

“IMPACT OF CORPORATE SOCIAL REASONABILITY PRACTICES ON CUSTOMER RELATIONSHIP MAINTENANCE IN CEMENT INDUSTRY: A STUDY OF SELECTED CEMENT UNITS OF VINDHYA REGION”

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ABSTRACT

This study seeks to examine the effect of Corporate Social Responsibility (CSR) with a focus on relationship maintenance with customers of cement companies. The study is based on primary data collected from 300 respondents of 5 cement manufacturing companies of Vindhya Region. The data was collected through well-structured closed-ended questionnaire and analyzed with percentage, mean and One Way ANOVA for testing the hypothesis. The results indicate that CSR activities affect significantly in maintaining a positive relationship with customers.

KEYWORDS: *Corporate Social Responsibility (CSR), Customer Relation, Stakeholders*

Article History

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INTRODUCTION

In recent time it has been noticed that the present world's educated, knowledgeable and environmentally conscious generation is critically analyzing the impacts of business activities on society. This in turn, has brought changes in social expectations and emphasis on social equity and ethical practices. As a result of this, businesses are engaged in social welfare activities which are termed as Corporate Social Responsibility. The concept of any business to protect and serve the public interest is known as Corporate Social Responsibility. "Corporate Social Responsibility is continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large (World Business Council, 1998)."

In the past few decades, the concept of Corporate Social Responsibility (CSR) has emerged significantly. In India- which is one of the fastest growing economies of the world the CSR concept is too gaining momentum. India is the only country in the world that has mandated for companies to spend at least 2% of their profits on CSR.

Indian businesses are growing rapidly today, there are various ways to make the place in the mind of customers and concept of Social Corporate Responsibility is found a most prominent and effective way to attract the stakeholders especially customers. The perception of offering respect and satisfaction to customers is nothing new to businesses but sustaining positive relations with them creates an impact on profitability. These internal stakeholders are vital to the business because without them, putting up a profit-generating firm is useless.

LITERATURE REVIEW

Rugimbana R., Quazi A. and Keating B. (2008) in their paper titled “Applying a Consumer Perceptual Measure of Corporate Social Responsibility: A Regional Australian Perspective” concluded that customers represent one of the most important groups of stakeholders.

Pivato S., Misani N. and Tencati A. (2008) found that consumers’ perceptions about a company’s socially responsible behaviour are associated with a higher level of trust in that company and its products.

Raman, Lim & Nair (2012) believe that the major positive fact that CSR brings is to ensure that companies are on par with the expectations of their customers.

Benjamin OheneBediako (2017) in his study on “The Impact of Corporate Social Responsibility on Customer Loyalty: A Case Study of Stanbed Toursky” found that customers are very aware of the CSR efforts undertaken by companies. He concluded that CSR is regarded as important for the business to retain customers and to win new customers through word of mouth recommendation. In his paper, he suggested that management should approach the concept of CSR with strategic intent.

OBJECTIVE

The objective of the study is-

To study the effect of CSR activities of cement companies in maintaining a positive relation with their customers.

Hypothesis

- There is no significant effect of CSR activities of cement companies in maintaining a positive relation with customers w. r. t. companies.
- There is no significant effect of CSR activities of cement companies in maintaining a positive relation with customers w. r. t. designation.

RESEARCH METHODOLOGY

Sample Design: Five cement manufacturing companies of the Vindhya Region have been selected for data collection. These companies are selected on the basis of convenient sampling. These companies are JayPee Cement Rewa (JRC), Prism Johnson Limited (Prism Cement) Satna, Satna Cement Works (SCW), ACC Cement, Kymore and Maihar Cement. Individual employees working at the executive level, managerial level and non- executive level have been taken as respondents. The study constitutes the total number of 300 respondents.

Data Collection: Primary data was collected through questionnaire. The questionnaire contained scaled questions. 5point Likert scale type statements were used in the questionnaire.

Data Analysis Tool: The data was analyzed using different statistical tools for verification and interpretation such as Descriptive Statistics (Percentage, Mean and Standard Deviation) used to have an understanding on the basis of respondents group. One-Way ANOVA has been applied for testing the hypothesis. The data were analyzed by using the Statistical Package for Social Sciences (SPSS) 21.0.

RESULTS AND DISCUSSIONS

Demographic Profile: The demographic profile (age, gender, income, etc.) of the respondents were not included in the questionnaire, but respondents’ designation and company’s name was recorded in the questionnaire. Out of 300 respondents, 60 respondents from each company were taken which include 20 Executive levels (GM, DGM, AGM), 20 Managerial levels (Managers, Deputy Managers, Assistant Managers) and 20 Non-executive levels (Sr. Engineer, engineer) employees.

- To measure the effect of CSR activities on customers’ relation 6 parameters were identified. These are product information and after sales service, resolution of customers’ complaints, quality assurance, value to the customer, product quality standard and customer education about products.
- Study shows that 63.7% of respondents strongly agree and 32.3% agree that their respective company provides clear and accurate information about products and services including after sales services. While 4% were neither agreed nor disagree. Thus it can be inferred that the company is fulfilling its responsibility towards customers by providing product information accurately which helps it in maintaining positive relation with customers.
- In total 94.3% of respondents [strongly agree (57%) + agree (37.3%)] believe that their company resolves customers’ complaints timely. Only a less percentage of respondents which is 5.7% were undecided and remained neutral with the statement.
- 65% strongly agree and 32% agree that their respective company adheres to quality assurance criteria in production. Just 3% of respondents stayed neutral.
- Most of the respondents strongly agree (60.7%) and agree (38.0%) and believe that their company is committed to providing value to customers. Just 1.3% respondents were neither agree nor disagree.
- 98.7% of respondents indicated that their company has reached some quality standards (e.g. ISO 9000) in production.
- 94% of respondents believe that their company has implemented activities to educate the customers. 5.7% were undecided and just 1 respondent which is only 0.3% of the total, does not believe that the company has implemented activities to educate the customers.

One-Way Anova is used as a tool to find out the significant effect of CSR activities of cement companies in maintaining positive relation with customers with respect to company and designation.

H: There is No Significant Effect of CSR Activities in Maintaining Positive Relation with Customers W. R. T. Different Cement Companies.

From table 2 it is clear that the significance value (p -value) of the ANOVA test is.001 which is less than 0.05 (α value) at 5% level of significance. Since the result of the test ($p < \alpha$) does not support the assumption and also the calculated value of F test is 4.565 which is greater than the critical value of F 2.37 at 5% level of significance for $V_1= 4$ and $V_2=295$ degree of freedom hence the null hypothesis is rejected. Thus it is clear after the test that CSR activities of cement companies positively influence the relationship with customers.

H₀: There is No Significant Effect of CSR Activities of Cement Companies in Maintaining a Positive Relation with Customers W. R. T. Designation.

The significance value (p -value) of the Anova test is.006 (table3) which is less than 0.05 (α value) at 5% level of significance. Since the result of the test ($p < \alpha$) does not support the assumption and calculated value of F test is 5.133 which is greater than the critical value of F 2.99 at 5% level of significance for V1= 2 and V2=297 degree of freedom hence the null hypothesis is rejected. So we can say that there is a significant effect of CSR activities of cement companies in maintaining positive relation with customers with regard to the designation of employees.

CONCLUSIONS

Although creating customer satisfaction is not the prime motivation for instituting CSR in cement companies but customers are one of the primary stakeholders who have to bear on business. This research has done to identify the most consumer- preferred CSR initiatives that are categorized in 6 parameters: product information and after sales service, resolution of customers' complaints, quality assurance, value to the customer, product quality standard and customer education about products From examined data, it can conclude that resolving customer's complaints timely and companies activities related to educating their customers are the two highly influencing parameters. So we can suggest the words of Walter Dondi(Director of Co-op Adriatica) Italy's largest retailer, "Our consumers are very sensitive to Social and environmental issues, we have actively engaged with them on these issues in the last ten years, and they have become very aware as consumers. They especially ask for information on environmental policies, workers' right and product safety." Thus Corporate Social Responsibility is a hard-edged business decision. Not because it is a nice thing to do but it is good for business.

Table 1: Statement Wise Description of Responses

Statement	Disagree	Neutral	Agree	Strongly Agree
Company supplies clear and accurate information about products and services including after sales services	0	4.0%	32.3%	63.7%
Company resolves customer complaints timely	0	5.7%	37.3%	57.0%
Company adheres to quality assurance criteria in production	0	3.0%	32.0%	65.0%
Company is committed to provide value to customers	0	1.3%	38.0%	60.7%
company has reached some quality standards (e.g. ISO 9000)	0	1.3%	26.7%	72.0%
company has implemented activities to educate the customers	0.3%	5.7%	46.3%	47.7%

Table 2: Anova Test Statistics for Customer Relation

Anova					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.485	4	.621	4.565	.001
Within Groups	40.141	295	.136		
Total	42.625	299			

Table 3: Anova Test Statistics for Customer Relation

Anova					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.424	2	.712	5.133	.006
Within Groups	41.201	297	.139		
Total	42.625	299			

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