

Consumer Support for CSR: A Case of Urban Educated Youth of Pakistan

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Abstract: *Corporate Social Responsibility has gained increased attention from both the researchers and practitioners during the last two decades. CSR has been found to improve companies' image and customer loyalty in the developed countries but in developing countries, consumers are mostly unaware and unsupportive towards it. However, based on the similarities between the urban global youth and a strong support for CSR in the developed world, it can be argued that the urban youth in the developing countries may also be supportive of CSR. This study attempted to explore whether or not young consumers from urban areas of Pakistan are supportive of CSR. Results of the study are quite similar to the findings in developed countries and there exists a support for the CSR activities of the firms among the urban youth of Pakistan.*

Keywords: *corporate social responsibility, developing country, Pakistan, consumer support, urban youth*

1. INTRODUCTION

Corporate social responsibility has gone through a metamorphosis of being an unimportant jargon to one of the most used and relevant concepts in the business world (Lee, 2008). Since the late 1990s, there has been an increased focus on the consumer perception and response to CSR (Brown & Dacin, 1997; Maignan & Ferrell, 2000; Arli & Lasmono, 2010) and a positive relationship has been found in several studies between a firm's CSR activities and the consumers' response to that firm and its products (Beckmann, 2007). However, these findings mainly come from the studies conducted in developed countries like USA and Europe.

CSR is slowly and gradually creeping its way into the developing countries. However, its impact is not as strong as it is in the more developed countries. Arli and Lasmono (2010) argue that due to the average or below average standard of living in developing countries, many consumers aim at fulfilling their basic needs regardless of how much a company is pro/anti CSR.

Despite a weak or low impact in developing countries, it can be argued that the urban youth in these countries may behave differently as they are a part of the overall global culture. It is believed that youth especially teenagers contribute to the most growing population segment around the globe and due to their similarities have carved a market internationally (Yovovich, 1995). Due to globalization and mass media, many urban teenagers across the globe have similarities in terms of lifestyle which include dressing, music, attitudes, sports etc. Consequently, companies are manufacturing such products that appeal to the overall global population of teenagers or youth, in this context (Hawkins, Best, Coney & Koch, 2004). The youth in the developed nations has been found to be supportive of CSR. It has been found that 61% of the millennials consider it their responsibility to make the world a better place and 78% believe that they should be joined by the business community in this effort (www.coneinc.com). A study on perceptions of Chinese youth about CSR issues also indicate that they pay great attention to CSR and encourage its development in China (Wang & Juslin, 2011).

Based on the similarities between global urban teenage culture and the positive support for CSR in the developed world, the urban educated youth of Pakistan is also expected to be supportive of CSR. However, there is no empirical evidence of such behaviour. This study, therefore, attempts to explore whether or not young consumers from urban areas of Pakistan are supportive of CSR.

Pakistan is the sixth most populous country of world with an estimated population of 178.623 million as on February 06, 2011 (Population Census Organization, 2012). According to an estimate in 2004, there were about 36 million people between the ages 15 and 24 in Pakistan (Population Reference Bureau, 2006), which is more than the population of several countries such as Austria (8.385 million), Angola (19.082 million), Afghanistan (34.385 million), Belgium (10.879 million), Chile (17.114 million) and many other countries. The youth in Pakistan, therefore, presents a tremendous opportunity and their perceptions about CSR need to be explored.

The origin of CSR dates back to as early as 1920s (Sheldon, 1924). But most scholars consider the Bowen's *Social Responsibilities of Businessman* (1953) as the most significant attempt of emphasis on the social obligations of modern enterprises. The historical significance of CSR has been further highlighted by Barnett (2011) who suggests that due to the civil rights movement, consumerism and environmentalism in the 1960's and 1970's, people perceptions regarding expecting more from industries changed from generating only profits to being productive and beneficial to the society in

general. Laws such as “Sherman Antitrust Act” and movements such as “Social Gospel” led to the protection of employees, consumers and societies against giant companies and promoted welfare of everybody directly or indirectly affected by the industries.

By 1980’s such laws and movements only enhanced the concept of CSR one fold and gave it the dimension of a charitable element of organizations (Waheed, 2005). The major triggering event that completely changed the meaning of CSR was that of Shell which was criticized by not only the government but also NGO’s such as Green Peace for being involved in the execution of Ken Saro Wiwa along with eight activists as well as causing a huge oil spill by sinking the Brent Spar oil platform in Nigeria. These incidents really damaged the company’s image and many investors as well as the general public withdrew its support and trust in Shell. It was this turning point which led Shell to adopt CSR in 1995 to help reestablish its brand and gain the confidence of its employee, consumers, investors and public in general (Fauset, 2006).

CSR became a globally accepted paradigm in 1990’s. When business giants such as Enron and WorldCom collapsed in 2001 and 2002, respectively, the concept of corporate social responsibility came under the spot light not just in United States of America but all over the world (Hsu & Cheng, 2011). Consequently, the management around the globe is now emphasizing more on terminology and practical repercussions of corporate social responsibility and Global entities such as United Nations, World Bank, Organization of Economic Co-operation and Development and International Labor Organization have also become its advocates (Lee, 2008).

In its early phase of evolution, researchers focused more on the macro-social effects of CSR but during the last three decades, the focus has shifted to its effect on the firms’ profitability (ibid). CSR is now conceived as a strategic resource for improving the financial performance (McWilliams, Siegel & Wright, 2006). The convergence between CSR and corporate performance has made the concept more appealing to the managers who earlier considered it to be lacking a clear business objective (Vogel, 2005; Klepper & Mackler, 1986). According to a study conducted by the US Chamber of Commerce and Corporate Citizenship Center in 2004, 82% of the companies surveyed believe that good corporate citizenship should be a priority in their business agenda as they believe that it helps the bottom line (Rochlin, Witter, Mirvis, Jordan & Beevas, 2004)

The link between CSR and corporate performance has been examined by several authors and it has been found that CSR helps in improving the firm’s image and customer loyalty (Kotler & Lee, 2005), develops new markets (Porter & Kramer, 2002), attract and retain good employees (Turban & Greening, 1997), and reduce the risks of becoming target of consumer boycotts and lawsuits (Lee, 2008). Brown and Dacin (1997) found through an experiment that positive associations with corporate responsibility enhance product evaluations whereas negative associations with it have a negative impact on product evaluations. Creyer and Ross (1997) surveyed 280 parents in their study and found that parents did consider ethicality of the firms in their purchase decisions and they were willing to pay higher prices for firms with higher ethical standards. Similarly, in another study in USA, it was found that 88 percent of consumers prefer to buy from firms that are socially responsible (Smith, 1996).

The review of literature suggests that CSR is associated with positive product and company evaluations but the focus of these studies has been the developed world. Research on consumer perceptions and support for CSR in the developing countries is very limited and that also with mixed results. For example, consumer support for CSR was found to be low in Indonesia (Arli & Lasomo, 2010) whereas in China, it was found to be quite high (Ramasamy & Yeung, 2009).

In Pakistan, CSR is considered to be in its infancy stage and it is more about giving donations. There are very few firms which adopt the CSR policies and these are mostly multinationals. The local industry is either unaware of the benefits of CSR or it feels no harm by not adopting it (Waheed, 2005). Companies, however, are under pressure to comply with international standards of CSR to gain the trust of the public in general and the business community in particular. After the 1990 scandal of Iqbal Masih in the carpet industry and the restrictions imposed on the sports goods industry in Sailkot by ILO due to practices of child labor, the emphasis on CSR has gained momentum (ibid).

2. MARKETING METHODS

2.1 Participants

For measuring the support for CSR among the urban educated youth of Pakistan, primary data was collected through a sample of 200 respondents ranging from ages 15 to 24. The respondents belonged to the two major cities of Pakistan, namely, Islamabad and Peshawar. The sample represented both genders.

2.2 Materials and Procedure

A self-administered questionnaire based on a 5 items, five-point Likert scale adopted from Maignan (2001) was used for measuring responses of the respondents. Since the respondents were educated and had a good knowledge of English language, there was no need to translate the items into the local language. The scales are considered to be valid and reliable as they have been used in several studies for the same purpose (Arli & Lasomo, 2010; Ramasamy & Yeung, 2009).

3. RESULTS

Consumer support for CSR among the urban educated youth of Pakistan was measured through a five-item instrument using a 5-point Likert Scale. The data was analyzed through One-Sample Test. The value of '3' was considered as the 'test value' as it represented the 'neutral' response on a five-point Likert scale. A response value of above '3' was therefore, considered as a support for CSR.

Table 1 Results of One-Sample Test

Items	Mean	Std. Deviation	t	df	Sig. (2 tailed)
I would pay more to buy products from a socially responsible company.	3.5300	1.20681	6.211	199	0.00
I consider the ethical reputation of businesses when I shop.	3.4850	1.06085	6.466	199	0.00
I would pay more to buy products from companies that show care for the well being of our society.	3.7350	0.99989	10.396	199	0.00
If the price and quality of two products are the same, I would buy from a firm that has a socially responsible reputation.	3.8400	1.04396	11.379	199	0.00
I believe that businesses must make efforts to behave in a socially responsible manner.	4.0400	0.98654	14.908	199	0.00

The results of the study as presented in Table 1, shows a significant support for CSR. The mean values for all items are above the test value of '3'.

4. CONCLUSION

The result of the study suggests that a support for CSR activities exist among the urban educated youth of Pakistan. The result, therefore, supports the findings of the studies conducted in developed countries (Smith, 1996; Creyer & Ross, 1997; Brown & Dacin, 1997; Maignan, 2001). The result is also consistent with the study of Wang and Juslin (2011) who found a positive attitude among the Chinese youth for CSR. The result, however, is inconsistent with the findings of Arli and Lasomo (2010) who found a low support in Indonesia.

These findings suggest that urban youth in Pakistan share similar characteristics with the youth of the developed world and they also behave in a similar manner. This behaviour can be further explained on the grounds that educated youth in urban areas of Pakistan is exposed to international media. They are heavy users of internet and social media like facebook. Therefore, it can be argued that they are aware of the trends and developments going on at the global level and they consider themselves as an integral part of the young global community.

The findings of the study have several important implications for the business and academic communities. First, Pakistan though a developing country, presents a tremendous opportunity for the companies as the largest proportion of its population is young. The increase in mass and interactive media channels and their exposure to them will further bring CSR into limelight. Second, there is neither any separate department of CSR nor is it offered as an elective subject in any academic institution of Pakistan. The academia needs to focus on it both from theoretical as well as practical aspects.

Limitations and Future Research

The study is limited to the urban educated youth and does not represent the whole population which may show a different behaviour. Future research may consider the general population of the country to get an insight of the whole country. The study also suffers from a sample bias as the data was collected from only two cities of the country. There are several other major cities which could not be approached. Future studies may also consider other cities.

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