This is consistent with a study led by Sen and Bhattacharya (2001) which shows that CSR does affect consumer's intentions to purchase an organisation's products and services. Another study that supports this finding is by Mohr, Webb and Harris (2001) which demonstrates that CSR has a vital impact on consumer responses.

Based on the results obtained, it seems that the economic responsibility attribute has the most significant impact on consumer's brand engagement and purchasing behaviour, followed by legal responsibility, ethical responsibility, and finally, philanthropic responsibility. Findings in this study is different from that of Maignan (2001), who found legal concerns to be key characteristics for organisations, followed by ethical, philanthropic and economic responsibilities. Accordingly, our findings are also similar to that of another study conducted in Malaysia, which reported that the economic responsibility attribute has the most significant impact on consumer's buying behaviour, followed by philanthropic, ethic and legal responsibility (Rahizah et al, 2011).

Sample Characteristics

Stratified convenience sampling was used to ensure equal representation of males and females. Respondents were divided into three age categories: below 20, 21 to 30 and 31-40. The majority of the respondents (50%) were between 21 and 30 years old during the survey period, whereas those respondents below 20 years old were the minority.

Malay represents the highest percentage of the total respondents followed by Chinese, Indian and others. As for the academic qualification of the respondents, they ranged from Sijil Pelajaran Malaysia (SPM) to degree and above, and the majority of respondents (68%) held at least an undergraduate certification. This also shows that the majority of respondents should have basic knowledge of CSR.

Conclusion

Decision makers in organisations should note that this research backs the findings of previous researches, suggesting that consumer groups do take into consideration concerted social responsibility initiatives in their engagement and purchasing decisions. Organisations across all industries have an opportunity to lure this group while achieving their business objectives while giving back to the society. It is also important to note that Malaysian youth have clearly indicated their ranking on the most preferred CSR initiative that needs to be implemented by organisations. Based on the findings of this research, decision makers could use the information to develop a more comprehensive communication plan detailing their CSR activities. Ideally, the type of CSR activities engaged by organisations should be based on the priority indicated in this study. Organisations that disregard societal expectations may risk boycotts resulting from heightened consumer awareness and rights in today's world.

Media practitioners could also take the opportunity to engage and educate consumers about CSR as it has a significant relationship with consumers' purchasing decision. Media corporations could also benefit from consumer support, which could in turn boost reputation and brand image, thus attracting investors.

For future researchers, this study contributes to the understanding of the role of CSR in youth consumers' brand engagement and purchasing decisions. The findings of this study shows that all CSR initiatives have a substantial relationship with consumer's purchasing decisions. Nevertheless, there are limitations that should be considered. With only 100 respondents, this sample size might limit the external validity of the findings. The number of respondents should be significantly higher to improve the validity of the findings. Future research could also look into how CSR practices in different sectors affect consumer brand engagement.

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