

*Asian Academy of Management Journal, Vol. 16, No. 1, 119–139, January 2011*

## **THE IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER BEHAVIOUR IN MALAYSIA**

**Rahizah Abd Rahim<sup>\*</sup>, Farah Waheeda Jalaludin and Kasmah Tajuddin**

*Faculty of Accountancy and Management  
University Tunku Abdul Rahman,  
Lot PT 21144, Jalan Sungai Long,  
Bandar Sungai Long, Cheras,  
43000 Kajang, Selangor*

<sup>\*</sup>Corresponding author: rahizah@utar.edu.my

### **ABSTRACT**

*Malaysian consumers should be more aware that, in pursuing their business objectives, corporations now bear more responsibility towards society and the environment. The awareness level has increased through better education and the increased influence of the media. Corporations also now believe that, to a certain extent, the degree of their involvement in corporate social responsibility (CSR) does have certain effect on consumers' buying behaviour. This paper aims to examine the influence of CSR on the buying behaviour of Malaysian consumers and whether they consider a corporation's CSR initiatives before making any purchase decisions of the products and services. The definition of CSR was adopted from Carroll's definition, which included economic, legal, ethical and philanthropic responsibilities. A total of 220 structured questions were distributed, with 193 returned for analysis. The results showed significant positive relationships between all of the variables used in measuring CSR and consumers' buying behaviour. Malaysian consumers' priority, however, seemed to be different from Carroll's pyramid, where, although economic responsibility remained the utmost priority, philanthropy stood second, followed by ethical and legal responsibility.*

**Keywords:** corporate social responsibility, consumer behaviour, Malaysia

### **INTRODUCTION**

To date, the concept of Corporate Social Responsibility (CSR) has grown to be an unconscious practice not entirely under the regulations of any official laws or legal bodies but more as a custom that an organisation should practice and obey. However, for many organisations, it remains remarkably unfamiliar. In Malaysia, quite a number of publicly listed companies tend to view CSR as a strategic issue. Malaysian firms incorporate CSR into their corporate governance agenda to become good corporate citizens in the Malaysian capital market (Saleh, 2009).

By engaging in CSR activities, corporations will gain better recognition as responsible corporate citizens from the perspective of international and local investors. The traditional view of business is essentially to maximise profits. However, the traditional views are no longer accepted in today's business environment, where, as a result, corporations have adopted the concept of CSR, which is concerned with economic, environment, and social performance. Of late, the broader concept of CSR has been introduced, where the corporation's concern is seen to be shifting to broader components of CSR, which includes stakeholders as one of the most important components while not forgetting effects on the environment or society.

The Triple Bottom Line (TBL) is a CSR concept that takes into account the impact of corporations' activities on people, the planet and profits. The human component is also known as human capital, and the planet component refers to natural capital. TBL has been recognised as a framework for measuring business performance. The performance is being measured not only on profitability but also on the efficiency of the organisation in managing its human and natural capital. The environment (planet) has been considered one of the stakeholders of corporations. Environmentally concerned consumers may not support products and services from those corporations that harm the environment.

According to Carroll (1979), corporate social responsibility has been evolving as early as the 1930s. CSR can be defined as treating the stakeholders of the firm ethically or in a responsible manner. CSR is a concept whereby organisations consider the interests of society by taking responsibility for the impact of their activities on stakeholders as well as the environment. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organisations voluntarily taking further steps to improve the quality of life of employees and their families as well as the local community and society at large.

Carroll (1991) suggested that CSR should be divided into four levels: economic, legal, ethical and philanthropic responsibilities. Economic responsibility refers to the profitability of the organisation, while legal responsibility is complying with laws and regulation. As for the ethical perspective, the organisations' operation should go beyond the laws to do the right thing in fair and just ways. Philanthropic responsibility refers to voluntary giving and service to the society.

Today, consumers are more aware of the corporations' responsibility through better education and through the influence of the media. It may no longer be accepted for business organizations to neglect CSR. The role of businesses in society is no longer focused on creating wealth alone but is also focused on acting responsibly towards stakeholders (Harrison & Freeman, 1999).

Corporations that do not equip themselves with CSR activities will often be left behind with the increasing global competition and borderless markets, and international corporations with sound CSR activities grow stronger (Altman, 2007). As the education level increases, consumers are made more aware of the need for prosocial corporate behaviour.

A lot of work has been done in Western countries to identify an organisation's behaviour regarding consumer purchasing decisions. However, not many studies have been conducted in emerging markets, such as Malaysia. CSR activities should enhance a corporation's image. According to Lafferty, Barbara and Ronald (1999), a positive corporate image is positively correlated to purchase intention and also helps consumers to differentiate between companies and their product or service offerings. Therefore, loyalty and commitment from customers are likely to increase if companies act responsibly and accountably in terms of their social and environmental impact (Brown & Dacin, 1997; Pirsch, Gupta, & Grau, 2007).

This paper aims to examine the influence of CSR on the buying behaviour of Malaysian consumers. We are interested in exploring whether consumers in Malaysia consider organisations' CSR issues before associating themselves with organisations' products and services. Apart from that, this study also aims to identify the awareness level of Malaysian consumers towards CSR. The results of this study will also be useful for business organisations in understanding the consumers' priority for the CSR activities that they should be engaging in, and it will contribute to the existing literature.

The remainder of this paper is structured as follows. The next section will discuss the literature review. The third section will explain on the methodology used. The findings and discussion will be presented in the fourth section and will be followed by conclusions and implications in the final section.

## **LITERATURE REVIEW**

### **Corporate Social Responsibility (CSR)**

In a seminal article, Carroll (1979) presented corporate social responsibility as a construct that "encompasses the economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time." In his definition, Carroll argued that these responsibilities are performed not only for the firm's sake but also for the sake of society at large. This means that organisations by their very existence can be viewed as entering into a social contract that obligates the corporation to take the interests of society into consideration when making decisions (Andreasen & Drumwright, 2001).

Carroll (1991) proposed four levels (pyramid) of CSR: economic, legal, ethical and philanthropic responsibilities. The author defined economic responsibility as the expectation of the corporation to maximise its earnings per share. Legal responsibility refers to the obligation of obeying laws and regulations. Ethical responsibility is the responsibility of doing what is expected morally and ethically, whereas philanthropic responsibility refers to charitable expectations of the society for the corporation. Based on these four components, a socially responsible firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen. The definition of CSR for this paper is based on the Carroll's pyramid of CSR.

In Australia, Black (2001) presented an Australian model of CSR, where economic responsibility was the most preferred responsibility, followed by legal, philanthropic and ethical responsibility. In Malaysia, studies conducted by Tay (2005) described CSR as the ways in which corporations meet their obligations towards employees as well as their wider communities. Saleh (2009) also found that corporations are seen as responsible corporate citizens by investors if they are engaged in CSR activities. Societies do not oppose corporations' intent to maximise their economic returns so long as they are done in consideration of environmental stability and social development.

Mohr, Webb and Harris (2001) defined CSR as "a corporation's commitment in minimising or eliminating any harmful effects and maximising its long-run beneficial impact on society." The authors mentioned that socially responsible behaviours include a broad array of actions, such as behaving ethically, supporting the work of nonprofit organisations, treating employees fairly and minimising damage to the environment. In other words, a socially responsible corporation would consider the effects of its actions towards all people directly or indirectly connected to the corporation.

### **Economic Responsibility**

Historically, the social responsibility of corporations is economic responsibility. In business institutions, economic responsibility is the basic unit in a corporation (Carroll, 1979). To satisfy economic responsibility towards society, corporations should provide goods and services that society wants at reasonable prices.

In addition, corporations have an economic responsibility towards themselves, that is, making profits to be able to continue providing goods and services that society needs and wants at reasonable prices. They also need to pay their employees, increase value for their shareholders, and take care of the interests of other stakeholders (Carroll, 1979). Economic responsibility is seen as the basic obligation of corporations. According to McAlister, Ferrell, O. C and Ferrell, L.

(2003), the economy is influenced by the ways in which the corporation relates to its stakeholders, such as shareholders, employees, suppliers, competitors, community, and even the natural environment. Economic responsibility lies in maximising not only shareholders' interests but also other stakeholders' interests as well.

According to the research conducted by Maignan and Ferrell (2004), in the US, claiming to be a socially responsible organisation when the economic achievements are not the greatest can be dangerous. Maignan and Ferrell (2004) highlighted the experience of the ice cream manufacturer Ben and Jerry's Inc., which has been repeatedly accused of neglecting economic performance because of its many philanthropic activities.

### **Legal Responsibility**

In carrying out their economic responsibility, corporations are expected work within the framework of laws and regulations as a partial fulfilment of the "social contract" between corporations and society. Carroll (1991) stated that it is important for legal responsibility to be performed in a manner that is consistent with the expectations of governments and laws complying with the various federal, state and local regulations. A successful corporation should be recognised as one that fulfils its legal obligations.

Conchius (2006), on the other hand, stated that legal responsibility includes abiding by consumer and product laws, environmental laws and employment laws while also adhering to laws and regulations governing competition in the marketplace. However, legal responsibilities do not embrace the full range of behaviours expected of corporations by society. Laws are important, but they are often inadequate. First, they cannot possibly address all of the issues or areas that a corporation may face. Second, laws often lag behind more recent concepts of what is considered right behaviour, and third, laws may represent the personal interests and political motivations of legislators (Carroll, 1998).

### **Ethical Responsibility**

Although economic and legal responsibilities represent ethical standards concerning fairness and justice, ethical responsibility encompasses those activities and practices expected or prohibited by society that expand beyond the limitations of legal responsibilities. Ethical responsibility embodies those standards and expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights (Carroll, 1979). This is confirmed by Creyer and Ross (1997), who conducted a survey on the parents of

elementary school students to measure responses to the ethical behaviour of corporations. They found that most of the respondents expected corporations to carry out their businesses ethically. Some of the respondents even expressed that they were willing to pay higher prices for products of ethical corporations.

According to Carroll (1991), business performance can be determined by the corporation's consistency in promoting morale and ethical standards. If a corporation practises good corporate citizenship, the activities of the corporation are trusted. Ethical responsibility also recognises that corporate integrity and ethical behaviour should go beyond the requirements of laws and regulations. Balancing economic, legal and ethical responsibilities is important. If the corporation does something that is appropriately economic and legal, it must also be appropriately ethical.

### **Philanthropic Responsibility**

Philanthropic responsibility refers to corporate actions that are in response to society's expectations of good corporate citizens. Corporate philanthropy is likely to enhance the image of corporations especially those that have high public visibility. Corporate philanthropy should also increase employee loyalty and improve customer ties. Philanthropic activities include business contributions in terms of financial resources or executive time, such as contributions to the arts, education, or communities.

According to Carroll (1991), it is important for managers and employees to participate in voluntary and charitable activities within their local communities, especially in projects that enhance a community's quality of life. The distinguishing characteristic between philanthropic and ethical responsibilities is that philanthropic responsibilities are not expected in an ethical or moral sense. Philanthropy is located at the most voluntary and discretionary dimension of corporate responsibility and has not always been linked to profits or the ethical culture of the firm (Ferrell, 2004).

Society desires corporations to contribute their money, facilities and employee time to humanitarian programs or purposes, but society does not regard the corporation as unethical if they do not achieve the level of philanthropic responsibility. Although society wishes corporations to be philanthropic, it is voluntary on the part of corporations (Carroll, 1991). According to Fombrun, Gardberg and Barnett (2000), the case for philanthropy comes from two different sources; strategic philanthropists argue that, although philanthropy may not generate direct economic returns, it will enhance the firm's long-term competitive position through intangible gains in reputation, legitimacy or employee loyalty.

### **Stakeholder Theory**

A compelling argument behind the motivation of firms to invest in CSR programs comes from the domain of stakeholder theory (Argandoña, 1998; Freeman, 1984; Post, 2003). Stakeholder theory suggests that organisational survival and success is contingent on satisfying both its economic (e.g., profit maximisation) and noneconomic (e.g., corporate social performance) objectives by meeting the needs of the company's various stakeholders (Pirsch, Gupta, & Grau, 2007). Early research in the area of stakeholder management defines a stakeholder in an organisation as any group or individual who can affect or is affected by the achievement of the organisation's objectives (Freeman, 1984). Primary stakeholder groups consist of shareholders and investors, employees, customers, suppliers, public entities such as governments or other public organisations that set laws and govern economic commerce (Clarkson, 1995), and trade associations and environmental groups (Donaldson & Preston, 1995). According to Savage, Nix, Whitehead and Blair (1991), secondary stakeholders are diverse and include those who are not directly engaged in the organisation economic activities but are able to exert influence or are affected by the organisation.

Stakeholder theory suggests that firms are motivated to broaden their objectives to include other goals in addition to profit maximisation. Based on this theory, many companies embrace a CSR program as a way to promote socially responsible actions and policies and to effectively respond to stakeholder demands (Maignan & Farrell, 2004). Motivation for satisfying stakeholder demands stems from the fact that addressing stakeholder needs can be correlated with a firm's survival, economic well-being, competitive advantages, and the development of trust and loyalty among its targeted customers (Mitchell, Agle, & Wood, 1997).

### **Consumer Behaviour Towards CSR**

This paper aims to examine consumers' buying behaviour towards CSR. We are interested in exploring whether the consumers in Malaysia consider a corporation's CSR initiatives before making any purchase decisions of the products and services. In addition, we also seek to identify which type of CSR component based on Carroll's pyramid of CSR will have significant impact on consumers' buying behaviour.

Several studies have suggested that there is a positive relationship between a corporation's CSR activities and consumers' attitudes towards that corporation and its products (Brown & Dacin, 1997; Creyer Ross, 1997; Ellen, Webb, & Mohr, 2000). Mohr, Webb and Harris (2001) examined the impact of CSR

knowledge on consumers' attitudes and purchase decisions and whether CSR will affect consumers' decisions and why it does or does not. Their survey attempts to measure the size and composition of the consumer segment that is affected by CSR, whereas their experiment attempts to determine whether CSR has a significant impact on consumer responses. Their finding indicated a significant relationship between CSR and consumer responses. Sen and Bhattacharya (2001) research on reaction of consumers to CSR shows that CSR will directly affect consumers' intentions to purchase corporation's products.

As cited in Pomeroy and Dolnicar (2008), marketplace polls reported that consumers expect corporations to provide information about what they do, and they will support those corporations that pursue CSR initiatives. Environics International Ltd. (Environics, 1999) conducted a survey regarding consumer responses towards corporate social responsibility. The result of the survey indicated that Australians have the highest CSR consumer expectations from businesses. A total of 86% of US respondents in the survey of Cone Inc. (2004) said that corporations should provide information on how they support social issues.

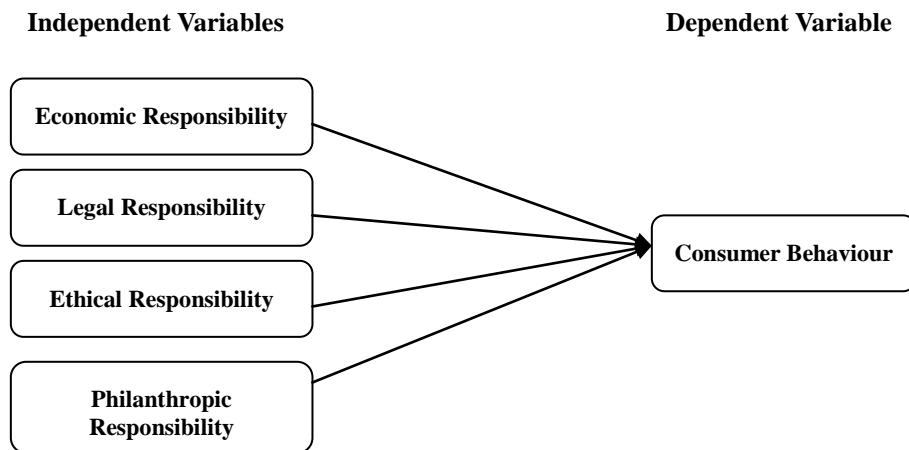
The findings of Creyer and Ross (1997) indicated that consumers regard ethical behaviour as an important consideration during their purchase decisions. Tay (2005) concluded that as society becomes more affluent and faces an increase in the level of awareness among consumers, these consumers become more sensitive to the ways in which corporations behave, which in turn may influence their buying decision behaviour. On the other hand, Dahl and Lavack (1995) manipulated the size of donations and found that a product was evaluated as being more appealing when the donation was larger (i.e., 10 cents per package of juice) and that the company was evaluated as exploiting the nonprofit organisations when the donation was smaller (i.e., one-fourth of a cent per package).

Maignan (2001) who conducted studies in Germany and France, found that the respondents viewed legal concerns as the most important responsibility, followed by ethical, philanthropic and then economic responsibilities. According to Visser (2005), the CSR pyramid in Africa differs from Carroll's classic pyramid. In Africa, economic responsibility was the responsibility most preferred by consumers. However, the second most preferred responsibility was philanthropic responsibility, followed by legal and ethical responsibilities.

Although ample evidence exists supporting the idea that companies that invest in CSR will achieve positive benefits across all stakeholder groups in Western countries, this paper proposes that companies in Malaysia can also maximise consumer stakeholders' response to CSR programs in the marketplace by



carefully identifying which categories of CSR affect or are noticed by consumers the most. By understanding these connections, managers can adopt a specific category of a CSR program contingent on the desired response from the consumer stakeholder group. In addition, the findings of this research will also contribute to academicians as well as public policymakers. Figure 1 shows the conceptual framework of this study.



*Figure 1. Conceptual framework*

## **RESEARCH METHOD**

A questionnaire survey was carried out to collect the view of consumers in Malaysia. As the study aims to examine the importance of CSR on consumers' buying behaviour in Malaysia, our target population comprised all of the consumers in Malaysia without referring to any specific consumer group. Though Malaysia has a combined population of over 20 million people, due to time constraints, a total of 220 consumers were selected as our respondents. The questionnaires were conveniently distributed to consumers in five different states in Malaysia including Johor, Perak, Selangor, Sabah and Sarawak. Roscoe (1975) recommended that sample sizes larger than 30 and less than 500 are appropriate for most studies.

The survey was carried out between the months of January and March in 2008. Four research associates were responsible for delivering the questionnaires. Of the 220 questionnaires distributed, a total of 200 questionnaires were returned. Seven of the completed questionnaires were unusable, leaving a total of 193 usable replies.

The questionnaire consists of three major sections. Section A gathers information on consumers' awareness towards corporate social responsibility (CSR). This section covers some general questions to obtain the respondent's understanding of the term CSR, which indicates the ability of the respondent to complete the rest of the questionnaire. The respondents who indicated having no knowledge in CSR were not included in the data analysis.

Section B covers statements on consumer behaviour towards CSR activities engaged by the business organisations. The statements were divided into four subsections based on Carroll's pyramid of CSR, which include economic, legal, ethical and philanthropic responsibilities.

Section C gathers demographic information of the respondents such as gender, age, race, education level and monthly income level. Section A and Section C were designed using nominal scales, whereas Section B was designed using a five-point Likert scale ranging from "1" for "strongly disagree" to "5" for "strongly agree".

Cronbach's Alpha coefficient was used to evaluate the reliability of the measures. Reliability is a degree to which measures are free from error and therefore yield a consistent result (Zikmund, 2003) and hence offer a consistent measurement across time and across the various items in the instrument. The Cronbach's Alpha coefficient for the four independent variables and one dependent variable was 0.759. According to the rule of thumb of Cronbach's Alpha coefficient (Zikmund, 2003), the reliability of data set is acceptable if Cronbach's Alpha is above 0.7.

The data obtained were analysed using the SPSS software, where descriptive and multiple linear regression statistics were used to analyse the data. Descriptive statistics were used to analyse the data in Sections A and C of the questionnaire, whereas multiple linear regressions were used to analyse the data in Section B.

## **RESULTS AND DISCUSSION**

### **Consumer General Awareness Towards CSR**

This section presents the results of the findings on the respondent's general awareness towards CSR. The summary of the findings is shown in Table 1. Based on the 200 questionnaires returned, 28.6% of the respondents said that they understood the concept of CSR well, whereas the other 40.4% respondents indicated that they understood the concept of CSR moderately. On the other hand, 27.5% of the respondents indicated that they had little understanding of CSR, and 3.5% of them indicated having no understanding of CSR. This finding indicates

that the majority of the respondents seem to have a good understanding of CSR. Because 3.5% (7 in terms of number) of the respondents indicated that they do not have any knowledge of CSR, we decided to exclude these respondents' opinion in the subsequent analysis.

Out of the five statements posed on the definition of CSR, the finding shows that participating in community services has obtained the highest frequency (150 counts), followed closely by contribution to charitable organisations (143 counts). Upholding human rights and minimising discrimination (103 counts) was the third choice, followed by compliance with the law and regulations (101 counts). Maximising shareholders' value ranked the lowest, indicating that respondents felt that business organisations should consider society first rather than maximising their shareholders' value.

Table 1  
*Consumer general awareness on Corporate Social Responsibility (CSR)*

<b>Knowledge level on CSR</b>	<b>%</b>
Well understood	28.6
Moderately understood	40.4
Little understood	27.5
Not at all	3.5
<b>Definition of CSR</b>	<b>Frequency</b>
Maximizing shareholders' value	78
Complying with law and regulation	101
Contribute to charitable organisations	143
Participating in community services	150
Upholding human rights and minimising discrimination	103
<b>CSR activities that the organisation should be involved in</b>	<b>Frequency</b>
Donation	160
Community work	165
Education sponsorship	145
Environmental protection	155
Wildlife protection	150
Sport sponsorship	70
Maximizing shareholders' value	80
Produce safe products	135

As for the CSR activities that the organisation should be involved in, community work and donation scored the highest, followed closely by environmental protection, wildlife protection and producing safe products. Sport sponsorship and maximising shareholders' value were the activities least chosen by the respondents. The finding on the CSR activities seems to be in line with the finding of the definition of CSR above, where the majority of the respondents indicated that it is vital for business organisations to be involved with the community services and to contribute to charitable organisations in order to show that they are responsible corporate citizens. In addition, the finding of our study on the importance of donation as one of the activities that the organisation should be involved in is consistent with Dahl and Lavack (1995). Carroll (1991) also suggested that it is important for managers and employees to participate in voluntary and charitable activities within their local community, especially in projects that enhance the community's quality of life.

### Sample Characteristics

This section presents the background of the survey respondents. The summary of the background is laid down in Table 2.

Table 2  
*Summary of sample characteristics*

<b>Gender</b>	<b>%</b>
Male	40.4
Female	59.6
<b>Age</b>	
Below 20	2.1
21–30	61.1
31–40	19.2
Above 40	17.6
<b>Race</b>	
Malay	28
Chinese	51.3
Indian	12.1
Others	8.1

*(continued)*

Table 2 (continued)

<b>Education level</b>	<b>%</b>
SPM / O-level	11.9
UEC	2.1
STPM / A-level	11.9
Diploma	19.2
Degree and above	54.9
<b>Monthly income level</b>	
Below RM1000	28
RM1001–RM1500	15.5
RM1501–RM2000	21.8
Above RM2000	34.7

In total, females represent 59.6% of the respondents, whereas males represent 40.4%. Respondents were divided into four age categories: below 20, 21 to 30 years old, 31 to 40 years old and above 40. The majority of the respondents (61.1%) were between 21 and 30 years old during the survey period, whereas those respondents who were below 20 years old were the minority.

Chinese represents the highest percentage of the total respondents followed by Malay, 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 the respondents (54.9%) held at least a degree qualification, which indicates that majority of the respondents should have some idea about CSR. Regarding income level, the majority of the respondents (56.5%) with at least a degree qualification earned more than RM1500 a month during the survey period.

### **Impact of CSR Activities on Consumers' Buying Behaviour**

Multiple linear regression (MLR) analysis is a method used to draw a linear relationship between few independent variables and dependent variables. In this research, MLR was used to measure the strength of association (linear relationship) between consumers' buying behaviour and CSR activities. Additionally, it helps to determine the percentage of variance in four CSR dimensions, which can significantly explain consumers' buying behaviour. The values of multiple correlation coefficients ( $R$ ) can lie only within the range from  $-1$  to  $+1$ . A perfect positive association will be reflected by the correlation of  $+1$ ; a perfect negative association will be reflected by the correlation of  $-1$ ; and the absence of association will produce a correlation of approximately zero. According to the model summary of multiple regressions in Table 3, the multiple  $R$  is 0.572. Because multiple  $R$  is positive in value, it shows that there is a

positive linear relationship between ethical, legal, economic and philanthropic activities and consumers' buying behaviour.

Table 3  
Model summary of multiple regressions

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. error of the estimate
CSR → CB	.572	.327	.312	.36482

Note: CSR: corporate social responsibility components which include ethical, economic, philanthropic, legal  
CB: consumer behaviour

The R square (coefficient of determination) is a portion of the total variation in the dependent variable that is explained by the variation in the independent variables. According to the model summary, R square is equal to 0.327, which is less than 1. This indicates that there is a weak linear relationship between CSR activities and consumers' buying behaviour. Approximately 32.7% of variance in all the CSR components can significantly explain consumers' buying behaviour. The finding suggests that aside from CSR components, there are many other factors that might also influence consumers' buying behaviour, such as product characteristics, pricing strategy, marketing and promotions, and the availability of substitutes.

An analysis of variance (ANOVA) is used to test whether there is a significant linear relationship between the combination of the four CSR components and consumers' buying behaviour. According to Table 4, the p-value is .000, indicating that the four CSR components significantly influence consumers' buying behaviour.

Table 4  
ANOVA<sup>b</sup> of multiple regressions

Model		Sum of squares	df	Mean square	F	Sig.
CSR → CB	Regression	12.146	4	3.036	22.815	.000 <sup>a</sup>
	Residual	25.021	188	.133		
<b>Total</b>		<b>37.167</b>	<b>192</b>			

Note: <sup>a</sup>Predictors (CSR): constant, corporate social responsibility components i.e. ethical, economic, philanthropic, legal

<sup>b</sup>Dependent Variable (CB): consumer behaviour

A coefficient table is another important table to explain the relationship between the four CSR components and consumers' buying behaviour. Based on the significance (Sig.) column in Table 5, the p-value for each CSR component is less

than 0.05, which indicates that all the CSR components have a significant relationship with consumers' buying behaviour.

Table 5  
Coefficients<sup>a</sup> of multiple regressions

Model CSR → CB	Unstandardised coefficients		Standardised coefficients	t	Sig.
	Beta	Std. error	Beta		
(Constant)	1.285	.324		3.968	.000
Economic	.258	.068	.253	3.776	.000
Legal	.111	.053	.148	2.087	.038
Ethical	.165	.068	.170	2.416	.017
Philanthropic	.167	.055	.211	3.052	.003

Note: <sup>a</sup> Dependent Variable: Consumer Behavior (CB)

The result of this study seems to be consistent with that of Sen and Bhattacharya (2001), who indicated that CSR directly affects consumers' intentions to purchase corporation's products. In addition, the result of this study also supported the finding of Pomeroy and Dolnicar (2008), whose marketplace polls reported that consumers expect corporations to provide information about what they do and will support corporations that pursue CSR initiatives. On the other hand, our finding is consistent with that of Mohr, Webb and Harris (2001), who indicated that CSR has a significant impact on consumer responses. The result of this finding is also consistent with that of Creyer and Ross (1997), who indicated that consumers regard ethical behaviour as an important consideration during the purchase decision.

In Table 5, the unstandardised beta coefficient is used for the values of the numbers in the linear regression equation. Theory explains that a higher beta value indicates a greater impact of the independent variable on the dependent variable. The independent variable (CSR components) can be ranked according to the magnitude of the beta coefficient to determine which component has the most significant impact on consumers' buying behaviour.

These figures of the unstandardised beta coefficient are also used to formulate the multiple linear regression equation. The multiple regression equation takes the form of  $y = c + \beta_1 \times 1 + \beta_2 \times 2 + \beta_3 \times 3 + \beta_4 \times 4$ . The  $\beta$  represents the regression coefficients, representing the amount that dependent variable  $y$  changes when the corresponding independent variable changes by 1 unit. The  $c$  is the constant, where the regression line intercepts the  $y$  axis, representing the amount of the dependent  $y$  when all of the independent variables are 0. The ratio of the beta

coefficients is the ratio of the relative predictive power of the independent variables. Therefore, the multiple regressions equation of this study is:

$$\begin{aligned} \text{Consumer Behaviour} = & 1.285 + 0.258 \text{ Economic Responsibility} \\ & + 0.167 \text{ Philanthropic Responsibility} + 0.165 \text{ Ethical} \\ & \text{Responsibility} + 0.111 \text{ Legal Responsibility.} \end{aligned}$$

Based on the result obtained, the economic responsibility attribute has the most significant impact on consumers' buying behaviour, as it has the highest beta value, followed by philanthropic responsibility, ethical responsibility and, finally, legal responsibility. The priority on CSR for the consumers in Malaysia was nevertheless different from Carroll's pyramid. Carroll (1979) suggested that for business institutions, economic responsibility is their most basic responsibility, followed by legal responsibility, ethical responsibility and philanthropic responsibility. In addition, our finding is also different from that of Maignan (2001), who found legal concerns to be the most important responsibility of corporations, followed by ethical, philanthropic and economic responsibilities. Accordingly, our finding is also different from that of Visser (2005), who studying the case in Africa, found that economic responsibility was the most preferred responsibility, followed by philanthropic, legal and ethical responsibilities.

Malaysian consumers seem to view CSR priority differently from other nations. Economic responsibility was still the basic utmost priority preferred. However, they ranked philanthropic responsibility as the second most important responsibility compared with legal responsibility as suggested by Carroll, and legal responsibility was ranked last, as opposed to philanthropic responsibility, as in Carroll's pyramid. It is not surprising that Malaysian consumers see corporations' philanthropic responsibility as being more important than their legal responsibility. Consumers want corporations to contribute their money, facilities and employees' time to humanitarian programs or purposes. Malaysians have been known as one of the most generous nations in the world. For example, the country's rate of donation and participation in helping the victims of natural disasters in the world has always been very encouraging. In addition, we have always heard that the generous Malaysians have made financial pledges and contributions to help those in need, they be orphaned children, the poor, accident victims and so on. Although the Malaysian consumers themselves have been very generous, the expectation for business institutions to do the same is unquestionable.

As for complying with rules and regulations, it is not surprising that Malaysian consumers ranked legal responsibility last compared with Carroll's pyramid, which suggested that legal responsibility is the next most important responsibility



after economic. According to Conchius (2006), legal responsibility includes abiding by consumer and product laws, environmental laws and employment laws and adhering to laws and regulations governing competition in the marketplace.

Compared with those in developed nations, Malaysians regard rules lightly, to a certain extent, as we have always heard from the news about how Malaysians bend and ignore stipulated rules and regulations. Among the most common examples are the bending of traffic rules and regulations promoting environmental protection. Weak enforcement as compared with the developed nations may be one of the contributing factors that make Malaysians view rules and regulations lightly. As such, it is not surprising that the Malaysian consumers rank corporations' legal responsibility last compared with their economic, philanthropic and ethical responsibilities.

Although the Malaysian government is trying to enforce greater legislation governing business organisations, to our respondents, obeying the law is the organisations' responsibility least likely to affect their buying behaviour.

## **CONCLUSION AND IMPLICATIONS**

For academicians, this research makes a contribution to the understanding the underlying dynamics of the role of corporate social responsibility in consumers' buying behaviour. The result of this study indicates that all of the CSR components have a significant relationship with consumers' buying behaviour. However, the limitations of this study must also be considered. The major limitation relates to the sample. With only 193 usable respondents, this sample size might limit the external validity of the findings. The number of respondents should be extended for future research to improve the validity of the findings. In addition, there are still areas that can be staged for future research, such as research focusing on the different perspectives of race, gender and age groups towards CSR, consumer awareness of socially irresponsible behaviours of companies, how much knowledge consumers think they have and how accurate their knowledge of CSR is, what their CSR sources of information are and which sources of information are the most influential.

Managers should note that this research supports previous results reported in the literature, suggesting that a substantial, viable and identifiable consumer group exists that considers a company's level of social responsibility in its purchase decisions. Manufacturers and retailers have an opportunity to appeal to this group while simultaneously meeting their business objectives and make contributions to society. Managers should also note that Malaysian consumers have clearly

indicated their ranking on the most preferred CSR activities that need to be engaged by the corporations, and the ranking seems to be quite different from the findings in other nations. Based on the finding of this study, managers could use the information to develop effective marketing communications that provide details about how their companies have engaged in corporate social responsibility activities. The type of CSR activities that should be engaged by the corporations should preferably be based on the priority indicated in the finding of this study, where the economic responsibility attribute has the most significant impact on consumers' buying behaviour, followed by philanthropic responsibility, ethical responsibility and finally, legal responsibility. However, companies that promote themselves as socially responsible need to be prepared to deal with criticisms of any irresponsible behaviour they are seen as committing, as information travels within seconds in this information technology era. In contrast, companies who disregard expectations concerning social responsibility may risk consumer boycotts as a result of the strengthening of consumers' awareness and rights in today's business world.

In addition, for public policymakers, this study suggests an important opportunity to encourage the engagement and disclosure of CSR activities among all types of business holdings, as the findings suggest that CSR components have a significant relationship with consumers' buying behaviour. Although it has been made mandatory for the public listed companies in Malaysia to disclose at least a statement on their CSR activities starting from the 2007 financial year-end, not much has been done to address the CSR activities' disclosure on other types of business holdings, such as small and medium enterprises. Policymakers could use the findings from this research to set minimum standards for CSR compliance by corporations, whether regulated or voluntary. Corporations in turn could benefit from the consumer support, which has the reciprocal effect of an increase in reputation and brand image and an increase in the ability to attract institutional investors. All of these effects will definitely produce short-term and long-term corporate performance, as desired by all corporations.

## REFERENCES

- Altman, W. (2007/2008, January). Working for the greater good? *Engineering Management*. Retrieved 27 July 2010, from [www.theiet.org/management](http://www.theiet.org/management)
- Andreasen, A., & Drumwright, M. (2001). *Alliances and ethics in social marketing*. Washington, DC: Georgetown University Press.
- Argandona, A. (1998). The stakeholder theory and the common good. *Journal of Business Ethics*, 17(9/10), 1093–1102.

- Black, L. D. (2001, March). Towards understanding corporate social responsibility in Australia. Paper presented at the *Conference on Monash University, Melbourne, Australia*. Retrieved 10 July 2007, from <http://www.aph.gov.au>.
- Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and consumer product responses. *Journal of Marketing*, 61(1), 68–84.
- Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 4(4), 497–505.
- Carroll, A. B. (1991). The pyramid of corporate social responsibility: toward the moral management of organisational stakeholders [Electronic version]. *Business Horizons*, July–August, 39–47.
- Carroll, A. B. (1998). The four faces of corporate citizenship. *Business & Society Review*, 100/101, 1–7.
- Clarkson, M. E. (1995). A stakeholder framework for analyzing and evaluating corporate social performance. *Academy of Management Review*, 20(1), 92–118.
- Conchius, T. (2006). Corporate social responsibility in Dutch SME: motivations and CSR stakeholder. Final thesis, Maastricht University, Netherlands. Retrieved from <http://www.basisboekmvo.nl/images/mvo-scriptie/4%20Timo%20Coehius.pdf>
- Cochran, P. L. (2007). The evolution of corporate social responsibility. *Business Horizons*, 50, 449–454.
- Cone Inc. (2004). *Cone corporate citizenship study*. Retrieved from <http://www.coneinc.com>.
- Creyer, E. H., & Ross, W. T. (1997). The influence of firm behavior on purchase intention: Do consumers really care about business ethics? *Journal of Consumer Marketing*, 14(6), 421–432.
- Dahl, D. W., & Lavack, A. M. (1995). Cause-related marketing: Impact of size of corporate donation and size of cause-related promotion on consumer perceptions and participation. In D. W. Stewart and J. V. Naufel (Eds.), *1995 American Marketing Association Winter Conference: Marketing Theory and Application* (pp. 476–481). Chicago: American Marketing Association.
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *Academy of Management Review*, 20, 64–91.
- Ellen, P. S., Webb, D. J., & Mohr, L. A. (2000). Charitable programs and the retailer: Do they mix? *Journal of Retailing*, 76(3), 393–406.
- Ellen, P. S., Webb, D. J., & Mohr, L. A. (2006). Building corporate associations: Consumer attributions for corporate social responsible programs. *Journal of the Academy of Marketing Science*, 34(2), 147–157.

- Environics. (1999). The millennium poll on corporate social responsibility. Retrieved from <http://www.mori.com>.
- Ferrell, O. C. (2004). Business ethics and customer stakeholders. *The Academy of Management Executive*, 18(2), 126–129.
- Fombrun, C. J., Gardberg, N. A., & Barnett, M. L. (2000). Opportunity platforms and safety nets: Corporate citizenship and reputational risk. *Business and Society Review*, 105, 85–106.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Marshfield, MA: Pitman Publishing Inc.
- Harrison, J. S., & Freeman R. E. (1999). Stakeholders, social responsibility, and performance: empirical evidence and theoretical perspectives. *The Academy of Management Journal*, 42(5), 479–485.
- Lafferty, B., Barbara, A., & Ronald, E. G. (1999). Corporate credibility's role in consumers' attitudes and purchase intentions when a high versus a low credibility endorser is used in the ad. *Journal of Business Research*, 44(2), 109–116.
- Maignan, I. (2001). Consumers' perceptions of corporate social responsibilities: A cross-cultural comparison. *Journal of Business Ethics*, 30, 57–72.
- Maignan, I., & Farrell, O. C. (2004). Corporate social responsibility and marketing: An integrative framework. *Journal of the Academy of Marketing Science*, 32(1), 3–19.
- McAlister, D. T., Ferrell, O. C., & Ferrell, L. (2003). *Business & society: A strategic approach to corporate citizenship*. Boston, MA: Houghton Mifflin Company.
- Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22(4), 853–887.
- Mohr, L. A., & Webb, D. J. (2005). The effects of corporate social responsibility and price on consumer responses. *The Journal of Consumer Affairs*, 39(1), 121–147.
- Mohr, L. A., Webb, D. J., & Harris, K. E. (2001). Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior. *The Journal of Consumer Affairs*, 35(1), 45–72.
- Pirsch, J., Gupta, S., & Grau, S. L. (2007). A framework for understanding corporate social responsibility programs as a continuum: An exploratory study. *Journal of Business Ethics*, 70, 125–140.
- Pomeroy, A., & Dolnicar, S. (2006). The limitations of consumer response to CSR: An empirical test of Smith's proposed antecedents (ANZMAC 2006), *Queensland University of Technology, Gardens Point Campus, Brisbane*, 4–6 December 2006.

- Pomering, A., & Dolnicar, S. (2006). Customers' sensitivity to different measures of corporate social responsibility in the Australian banking sector, *Brisbane, Queensland*, 4–6 December 2006.
- Pomering, A., & Dolnicar, S. (2008). Assessing the prerequisite of successful CSR implementation: Are consumers aware of CSR initiatives? *Journal of Business Ethics*, 85(3), 285–301.
- Post, F. R. (2003). A response to the social responsibility of corporate management: A classical critique. *Mid-American Journal of Business*, 18(1), 25–35.
- Roscoe, J. T. (1975). *Fundamental research statistics for the behavioural sciences*. (2nd ed.) New York: Holt Rinehart & Winston.
- Saleh, M. (2009). Corporate social responsibility disclosure in an emerging market: A longitudinal analysis approach. *International Business Research*, 2(1), 131–141.
- Savage, G. T., Nix, T. W., Whitehead, C. J., & Blair, J. D. (1991). Strategies for assessing and managing organisational stakeholder. *Academy of Management Executive*, 5(2), 61–75.
- Schwartz, M. S., & Carroll, A. B. (2003). Corporate social responsibility: A three-domain approach. *Business Ethics Quarterly*, 13(4), 503–530.
- Sen, S., & Bhattacharya, C. B. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research*, 38(May), 225–243.
- Tay, K. L. (2005, January & February). CSR challenges & trends in corporate Malaysia. *Management & Accounting-Accountant Today*, 40–43.
- Tay, K. L. (2005, July). Making a business case to drive CSR. *Business & Accounting-Accountant Today*, 18–20.
- Tay, K. L. (2005, August). CSR and consumers. *Business & Accounting-Accountant Today*, 24–27.
- Visser, W. (2005). Revisiting Carroll's CSR pyramid: An African perspective. In M. Huniche & E. R. Pedersen (Eds.), *Corporate citizenship in developing countries: New partnership perspectives* (pp. 29–56). Copenhagen: Copenhagen Business School Press.
- Zikmund, W. G. (2003). *Business research methods* (7th ed.). Mason, OH: South-Western, Thomson Learning.