

# ***THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT***

## **Consumer Purchase Pattern towards CSR Practice Organization in Malaysia**

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### ***Abstract:***

*In today's business competition world, it is known that the crucial role of corporate social responsibility (CSR) throughout the fast changing globalization world. In relation of change, globalization has its features in which it leads to the interaction between the consumer and organization strategy. This study was carried out to examine the purchase pattern of consumer towards the CSR practice organization in Malaysia. It also examined the consumer awareness level in relation to organization CSR practices. This research paper is also investigated on consumers' consideration level of CSR before engaging in those particular industries products and services.*

**Keywords:** *Corporate Social Responsibility, Consumer Purchase Pattern*

### **1. Introduction**

Corporate Social Responsibility (CSR) has become one of the most vital components in accordance to consumers' purchasing patterns in today's business world. According to Mohr, Webb, and Harris (2001), CSR is referred to as "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long-run beneficial impact on society". In relation to CSR, consumers would expect companies to perform better in food sectors especially within the fast food industries worldwide. Pomeroy and Dolnicar (2008), has also mentioned that the marketplace polls report consumers not only expect corporations to do more for the social good, they want to be informed of what corporations are doing, and will support good deeds.

### **2. Problem Statement**

Focus on today's corporate and social coordination, only when companies comply with the social responsibility based on moral, it is possible to win social acceptance, to improve brand reputation and won the trust of customers, customer preference objectivand to enhance the market competitiveness and achieve sustainable development of enterprises.

### **3. Research Objectives**

- To study the relationship between activities company conduct towards environmental issues and purchasing pattern of UCSI students.
- To study onthe relationship between Fast-Food Company's economic responsibility and consumers' purchase pattern among UCSI students.
- To study on the relationship between Fast-Food Company's legal responsibility and consumers' purchase pattern among UCSI students.
- To study on the relationship between Fast-Food Company's ethical responsibility and consumers' purchase pattern among UCSI students.
- To study on the relationship between Fast-Food Company's philanthropic responsibilityand consumers' purchase pattern among UCSI students.

#### 4. Research Questions

- Does fast-food company's activities towards environmental issues affect consumers' purchase pattern among UCSI students?
- Does fast-food company's economic responsibility affect consumers' purchase pattern among UCSI students?
- Does fast-food company's legal responsibility affect consumers' purchase pattern among UCSI students?
- Does fast-food company's ethical responsibility affect consumers' purchase pattern among UCSI students?
- Does fast-food company's philanthropic responsibility affect consumers' purchase pattern among UCSI students?

#### 5. Literature Review

##### 5.1. Corporate Social Responsibility (CSR)

According to the article, Carroll (1991) has come up with four levels of Corporate Social Responsibility (CSR) which are economic, legal, ethical and philanthropic responsibilities. Economic responsibility is regards to the corporation's expectation that increase the income per share whereas legal responsibility is about obeying the law, rules and regulations. Ethical responsibility is referred to morally and ethically ways of doing and philanthropic responsibility is an expectations of charitable by society towards the corporation. These four components acts as a foundation for a socially responsible firm in order to maximize their profit, following the law, rules and regulations as well as lead to an excellent corporate community. Based on Mohr, Webb and Harris (2001) states Corporate Social Responsibility (CSR) as a responsibility of corporation towards the lessening or eradicating the unsafe effect while boosting up the beneficial effect of society. This means the author point out with the intention of socially responsible actions comprises of a wide range of actions, for instance act ethically, fair treating of employees, supporting the nonprofit organization's work and more importantly abate the environmental damages. On the other hand, a corporation that develops within society would look upon the impacts of its activities directly or indirectly to people and thus associated towards the corporation. Environmental issues have become a concern among consumers of fast food industry in which it will also affect their purchase pattern. The combination of consumer and environmental pressure with fast food corporate leadership has create greener fast food packaging which good for the fast food corporate brand and at the same time increases customers loyalty. In other way, it can save the cost of overall packaging, For example, McDonald has come up with their leading environmental packaging policy that reduces the usage of controversial fiber that used to produce paper that comes from forest. The Economic responsibility of fast food industry also determines the needs and wants of society in which the fast food company should offer their fast food service at reasonable prices. For example, Kentucky Fried Chicken (KFC) follows with their codes and law in determining their pricing strategy towards customers according to the policy in order to satisfy the consumers buying behavior.

Legal responsibility inFast Food Company is strongly relying on the laws and regulations that make sure they are proving food services legally. Fast food suppliers should attach to the local law and regulations, for instance they suppliers should not discriminate attributes such as age, sex, religion, nationality origin, skin color as well as origin of worker. Ethical responsibility has contributed to the awareness of ethical concerns with respect of food production. Besides that, ethical standard is also related to the political agendas or non-government organization that against the food production method of multinational companies and this has lead on how consumers and their values are conceptualized by press, communication and marketing activities (Miller and Rose 1997). Philanthropic responsibility is also known as the expectation of society's outstanding corporate citizen. Society also expects the corporation to do some charity that benefits the society.

#### 6. Conceptual Framework

##### 6.1. Independent variables

###### 6.1.1. Environmental Issues

The company has proved a commitment to promoting climate-green policies and practices outside its own operations may grab customer loyalty. Since the whole world is currently discourse the climate change with all its different aspects, the company will get more customer support if the company appealed to the protection of the environment through their own actions.

*The next 4 level of responsibility are referring to Carroll's pyramid of CSR Theory.*

###### 6.1.2. Economic Responsibility

Organizations were created as economic objects intended to provide goods and services to societal members. The profit motive was established as the primary incentive for entrepreneurship. Therefore, its major role was to produce merchandises and services that customers needed and desired and to make a suitable profit.

###### 6.1.3. Legal Responsibility

As a partly fulfillment of the "social contract" between business and society, organizations are expected to chase their economic missions surrounded by the basis of the law, which means all the process and activities need to obey the law.

###### 6.1.4. Ethical Responsibility

As pointed out by Carroll's pyramid, it is important that good business citizenship be defined as doing what is expected morally or ethically. It is important to identify and respect new or developing ethical moral norms adopted by society. These are two most important things organization need to perform to settle the obligation which may affect the consumers' purchase pattern.

6.1.5. Philanthropic Responsibility

Philanthropy involves those business actions that are in reply to society’s expectancy that businesses be good corporate citizens. This includes vigorously engaging in performances or programs to support human well-being or benevolence.

6.2. Dependent Variable

Consumer purchase pattern is the dependent variable that affected by those 5 independent variables such as Environmental issues, Economic Responsibility, Legal Responsibility, Ethical Responsibility and Philanthropic Responsibility. Figure 1 shows the theoretical framework of this study.

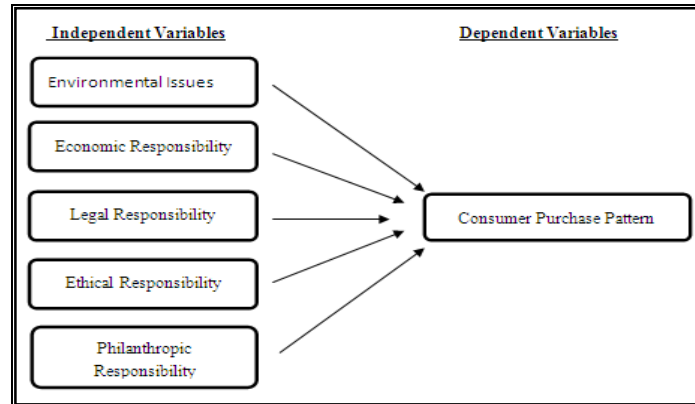


Figure 1: Theoretical Framework

7. Methodology

7.1. Sampling Procedure

In data collection, a set of questionnaire survey was used to collect the opinion of student as consumers in UCSI. Roscoe (1975) suggested that example sizes greater than 30 and less than 500 are suitable for most studies. The questionnaire design contains 3 main units.

- Unit 1: This unit is provide over-all questions to acquire the respondent's understanding of the meaning of CSR, since that specifies the capability of the respondent to finish the rest part of the questionnaire. The respondents who are perceived as having no acquaintance in CSR are not included in the final analysis.
- Unit 2: Covers statements on consumers’ purchase pattern among UCSI students towards CSR activities engaged by the business organizations. For this section, five-point Likert scale from 1 for strongly disagree to 5 for strongly agree was used.
- Unit 3: Designed to collect demographic information of the UCSI students such as gender, age, race, education level and monthly income level.

8. Analysis

This study analyzed by using two types of analysis: descriptive and correlation analysis. The Statistical Software of Social Science (SPSS) version 20 was used the above analyses.

9. Research Findings

9.1. Demographic Characteristics

The section 1 presents the background of the survey respondents which include 6 questions. The summary of the background is laid down in following tables.

		Statistics					
		Gender	Age	Race	Income	Education	Marital
N	Valid	100	100	100	100	100	100
	Missing	0	0	0	0	0	0
Std. Error of Mean		.049	.050	.072	.077	.085	.085
Std. Deviation		.494	.497	.716	.772	.847	.849
Variance		.244	.247	.513	.596	.717	.721
Minimum		1	1	1	1	1	1
Maximum		2	3	4	4	3	4

Table 1

Table 1 shows the basic statistics data such as there are 100 valid questionnaires were used to this calculate. The Std. Error of Mean for 6 demographic questions of gender, age, race, income, Education and marital status are all lower than 0.1 which means the questionnaires are able to trust and use. The follows are frequency tables for each question in section 1.

### 9.2. Influence of CSR Activities on Customers' Purchase Pattern

Section 2 covers statements on consumers' purchase pattern among UCSI students towards CSR activities engaged by the business organizations based on a five-point scale from 1 for strongly disagree to 5 for strongly agree. From 1-5, 3 is the number represent mid, so if the Mean > 3 and the upper interval of difference is higher than lower interval of difference, the H1-H5 are achieved. There are 20 sub-questions under 5 categories of CSR activities. Calculating the relationship between each activity and consumer purchase pattern is not logical since they are under 5 main categories, thus, we need to use the Mean of every four activities in each category to calculate the relationship between the 5 main categories and consumer purchase pattern.

Descriptive Statistics						
Activities	N	Range	Mean		Std. Deviation	Variance
	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic
Economic	100	3.2	3.924	.0702	.7024	.493
Legal	100	3.7	4.055	.0826	.8260	.682
Ethical	100	3.5	3.940	.0643	.6431	.414
Philanthropic	100	3.0	3.726	.0747	.7472	.558
Environmental	100	3.5	3.906	.0778	.7778	.605
Valid N (list wise)	100					

Table 2

Correlations							
		CP	Economic	Legal	Ethical	Philanthropic	Environmental
Pearson Correlation	CP	1.000	.740	.761	.652	.679	.647
	Economic	.740	1.000	.764	.574	.592	.616
	Legal	.761	.764	1.000	.690	.569	.651
	Ethical	.652	.574	.690	1.000	.666	.699
	Philanthropic	.679	.592	.569	.666	1.000	.817
	Environmental	.647	.616	.651	.699	.817	1.000

Table 3

In correlations table (Table 3), the higher correlation the independent variable to dependent variable, the higher influence it is. In other word, the proportion of the Pearson correlation coefficients is the proportion of the comparative prognostic influence of the independent variables. In Table 3, Legal responsibility has the highest correlation 0.761, followed by economic responsibility 0.740, Philanthropic responsibility 0.679, ethical responsibility 0.652 and finally environmental responsibility 0.647. Which means legal responsibility characteristic has the most important influence on consumers' purchase pattern, because it gets the highest correlation coefficient to CP.

## 10. Discussion

### 10.1 Overview of the Significant Findings of Study

Based on our research study that have been conducted in the campus area, there are 100 participants which are the students who have kindly participated in our questionnaires in which almost 59% respondents are female, 41% for male that comes in between the age range below 20, 21 to 30 years old during the survey. Somehow, it has been found out that a proportional of 88% of respondents are Chinese and rest of them were the Malays, Indians and others. Indian respondents have the lowest proportion which is only 2%. This is because, most of the time during the distribution of questionnaires, there are majority Chinese respondents available on that time and made easier to distribute questionnaires on the spot in order to collect data meanwhile other respondents from different religion are too less and unavailable on the time of the questionnaire distribution. Another significant findings throughout the research study is that, 71% of the student is pursuing degree programme as the survey is divided into different groups of academic qualification such as STPM/A-level, Diploma, Degree and master while indicates 87% respondents are single and that corresponds according to their age as most of the respondents are doing bachelor degree program. Only 2% are married because there are lesser married respondents participate in the research questionnaire as most of the respondents are single. There are also about 84% of respondents who possess an income level of RM 0-1000. According to the sample test of the research study, it has been proven to be a positive relationship between CSR activities and consumer purchase pattern that comes

with the evidence of the sample test study that stated in table 3, the evidence for this findings clearly shows that the upper interval of difference is higher than lower interval of difference and hence this contributes to the proper significant of the research findings. Apart from that, our findings is slightly different if compared to the Carroll's pyramid model theory, Carrol (1979) proposed that economic responsibility the most basic responsibility that can do well for the business organizations but somehow, our research finding is not same as Carroll's view since our highest precedence is legal responsibility due to the different concern on CSR component of the UCSF's students whom are mainly customers because their CSR concern level is different according to the results findings that has been find out in the research, different customers have different main concern on CSR aspects of products that they going to purchase and the assumptions on the CSR components would not be the same all the time.

#### *10. 2 Implications of study*

Positive effect of CSR on product purchase intention influences the behaviours of buyers especially in different dimensions such as economical, philanthropic, ethical, and legal responsibilities, and environment activities. Reactions from respondents to CSR initiative is positive when there is a similarity between an industry's character and their own CSR activities carried out. The findings can be divided into two categories which are the effect of CSR on industry evaluations and effect of CSR on product purchase intentions. The priority is the legal responsibility which is aimed at ethical behaviours on the part of business. Along with that, in developing country like Malaysia, issues of customer satisfaction and service are of utmost importance. Hence, in making decision, industries have to avoid action that may breach any food regulations and food acts that negatively may impact the industry's reputation worldwide as well as to avoid customer dissatisfaction. Besides, the main concern of CSR is to improve a company's image, reputation and increased employee motivation by sustaining its operations legally. Based on the current study, companies should contribute on the aspects they have to improve on the dimensions of CSR in order to create good corporate image and reputation.

#### **11. Conclusion**

Results show that company's CSR initiatives have positive impact on university students' 5 aspects among which are legal, philanthropic, environment, economic, and ethical values significantly influenced by company's CSR practices in students' market respect respectively. Nevertheless, unlike the existing literature suggests, several indicators are not proved to be significant to their respective aspects when it comes to the influence of CSR initiatives. These indicators are resistance to switching to competitor, product price, and share information of employee behaviour. CSR is an indispensable element for companies to operate their business in university students' market. Companies should better improve and ensure product quality at the same time trying their very best to fulfil social responsibility concepts in production. On the other hand, a company could not only rely on its CSR strategy to defeat its competitors in the market worldwide. Based on this study, companies can achieve their productivity goals by understanding the effects of CSR concepts once applied on products as well as delivering products of quality to the consumers out there.

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