

An Exploratory Analysis of Corporate Social Responsibility of Domestic Retailers in India

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Abstract: *This study analyzed the impact of perception of retailers on CSR. This study is developed based on the primary data collected from the retailers. The study identified that CSR activities have influenced on work culture and employee motivation, community welfare, environmental care, and customer welfare. Hence, the CSR activities helped to improve customer loyalty. In nutshell, the CSR initiatives are profitable element of business strategy, contributes to risk management, maintain relationships and for long-term profitability. Any organization cannot be succeeded without support of the social responsibility. It is a vital component for any organization to have perpetual success and to build brand image.*

Keywords: *Social Responsibility, Retailers, Environment Concern, Impact of CSR.*

I. INTRODUCTION

Corporate Social Responsibility (CSR) is a commitment of business entities to contribute to sustainable economic development. It is concerned with the welfare employees, society, community, environment and customers [1]. In recent days, Indian retail industry has expected to discharge their responsibilities and social obligation for the development of the business. In this view point, the retailers undertake various social welfare activities for societal benefits [2] [3].

CSR in retail sector is still growing stage. It is undertaken as a part of those activities for sustainable development of the society. It boosts the economic growth as well as retail firms' image in the society [4]. The economic reforms in 1991 in India stimulates the retail industry as an evolving industry in the perspective of economic development which ensures the progress of retail industry in terms of capital and in numbers [5]. The growth in both size and numbers increases the economic activities as well as need for natural resources and human resources. For the huge economic activity, the business units extracting the natural resources beyond its actual need, and also exploits the human resources [6], [7]. This activity is degrading the sustainable development of the society, and increases the economic imbalances between the rich and poor [8], [9].

Due to increase in awareness about CSR activities, the government of India enacted Companies Act, 2013 ensures

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all the companies should spend 2 percent of their net profit for CSR activities which would result in increased the goodwill of the company among the people [10] [11]. It makes the retail enterprises as a responsible for the welfare of the society. In this context, the retailers have voluntarily undertaken CSR activities for the purpose of both internal and external benefits. The CSR activities in retail sector increase the brand value and reputation for the enterprises [12] [13]. Hence, it ensures the sustainable development of economy of a particular society through activities like adopting villages, poverty alleviation programs, and environmental awareness programmes. In this backdrop, the present research has been focused on perception of retailers towards CSR [14] [15]. This study has been focused on the impact of various CSR activities undertaken by the retailers along with its impact on employment, social as well as community welfare, environmental activities and consumer welfare activities.

II. STATEMENT OF THE PROBLEM

India's retail industry has been rapidly growing since 1991 when liberalized economic system has introduced in India. It accelerates the competition among the retailers to sustain in the marketplace. It leads to exploitation of natural resources, customers and human resources, and created environmental threats in the society [16]. To keeping this in view, in recent past, the more number of companies have been involved in the various CSR initiatives under voluntary basis. Hence, incorporation of social and environmental concern has drastically changed the companies' business model and operations [17]. This attempt helps to meet the needs and expectations of the stakeholders, including company's shareholders. CSR motivates the business entities to support socially, environment or community apart from their profit [18] [19]. Now-a-days the business entities undertake the CSR activities to develop a good image and to increase their market share by the way of get support from the people as a customer [20]. This study analyses the how retailers are confining with the CSR programmes and how they are influenced by the CSR and its related activities.

III. OBJECTIVES OF THE STUDY

- i) To identify the factors influencing perception of retailers towards CSR;
- ii) To identify the retailers' efforts towards better work culture and employee motivation;
- iii) To identify the impact of CSR on customer loyalty; and



iv) To identify the retailers’ efforts towards environmental protection.

for tax benefits and 8.5 percent for getting brand image and reputation in the society (Table 2).

IV. RESEARCH METHDOLOGY

To understand the perception of retailers towards CSR, the study has been followed survey method. The primary sources of data have been gathered through a questionnaire. The secondary data has been collected from the journals, books and websites. The sample size of 130 retailers in Erode has been conveniently selected for study. The statistical tools such as Descriptive Statistics, ‘t’ test and Friedman’s test have been used to analyze and interpret the data.

V. DATA ANALYSIS AND RESULTS

In this section, perception of retailers towards CSR has been focused in the parameters of CSR activities undertaken, reasons for doing CSR activities, amount spent for CSR, impact of CSR activities, retailers’ perception on CSR, impact of organizational efforts for better work culture and employees motivation, and customer loyalty, organizational efforts for environmental protection and benefits derived from CSR activities.

Table – 1: CSR Activities Undertaken

Activities	Frequenc y	Percent
Donated to build temples	20	15.4
Donated to trust or charities	34	26.2
Welfare of society	8	6.2
Donation at the time of natural disasters	15	11.5
Sponsoring sports events	6	4.6
Environmental care	22	16.9
Customer welfare	25	19.2
Total	130	100

The CSR activities undertaken shows that 26.2 percent of the retailers are donated to trust or charities followed by customer welfare (19.2 percent), environmental care (16.9 percent), donated to temples (15.4 percent), donated at the time of disasters (11.5 percent) and contributed for welfare of the society (6.2 percent) (Table 1).

Table – 2: Reasons for Doing CSR Activities

Basis	Frequency	Percent
Tax benefits	14	10.8
Own values	51	39.2
Competition	54	41.5
Brand image & reputation	11	8.5
Total	130	100.0

Reasons for doing CSR activities shows that 39.2 percent of the retailers are doing for create value for themselves followed by 41.5 percent for competing revivals, 10.8 percent

Table – 3: Amount Spent for CSR Activities

Amount Spend	Frequency	Percent
Below 10000	15	11.5
10001-50000	78	60.1
50000-100000	33	25.3
Above 100000	4	3.1
Total	130	100.0

The amount spend for CSR activities reveals that 60.1 percent of the retailers have spent Rs.10,001-50,000 for CSR activities,11.5 percent of the retailers have spent Rs.50,000-1,00,000 and only 3.1 percent of the retailers have spent above Rs.1,00,000 for CSR activities (Table 3).

Table – 4: Impact of CSR Activities

Impact	Frequency	Percent
Very high	12	9.2
High	48	36.9
Moderate	36	27.7
Little	34	26.2
Total	130	100.0

The impact of CSR activities perceived by the retailers shows that 36.9 percent of the retailers acknowledged that CSR activities have created high impact, followed by 27.7 percent of retailers have experienced moderate impact, 26.2 percent of retailers have benefited small level impact and 9.2 percent of retailers have harvested very high level impact from CSR activities undertaken by them (Table 4).

Table – 5: Retailers’ Perception towards CSR

Variables	\bar{x}	σ	t	Sig.
The Government promote CSR activities for the betterment of nation	3.79	.970	9.312	.000
Make a business as a socially responsible beyond making profit	3.48	.856	6.356	.000
The CSR activities of a firm are closely related to our business strategy	3.32	.917	4.018	.000
CSR is essential for sustainable development of a firm	3.38	.780	5.508	.000
CSR promotes public relations or marketing considerations	3.45	.957	5.405	.000
The amount spent for CSR activities are not an expenditure	3.47	.990	5.405	.000
CSR positively relates with subsequent sales	3.40	.859	5.309	.000
It creates positive impact on long-term basis	3.37	.882	4.775	.000



Variables	\bar{x}	σ	t	Sig.
It is a key constituent of a firm's reputation	3.28	1.073	3.025	.003

The mean values are ranges from 3.28 to 3.79 with consistent standard deviation. Hence, the retailers have believed that CSR initiatives are needed for the betterment of a nation. The 't' values of all the variables relating to perception of retailers towards CSR is statistically significant at 5 percent level. It indicates that the retailers are believed that CSR activities are helpful for the betterment of a nation, related with business strategy, amount spent for CSR is not expenditure, reflects on sales, reflect on sustainable development and long-term growth of an organization (Table 5).

Table – 6: Impact of Organizational Efforts for Better Work Culture and Employees Motivation

Variables	\bar{x}	σ	t	Sig.
Provides adequate supports to employees for developing themselves	3.54	.974	9.312	.000
Provides health and safety environment to employees	3.28	.671	6.356	.000
Increases employee morale, loyalty and satisfaction	3.38	.983	4.018	.000
Improves a firm's attractiveness among the prospective employees	3.37	1.050	5.508	.000
Positively influenced on employees' recruitment and retention	3.51	.974	5.405	.000
Positively influenced on productivity of the employees	3.33	1.074	5.405	.000

The mean values of organizational efforts for better work culture and employee motivation ranges from 3.28 to 3.54 with consistent standard deviation. The 't' values of all the variables relating to organizational efforts for better work culture and employees motivation is statistically significant at 5 percent level. It indicates that CSR activities facilitates to provide better culture, morale, loyalty, and also increased the satisfaction level of employees (Table 6).

Table – 7: Impact of CSR Activities on Customer Loyalty

Variables	\bar{x}	σ	t	Sig.
CSR affects the consumers' attitude towards a product/ services offered by the firm	3.28	1.057	2.988	.003
It is important issue to consider when taking purchase decisions	3.41	.860	5.406	.000
It creates brand name and reputation among the consumers for long-term success	3.32	.768	4.683	.000
It is a key factor to form strong customer base	3.45	.818	6.329	.000
It provides high quality products at affordable cost	3.52	.891	6.693	.000

Variables	\bar{x}	σ	t	Sig.
It ensures products are free from adulteration	3.44	1.004	4.980	.000

The mean values of impact of CSR on customer loyalty ranges from 3.28 to 3.45 with consistent standard deviation. The 't' values of all the variables relating to impact of CSR on customer loyalty are statistically significant at 5 percent level. It indicates that CSR creates behavioral changes at the time of purchasing decisions. The CSR activities of the enterprises have created brand image and reputation about the enterprises. Hence, it is concluded that the CSR helps to earn a customer loyalty (Table 7).

Table – 8: Organizational Efforts for Environmental Protection

Variables	\bar{x}	σ	t	Sig.
It creates awareness about environmental issues among the employees	3.42	.914	5.279	.000
Follows government rules and regulations relating to plastic bags	3.40	.711	6.415	.000
Motivate the customers to avoid using of plastic bags	3.40	.886	5.149	.000
Proper systems are followed to dispose wastes	3.70	.850	9.385	.000
It reduces using of harmful chemicals	3.51	.828	6.989	.000
It minimizes and recycle the wastes of firms	3.39	.876	5.106	.000
Avoiding plastic bags at the time of packaging goods	3.26	.850	3.510	.001

The mean values of environmental concern range from 3.26 to 3.70 with consistent standard deviation. The 't' values of all the variables relating to environmental protection measures are statistically significant at 5 percent level. It indicates that retailers have undertaken environmental protection measures to protect the earth (Table 8).

Table 9: Benefits Derived from CSR Activities

Variables	\bar{x}	σ	Mean Rank	Sig.	Sig.
Doing business in right way	2.92	.907	3.32	17.769	.000
Tax deductions	3.19	.750	3.50		
Improving enterprise image	2.72	.985	3.08		
Increased sales	3.25	.846	3.37		
Competitive advantage	2.93	.998	3.11		

The result of Friedman's χ^2 test shows that there is a significant difference found in the variables of benefits derived from CSR.



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The mean rank reveals the fact that most of the retailers have benefited tax deductions (Mean rank=3.50) followed by sense of doing business in right way (Mean rank=3.32), increase in sales (Mean rank=3.08), competitive advantage (Mean rank=3.11), and improvement in the enterprise image (Mean rank=3.08) (Table 9).

VI. CONCLUSION

The study has been carried out to analyze the perception of retailers towards impact of CSR. The study identified that CSR activities have influenced on work culture and employee motivation, community welfare, environmental care, and customer welfare. Hence, the CSR activities helped to improve customer loyalty. In nutshell, the CSR initiatives are profitable element of business strategy, contributes to risk management, maintain relationships and for long-term profitability. Any organization cannot be succeeded without support of the social responsibility. It is a vital component for any organization to have perpetual success and to build brand image.

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