



# Effects of Corporate Social Responsibility on the Customer Loyalty among the Organic Product Buyers in Chennai

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**ABSTRACT:** The issues related with the CSR (corporate social responsibility) have gained more significance of the communities, consumers as well as of the policy makers because of the importance gained by the activities of CSR. The current research study suggests the optimistic effect of CSR on the trust of the consumers and the brand image, which ultimately affects the loyalty of the customer. The aim of the study is to explore this effect done among the organic productbuyers in Chennai. The respondents are selected through convenience sampling method. The sample size of the study is 100. Regression tool is used to analyse the data collected for the study. The results of the analysis show that the CSR have positive relationship with customer loyalty which means CSR influence the customer loyalty of organic products

**KEYWORDS:** Corporate Social Responsibility, Customer Loyalty

## I. INTRODUCTION

In the early years, the financial performance of the organization was used as a measure for assessing the firm's value. The main objective of the organizations is enhancing profit margin. Therefore, the activities of CSR were not given more importance. The activities of CSR have been started to be given importance from the preceding decade. Under this concept, the social involvement made by the company had been utilized to assess the achievement of the organization (Pokorny, 1995; Saunders, 2006). Carroll in 1999 had observed that the concept of CSR has been mounting progressively and in the past years, it had been named as social responsibility. As the name proposes, CSR (corporate social responsibility) is a very important tool of marketing for the organizations because of its impact over the behavior of the consumer. The undue competition among the developing economies because of the globalization had strained the organizations to get them engaged in the activities of CSR. It is the way to attract new clients towards their business and also to preserve the existing customers. According to Kotler & Lee (2005), CSR had been defined as the commitment for improving the well-being of the community by way of discretionary practices of the business.

From the point of view of (Moura & Padgett, 2011), the beginning of the conception of CSR was in the fifties of the last century, the focus was on what will corporate receive from its social responsibility. During the sixties the corporate interest have enlarged in corporate directives stakeholders to the community, and in the seventies, the focus was on doing administrative functions that are socially responsible. In the eighties, it has become more seal between business and stakeholders, and the corporate are responding moderately to their demands. In nineties the concept of social responsibility is spoken globally and has become intentional within their fields. In the first decade of the twenty-first century the concern of the social responsibility has become predictable and long-established in corporate strategies

The term customer loyalty is referred to as the commitment of the customers to make a purchase again and again of the products of a company, in the future too. This leads to repetition of the purchase of a brand, although there exists situational forces and efforts of marketing to affect the behavior of switching between the products (Mascarenhas, Kesavan, and Bernacchi, 2006). Hence, there is a lot of advantages that continues for the organization from the customers who are loyal towards them, which protects the organizations from being washed away due to the competitor's existence. The organizations also enjoy the benefit of greater levels of sales and increased word of mouth because of this customer loyalty. Pan, Sheng and Xie (2011) expressed that if an organization takes steps to manage and maintain the customer loyalty, then it will be able to establish a long-lasting relation with the customers. Many literatures had shown that it is very expensive to attract newer customers than to retain the existing customers. Customer loyalty and the CSR are regarded to be related with each other. This is in the idea that if a company makes a greater number of CSR activities, then it will be able to retain the old customers. Because of this, the organizations will be able to establish long-term relationships with the customers.



## II. STATEMENT OF PROBLEM

Though not many studies had been done for exploring the association between the corporate social responsibility and the customer loyalty, interest among the practitioners and scholars is growing for investigating the effect of CSR on the loyalty of the customers. The current day world expects the organizations to get engaged in increased number of CSR activities and also the managers view the corporate social responsibility as the tool of marketing for creating the competitive advantage.

## III. NEED FOR THE STUDY

The concept of corporate social responsibility is increasingly attaining importance from practical as well as theoretical perspective. The current research study will increase the insight about the importance of CSR for improving the customer loyalty. To be practical, the customers expect the organizations to carry out their business with a social motive too. Further, the managers believe that the implementation of CSR will boost up their competitive edge.

## OBJECTIVES

The main aim of the research study is to identify and analyze the effect of corporate social responsibility on the customer's loyalty.

## IV. REVIEW OF LITERATURE

JamaliahMohd Yusof et al., (2014) studied the impacts of the initiatives of CSR on the loyalty of the customers. In the current era, the concept of social responsibility and its trend had enhanced the consumer's interest in their purchase behaviour and the consumption pattern. The social responsibility is also seen to be important for the banking sector too of Malaysia. This means that the banking sector also has to be aware of the importance of social responsibility for improving the loyalty of the customers. Hence, the aim of this research was to explore the impacts of the ethics, customer centric, philanthropic and green environment on the loyalty of the customers. Questionnaires were used to collect the data for the study. The analysis of the data received identified that the customer centric had the significant impact on the retail industry of banking and on the other hand, philanthropic was found to be the least significant influence of the customer loyalty.

(Gupta, 2011) made a study on Consumer point of view of CSR: A comparative study between the consumer in India and America), The study aimed to expose the concept of discernment of CSR among consumers in India and America and to value similarities and differences in perception and reaction. The study found that a class prestigious of American consumers do not know the response of U.S. corporate for social responsibility, and also part of the Indian consumers do not know about initiative of international firms towards social responsibility, and the existence of differences in each sample to define a frame of social responsibility, and each sample in the two countries showed a point of positive response towards CSR.

(Ferrira et al., 2010) attempted a study on CSR and customer perception of the price) and intended to find out whether undertaking social responsibility has a positive impact on income and perceived value for customers in Brazil. The study revealed that customers realize the value which they receive from corporate which are committed to its obligations headed for social responsibility and they do not bother to pay 10% supplementary for the products of corporate that are socially responsible.

A study undertaken by (Panwar et al., 2010) students 'perception of social responsibility by corporate that offer natural products, intended to study the students' perception of social responsibility in the perspective of the natural products industry of the Universities of Origin and Montana. The study revealed that students of Business and Environmental Sciences are not satisfied with social responsibility provided by corporate and also identified that males are more satisfied than their counterparts while function of these corporate social responsibilities.

## V. RESEARCH METHODOLOGY

The study is performed to analyze and explore the relationship between the impacts of corporate social responsibility over the loyalty of the customers. The study is done among the Organic product buyers in Chennai. The sample size of the study is 100. The respondents are selected through Convenience sampling method. Analysis part of the study is carried out with the help of multiple regressions.

## ANALYSIS AND INTERPRETATION

R	R Square	Adjusted R Square	F	Sig.
.944(a)	.891	.883	116.512	.000(a)

a Predictors: (Constant), CSR

## Coefficients (a)

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.608	.121		5.030	.000
I like organic products	.184	.029	.343	6.313	.000
I would like to purchase chemical free products	.090	.031	.165	2.895	.005
I am ready to pay more for organic products	.086	.025	.163	3.442	.001
I pay attention to the wellbeing of my family	.154	.021	.280	7.258	.000
I focus on health and safety	.112	.027	.195	4.145	.000
I regularly purchase organic products	-.027	.028	-.044	-.956	.341
I always recommend organic products	.221	.035	.290	6.291	.000

a Dependent Variable: Customer Loyalty

This table offers the multiple correlation ( $r = 0.944$ ), the multiple correlation squared ( $r^2 = 0.891$ ), the adjusted multiple correlation squared ( $\text{adj.}r^2 = 0.883$ ), and the standard error of the estimate. The multiple correlations are the combined correlation of every predictor with the conclusion. The multiple correlations squared denote the degree of variance in the outcome which is reported for by the predictors; here, 89.1% of the variance regarding customer loyalty is accounted for by statements of CSR. Hence, the adjusted  $r^2$  is suitable. The table designates that the model's  $r^2$  is significantly dissimilar from zero,  $f = 116.512$ ,  $p < 0.000$ , which explains that there is significant connection among CSR and customer loyalty.

## VI. CONCLUSION

The facts presented in this study proved that the activities of CSR are very essential for an organization to withhold the customers by way of WOM (word of mouth) of the customers. Hence, it becomes the responsibility of



almost all the organizations to plan as well as execute the practices of CSR in their business operations for attaining the goodwill of the society and the stakeholders and also to establish the competitive advantage for the organization. The performance of the activities of CSR has become essential as the consumers have started to become aware that the operations of the business affects the betterment of the society, as a result of which the competitive advantage can be gained by a company only through the activities of CSR. Also, the brand image and the market share of the company can be improved only through activities of CSR. The CSR have positive relationship with customer loyalty which means CSR influence the customer loyalty of organic products

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