universität wien

MASTERARBEIT / MASTER'S THESIS

Titel der Masterarbeit / Title of the Master's Thesis

„Impact of Mandate CSR on Consumer's Perception towards Companies in India"

verfasst von / submitted by

Ekata Shah

angestrebter akademischer Grad / in partial fulfilment of the requirements for the degree of

Master of Science (MSc)

Wien, 2018 / Vienna 2018

Studienkennzahl lt. Studienblatt / degree programme code as it appears on the student record sheet:	A 066 550
Studienrichtung lt. Studienblatt / degree programme as it appears on the student record sheet:	Communication Science
Betreut von / Supervisor:	Prof. Dr. Sabine Einwiller

Impact of Mandate CSR on Consumer's Perception towards Companies in India

The consequences of climate change, growing demand for energy with limited resources and increasing number of social issues and problems have become one of the biggest issues of this century. Which leaves us to the great challenge of integrating environment conservation, social welfare with economic stability. Thus, Corporate Social Responsibility (CSR) with Sustainability practices have become one of the rising topic for companies, customers and government. As the side effects of the climate change are visible more than ever, a completely new dimension of the practical implementation of sustainable development into regular business practice is requested (Horlings, 2010). And even though sustainability topics have been preoccupying attention of policy makers for few decades, in 21st century it has become a mainstream issue (Chen, 2010). Many countries have encouraged CSR and Sustainability practices, which of them mostly belong to developed western nations. But in recent years many developing nations have started to acknowledge the importance of CSR and Sustainability practices. Studies shows that most Asian firms often lag behind their Western counterparts on CSR practices (KPMG, 2005). However, with the start of liberalization and globalization, entry of multinational companies in Asian markets, rising consumer expectations towards business, and emergence of pressure groups have made the case of CSR stronger in Asian countries, including India (Risso &Testarmata (2017).

With the recent change in the policy made by the "Government of India" in the Companies Act (2013) can bring a lot of changes in the ongoing CSR and Sustainability practices performed by the companies in India. The new company policy made by the GOI has now raised the topic of Voluntary vs. Mandatory CSR in India and a big question to the CSR practices of companies which previously seen as a Voluntary act, now somehow has become an act followed by Mandatory- government applied law. With that, following the CSR and Sustainability practices made by the companies in India it will be interesting to see if the change will affect the attitude of consumers towards the companies. Does doing good will bring good to the companies? Or the companies will be target of consumer skepticism because of the new government policy of the Company Act (2013). The main question here is - Instead of increasing goodwill through their CSR, does the government enforced CSR law now endangers corporate reputation?

To the best of my knowledge, India's 2013 Companies Act provides the only example to date of a legislative mandate to engage in CSR activity. According to the law, companies satisfying certain size or profit thresholds spend at least 2% of the average of their (pretax domestic) profit over the last 3 years, if any, on CSR activity. Guidelines regarding expenditure on CSR activities for Central Public Sector Enterprises were issued by Department of Public Enterprises. According to these "Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises (CPSE)" revised by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises every year, each CPSE shall with the approval of its Board of Directors make a budgetary allocation for CSR and Sustainability activities/projects for the year (Ernst & Young LLP, 2013). The Companies Act of 2013 was enacted on 29 August 2013, and came into effect for the 2015 fiscal year (i.e. the fiscal year ending on March 31, 2015).

In recent years consumer interest in environment-friendly alternatives has risen dramatically and so their expectations of brands (Mostafa, 2007). With that, the question of how CSR affects customers' and other stakeholders' perceptions and how it affects the company's reputation, corporate identity, image, and organizational success has become one of the key topics at the intersection of sustainability and marketing research (Bhattacharya et al., 2009; Sen et al., 2006; Smith, 2003). Many research in the last decade has indicated that consumer are aware and are willing to pay more to "go green". However, there is limited research which has examined the impact of green marketing on consumers from emerging economies like India (Bhattacharya, 2011; Prakash, 2002). Multiple observations in the past show lack of individual perspective in the existing body of literature (Becker-Olsen, Cudmore & Hill 2006, Lee et al. 2012, Sen & Bhattacharya 2001). And while in the recent context of India, it is tough to find specific literature about the relationship between consumers, corporate CSR and government from each other’s point of view.

While there is some research on individual’s perspective on CSR, study which draws attention on customers attitudes towards voluntary CSR laws and mandatory CSR laws by the government and its impact on the attitudes of the customer towards companies CSR practices seems new in the literature. For example, the existing literature covers customer’s attitudes, emotions, expectation and reactions towards CSR. The fact that very less is known about consumer`s attitudes towards companies CSR practices especially if and when CSR becomes mandatory, it becomes even more important to study this phenomenon. This present study aim to fill a gap in the literature by examining consumers’ attitudes towards companies CSR practices based on voluntary vs. mandatory CSR policy.

Literature Review

Corporate Social Responsibility (CSR) and its Evolution

CSR refers to ensuring the success of the business by inclusion of social and environmental considerations into a company's operations. It means satisfying your shareholders' and customers' demands while also managing the expectation of other stakeholders such as employees, suppliers and the community at large. It also means contributing positively to society and managing your organizations' environmental impact (The European Commission, 2006). Hence, CSR is a contribution to sustainable development, implying the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value (Ernst & Young LLP, 2013).

The early debate in CSR has mainly addressed the social responsibilities of managers and businessmen to behave as moral citizens in their local communities (Frederick 1960, Walton 1967). In the early 1970s, the emphasis was still on social responsibility and yet the attention towards profitability, law abidingness, and voluntary obligation of businessmen were noticed in the literature (Friedman, 1970; Johnson, 1971; Eilbert & Parker, 1973). Until, Carroll who shifted the focus from manager's actions to corporation's actions (Carroll, 1979; Carroll, 1999). Since then many scholars have discovered different dimensions of CSR and new contributions continue to make CSR a more multidisciplinary concept. In the 1980s and the 1990s, the idea has grown into a multidimensional and a multidisciplinary concept. In 1984, Freeman introduced his stakeholder theory and brought different groups such as customers, employees, government, suppliers, and communities as important focal points. In the 1990s, more dimensions were introduced such as classification of stakeholders

(Mitchell, Agle & Wood 1997), ethical responsibility (Hopkins 1999), and social contract between society and business (Woodward-Clyde 1999).

In early 2000 Lantos conceptualize CSR where he made differentiation among ethical, altruistic, and strategic responsibilities under CSR. Ethical CSR is morally mandatory and goes beyond fulfilling a firm's economic and legal obligations to its responsibility to avoid harm or social injuries, even in cases where the business does not directly benefit (Lantos, 2001). Actions are taken because they are right, not merely because they are mandated by law or are profitable. e.g., money spent on product safety or pollution control (Jamali, 2007). Altruistic CSR is humanitarian/philanthropic CSR, which involves genuine optional caring, irrespective of whether the firm will reap financial benefits or not (Lantos, 2001). Examples include efforts to alleviate public problems (e.g., poverty, illiteracy) in an attempt to enhance society's welfare and improve the quality of life. Firms practicing altruistic CSR go beyond their morally (Jamli, 2007). Strategic CSR on the other hand is strategic philanthropy aimed at achieving strategic business goals while also promoting societal welfare. The company strives in this respect to identify activities and deeds that are believed to be good for business as well as for society (Jamli, 2007). This is a type of philanthropy that is aligned with profit motives (Quester and Thompson 2001)

CSR as a marketing tool

CSR is a function that transcends but includes making profits, creating jobs and producing goods and services (Oketch, 2005). In addition to that CSR has the potential to make positive contributions to the development of society and businesses (Helg, 2007). CSR also including cause-related marketing, offering employee volunteerism programs, making charitable donations, sponsoring charitable events, utilizing environmental initiatives and demonstrating a commitment to health and safety issues (Maignan & Ralston, 2002). Despite the increasing emphasis of CSR in corporate Image and corporate initiation on CSR in both the commercial and social market, little is known about the effects of CSR actions on consumers, mainly after the CSR falling into the mandatory act rather than a voluntary. Recent studies on ethical behavior suggest that consumers are increasingly caring about ethical dimensions of product, service and business process. These concerns may have positive financial impact for the business involved if company handle it well (Wong, 2012).

CSR could be used in other ways, for example as a marketing tool (Luo & Bhattacharya, 2006). Researcher also suggest that CSR work can increase a company’s market value by increasing customer satisfaction (Du, Bhattacharya & Sen (2010). A study shows, a positive impact of CSR occurs primarily on consumers’ attitudes toward the company, rather than their attitudes toward the ad or the brand. (Xiaoli Nan and Kwangjun Heo. 2007). Another study shows, Implementation of CSR creates positive attitudes and buying behavior of consumers in the food industry companies (Vahdati, Mousavi and Tajik, 2015). Since customers expect companies to work with CSR, researches about the relationship between CSR and consumer attitude have been made which suggests, customers tend to have a more positive attitude towards a company in the long run, when their demands for CSR work are met or when they can identify themselves with a company’s CSR work (Hur Kim & Woo, 2013; Bhattacharya & Sen, 2004). Because of all this positive effect, CSR is increasingly becoming a corporate priority (Franklin, 2008; Vlachos & Tsamakos, 2009). Records shows the majority of fortune 500 companies are implementing social responsibility initiatives and dedicating serious efforts to report their CSR initiatives to stakeholders (Bhattacharya, Korschun & Sen, 2008).

Role of government in CSR

With the visible benefit of CSR for the society and growing demand for CSR from the public, government has found a role for them where they can incorporate their social welfare values in terms of regulations which could be applied to the corporate house for better implementation of CSR and larger welfare values. Globally, it has been observed that governments have been introducing policies that inspire firms to develop a CSR performance strategy (Steurer 2010, González, Marta De La Cuesta 2004, Albareda et al. 2008) which allows the firms to act in a more responsible way. The relative emphasis on legal issues by the government is assumed largely as mandatory towards CSR. Earlier it was considered that government's function was in the domain of public policy, and CSR operated outside the public policy boundaries; from a corporate point of view, CSR was entirely a voluntary activity (Carroll 1999). However, in the awake of making a better society, there have been developments in the regulation approaches towards CSR, examples have shown that governments have the power to bring the practice of CSR under legal regulations compared with voluntary CSR practice, which in fact has blurred the line between a public or private as well as the voluntary and mandatory functioning. According to Fox, Ward & Howards (2002), governments can use the following techniques to promote CSR: mandating, facilitating, partnering and endorsing.

Steurer (2010) has described five points, for why governments care about the concept of CSR. First, the voluntary CSR efforts of companies may directly contribute to meet the public policy objectives. Second, governments may support the soft law of CSR compared with stringent law regulations to comparatively reduce political costs (Moon 2002, Moon 2007). Third, governments may also define CSR negatively to seek more control over firms through social and environmental laws. Fourth, the flexible CSR model coincides with the public governance model, which provides partnership opportunities between the government and companies for self-regulation and co-regulation (Kooiman 1993, 2003, Pierre & Peters 2000, Rhodes 1997). Fifth, since CSR is a management approach that allows firms to deal directly with societies, governments have direct interests in co-defining the involvement of the firms with the society.

Governments can support the implementation of CSR not only through regulation but also through various mechanisms, such as taxes, subsidies and other charges (Nyquist 2003). All the agents of the society such as governments, businesses, NGOs, and employees support both implicit and explicit contracts (Albareda et al. 2008). With the responsibility they hold governments need to manage the expectations of the society and exchange relationships with different stakeholders to facilitate a compound inter-organizational system (Midttun 2005). Looking at the developments within the European Union (EU), we find that governmental agencies are taking initiatives for endorsing and providing templates for advancement in CSR while simultaneously upholding and even praising the voluntary nature of CSR (Vallentin & Murillo 2012). Similar debates might be possible outside the EU, and governments might be trying to find their position over CSR. For example, the Indian government recently decided on policy making and 'CSR spending' as mandatory; this opens up a debate that if other governments should also give directives towards mandatory CSR spending (Jain 2014).

Clause 135 of the Companies Act, 2013 and its impact

As in 2013 there has been an interesting addition in the debate of voluntary vs. mandatory CSR, as India has made CSR spending obligatory for the firms operating in the country. As per the clause 135 of the Companies Act, 2013, a firm operational in India, will have to spend 2% of its average profit of the last three years on CSR activities. India is perhaps the first country to mandate CSR with a defined portion of monetary spending on CSR activities for the firms. Governmental efforts to encourage CSR can have exceptional results as they have immediate responses that affect social expectations of many stakeholders in the society (Williams & Aguilera 2008).

In the context of India, there also seems to have an effect in CSR practices after the implementation of the law. The increase in CSR spending was found among firms that spent less than 2% of their net profits on CSR prior to Section 135. While there were few firms which were spending more than 2% prior to Section 135, these firms appear to have decreased their CSR spending after Section135 came into effect. At the same time, negative effect on firm value seems to have been concentrated among firms that had little customer interaction, proxies for those with zero or missing advertising expenses. Further, some evidence shows that the likelihood of investment in advertising decreased when firms were subject to Section 135. Suggesting that the primary benefit to Indian firms of CSR spending is inculcating goodwill or good public relations. (Dharmapala and Khanna, 2016).

As there is a limited study in case where researchers could make a real case for mandatory CSR, some of the arguments in this literature is based on assumptions or speculations. But as now that the Indian government has taken a big step in case of mandatory CSR, this can be a great case to study and provides the corporate, government and consumers an opportunity to know about the impacts of mandate CSR on consumers perception and its effect on corporate and as well as government. Multiple observations in the past show lack of individual perspective in the existing body of CSR literature (Becker-Olsen, Cudmore & Hill 2006, Lee et al. 2012, Sen & Bhattacharya 2001). It is tough to find literature about the relationship between various stakeholders from each other's point of view. However, following the prior studies and assumptions, I propose the following hypothesis:

H1. *Consumers with higher preference level for CSR will have positive attitudes towards mandatory CSR law*

Voluntary vs. Mandatory CSR

Lantos (2001) has classified the CSR as mandatory (ethical) versus voluntary (social), which puts the nature of CSR in question. Here, ethical CSR from this perspective extends beyond economic and legal obligations to comprise the mandatory fulfillment of the various ethical duties of the firm (Jamli, 2007). For many scholars, a key unique feature of CSR is its voluntary nature in contrast to any mandate policy (Andrews 1973, Carroll 1999, Dahlsrud 2008). The voluntary CSR enthusiasts claims that voluntary CSR initiatives improves economic performance one or the other way by increasing the market value (Aupperele, Carroll & Hatfield 1985, Griffin & Mahon 1997, McWilliams & Siegel 2000, Simpson & Kohers 2002), also helps to create value for individuals (Backhaus, Stone & Heiner 2002, Turban & Greening 1997) and by reducing economic risks (Moore 2001, Orlitzky & Benjamin 2001). As voluntarism is one's own free will, the energy and determination from it can be very productive as well. Voluntarism makes organizations allocate resources in an efficient way that creates the greatest value for both the firm and the society (Burke & Logsdon 1996).

In the development cycle of CSR policies, governments have been seen implementing various degree of law to make CSR effective. As some governments have imposed mandatory social, environmental and ethical reporting for the companies to have a check on the company's behavior (Antal & Sobzack 2007). In 1977, French government introduced a bill for the companies to prepare 'bilan social' or the social statement providing details about business conditions and industrial relations (Igalens & Nioche 1977). The debate over voluntary vs. mandatory regulations continues as the governments continue to deliberate on bringing more social and environmental regulations. Supporter of free will CSR argues that as soon as government compulsion drives the businesses actions, it stops to be CSR (Manne & Wallich 1972). The proponents of voluntary CSR advocate that there is no need for government to involve in CSR activities as the market offers enough motivation for firms to get involved in CSR initiatives (González, Cuesta & Martinez 2004). Additionally, the argument continues that legislation cannot solve the issues of corruption, social norms and injustice, and issues related to integrity because of different countries may view an integrity issue in diverse manners or traditions (Lindgreen 2004).

While the supporters of mandatory CSR argue that legislation is mean to measure the self-regulatory performance of the firms (Lückerath-Rovers & De Bos 2011) and increase the interaction of stakeholders, which impacts the policymaking process (Mathis 2007). Eden (1997) found that self-regulation standards and systems are also invariably not entirely capable of fulfilling all the need for CSR since a variety of players and a variety of agendas are involved. Also, different players may have their preferred solutions. These weaknesses of a voluntary global framework for self-regulation help to support the case for mandatory CSR (Leighton, Roht- Arriaza & Zarszky 2002).

Effects of CSR

Consumer research argues that a strong CSR image enhances brand differentiation (McWilliams and Siegel 2001), brand equity (Hoeffler et al. 2010), competitive advantage (Porter and Kramer 2002), consumer attitudes, purchase intentions and loyalty (Maignan and Ferrell 2001). However, it should be noted that these relationships have never been investigated for mandate CSR activities. A company's CSR image reveals aspects of its corporate identity that are enduring and often more distinctive than tangible factors such as product superiority (Du et al. 2010). Hence, organisations are increasingly using communication campaigns to inform multiple stakeholders, particularly consumers, of their CSR initiatives and to build corporate identities (Pomering and Johnson 2009). Such communication is critical, as it enables the organisation to raise consumer awareness of CSR initiatives and trigger the desired attitudinal and behavioural responses (McWilliams and Siegel 2001).

Most consumers do not actively seek information on CSR activities and, therefore, are not aware of the CSR activities that companies perform (Pomering and Dolnicar 2009). Indeed, it is their exposure to CSR information that determines consumers' CSR beliefs and general attitudes towards the firm (Wagner et al. 2009). Some consumers exhibit skepticism and cynicism about the communication of CSR initiatives. For example, advertising is particularly conducive to cynicism when the firm is deemed to overstate its involvement in CSR activities; when consumers believe the firm is using CSR as an excuse to achieve more profits or deflect from problems; when the CSR initiative itself is not perceived as credible (O¨ berseder et al. 2013); or when information focuses on the CSR initiative rather than an independent party (Pomering and Dolnicar 2009). Under these circumstances, stakeholders perceive a firm's motivation for undertaking CSR initiatives as driven by external factors. That means the company is seen as exploiting the opportunity to increase its profits, leading to less favourable consumer attitudes and behaviours. Conversely, if the attribution is perceived as predominantly intrinsic, the firm is viewed as acting out of a genuine concern for society, meaning consumers will react more positively (Du et al. 2010). While consumers are tolerant of the fact that there is a strategic or business incentive to engage in socially responsible behavior (Skarmeas and Leonidou 2013), a key challenge of CSR communication is to overcome potential stakeholder skepticism and generate favorable CSR attributions (Du et al. 2010). So, based on the following studies I proposed the following Hypothesis:

H2*: Consumers who are not exposed to the India's 2013 Companies Act Law, will have higher positive attitudes towards a Company CSR practices compared to consumers who are exposed to the law.*

H3: *Consumers who are exposed to the India's 2013 Companies Act Law, will have higher dissatisfaction towards a Company CSR practices compared to consumers who are not exposed to the law.*

Consumer Skepticism and Attitudes

In general, skepticism refers to a person's tendency to doubt, disbelieve, and question (e.g., Boush, Friestad, & Rose, 1994; Forehand & Grier, 2003). It is also defined as a tendency towards disbelief (Obermiller and Spangenberg 1998; Pirsch et al. 2006). Although some studies treat skepticism as a personality trait and an ongoing state of disbelief (dispositional skepticism) (e.g., Boush et al., 1994; Obermiller & Spangenberg, 1998), most investigations focus on situational skepticism, which is a consumer state, induced independent of evaluator traits, that varies depending on the context and situation (e.g., Forehand & Grier, 2003; Mohr et al., 1998; Vanhamme & Grobben, 2009).Skepticism is frequently used in combination with the term cynicism (Mohr et al. 1998), which is perceived as a distrust in others that occurs when an individual thinks that the behaviour of those others is mainly based on egoistic motives. One factor that determines whether a consumer will 'buy into' a firm's CSR is the extent to which the consumer experiences skepticism over the CSR activity and/or its communication (Pomering and Johnson 2009). While skepticism has been recognized as a key mediator in consumer reactions to CSR communication, to our knowledge, few studies have treated preexisting consumer skepticism as a starting point in this process, or as a moderator of different CSR communication Strategies (Joireman, Liu & Kareklas (2018).

Heider's attribution theory (1958) can be used to analyze skeptical responses. Individuals make internal or external attributions concerning their own or others' achievements and/or behaviour. Consumers can understand the CSR activities of an organization by attributing the motives of that company. Within this framework, internal attribution will have consumers focus on the honest, intrinsic motives of the company's CSR activities, while external attribution will have them focus on external motives, such as profits, improving the company's reputation or relieving the pressure exerted by stakeholders (Forehand and Grier 2003). When consumers make an external attribution for the motives of a company and perceive them as profit driven, they are skeptical about the company's motives, or the sincerity of those motives, for initiating the CSR activity.

Two prominent researchers within the consumer attitude and behavior field, Fishbein & Ajzen (1975) argues that when a person's view about a topic is created, the components attitudes beliefs and intentions are equally important. According to Fishbein & Ajzen (1997) asking for a person's opinion could be used as a basis when measuring an attitude of a person. It is not only the person's attitude that affects the behavior but also intentions and beliefs (Fishbein & Ajzen, 1975). When it comes to the relationship between mainstream brands and their consumers, it has prospered in a way that people want much more for their money – they strive to get the access to all the benefits generated by the company and from the standpoint of the companies, that means doing “the right thing” by contributing to a greater purpose (Gordon, 2002).

Despite the several positive effects for companies working with CSR, there can also have a negative effect and consumers' company evaluations are more sensitive to negative CSR information than positive CSR information, even when negativity is borne of omission rather than commission. More specifically, all consumers react negatively to negative CSR information, whereas only those most supportive of the CSR issues react positively to positive CSR information (Bhattacharya & Sen, 2004). According to Gilbert and Malone (1995), consumers may care more about why a company is doing something than what a company is doing. It is also important that companies are able to communicate their CSR work to their customers. The reason for this is to avoid customers misinterpreting or becoming skeptical towards the CSR work (Du, Bhattacharya & Sen, 2010). Increasing the knowledge and awareness amongst the customers is therefore of interest and importance for a company (Bhattacharya & Sen, 2004).

According to a study, the sole purpose of some companies working with CSR is to increase their profit. In such situations, the aim for the company is not to contribute to society or to meet their customer’s expectations but to use it as a promotion strategy (McWilliams, Siegel & Wright, 2006). As a result, this kind of situation have a negative effect on customers’ attitude towards a company. Under certain circumstances, customers’ likeliness to purchase a product from a company can decrease (Grankvist, 2012). It is therefore important for companies to increase the understanding of their work to their customers in order to decrease this potential skepticism amongst their customers. So based on these prior studies, I proposed the following hypothesis:

H4. *Consumers who are not exposed to the India's 2013 Companies Act Law, will be comparably less skeptical towards a company CSR practices compared to consumers who are exposed to the India's 2013 Companies Act Law.*

In addition, Attribution theory also discusses the process by which individuals evaluate the motives of others and explains how perceived motives affect further attitudes and behaviour (Forehand & Grier, 2003). Attributions are crucial as they establish the foundation of improvement of enduring and central consumer consideration (Folkes, 1988). Attribution theory provides an appropriate framework for exploring the role of consumer skepticism toward CSR by illuminating the way people explain corporate social involvement and how this cognitive perception affects their subsequent attitudes and behavior (Ellen, Mohr, & Webb, 2000; Vlachos, Tsamakos, Vrechopoulos, & Avramidis, 2009). The theory is suitable to the CSR context because consumers express great interest in justifying why firms engage in CSR practices (Gilbert & Malone, 1995) and show little confidence in corporate efforts to appear as "good corporate citizens" (Ellen, Webb, & Mohr, 2006). Recent writings in the context of CSR suggest that, rather than the traditional self- versus public-serving motives, four different types of causal inferences can occur: egoistic-, values-, strategic-, and stakeholder-driven motives (Ellen et al., 2006; Vlachos et al., 2009). Arguably, CSR activities are complex, and consumers are likely to identify multiple plausible causal inferences for corporate social engagement (Oberseder, Schlegelmilch, & Gruber, 2011). With these additional theories, I further propose these hypothesis:

H5a: *Consumers who are not skeptical about a company CSR practices will have positive attitudes towards the company.*

H5b: *Consumers who are more skeptical about a company CSR practices will have negative attitudes towards the company.*

Method

To answer the research question and test the above stated hypotheses, an online survey experiments have been conducted. Even though experiments are often criticized for their low external validity and as a result, low generalizability, they are still the most appropriate research design to study framing effects: They address cause-and-effect relationships while having full control over the experimental stimuli. In addition, experiments allow to measure the emotional responses to stimuli – in this study: support or oppose – which generally come up right after exposure and which are very short-lived (Lecheler et al., 2015). An online experiment has been chosen as it – due to the limited budget – allows to reach many respondents in short time with acceptable costs. Study has been conducted in order to measure whether mandatory CSR law will have an impact on the perception of consumers' towards corporate CSR activities.

Sample

In the study, the sample consisted of Indian citizens. Respondents have been recruited through snowball sampling via personal contact, social networks as well as through social media platforms. The sample in study consists of different participants and is of different size: After cleaning the dataset1[1], study has been successfully completed by 228 participants – Participants were randomly assigned with one of the two conditions and at the end of the survey, conditions one has 81 participants and condition two has 147 participants, which was further divided into two groups depending upon the prior knowledge of "Companies Act law 2013". So, further the groups have 79 and 68 participants each. The average age is 29.48 years (SD=6.62) where mini-

[1] In total, 29 cases have been deleted as 23 among them were non-Indian cases and in other 6 cases the survey has been completed in less than 100 seconds which makes a purposefully completion of the survey impossible as participants have to read one/two short news articles during the survey. In addition, none of the 6 participants have given valid answers to the thought listing questions.

mum age is 19 and maximum is 57. There are 60 (26.36%) female, 168 (73.7%) male. The following two education levels were the most mentioned, which are- graduation from high school: 23 (10.1%) and university degree: 166 (72.8%). Additionally, 95 (41.7%) participants were employed in a private corporate organization, whereas, 63 (27.6%) identified themselves as still a student and there are 18 (7.9%) who works in their family business. When it comes to income most participants preferred not to mention it as 77 (33.8%) opted for I don't know/ No ans, whereas 42 (18.4%) have income above 10, 00,000 INR and 32 (14%) have below 200,000 INR.

Procedure

In the study, all respondents were randomly assigned to one of the experimental conditions. The stimulus material which consist of new articles were given at the beginning of the survey, just after reading the news article, participants have been asked in a post-test questionnaire about their thoughts and general perceptions after reading the news articles. In addition, their responses to the news articles have been assessed. Following the open ended question there were series of question regarding attitudes towards the company (Kodak) and its CSR activities, Kodak motives behind the CSR activities. Also, questions related to CSR values and attitudes towards mandatory CSR law were also asked. Towards the end of the survey, before the socio-demographic questions- one question to identify the respondent knowledge about the "Companies Act Law" was asked and finally questionnaire that measured several sociodemographic (for example gender, age, education, income, employment) have been asked.

Stimulus Material[2]

[2] The stimulus material for both conditions can be found in Appendix A.

In the study, the stimulus material in all conditions consisted of news articles, there are two news articles used in the survey, one of the news article is about Kodak CSR activities in India- where Kodak is supporting children education by donating notebooks to children's across many schools. The second new article is about the mandatory provision of CSR law under Companies Act 2013. Both of the news articles are real and are taken from genuine internet sites. The articles are however slightly photo shopped to make it a fit for the survey. In the study, the respondents from the first conditions received both the news articles whereas, respondents from the second conditions only received the news articles about Kodak CSR activities but were further categorized depending upon their prior knowledge about the mandatory CSR law.

Measurements

General Perception and Attitude about Kodak CSR activity. To assess participants' cognitive thoughts and general perceptions about Kodak CSR article, an open-ended-question format has been applied. After reading the news article, participants were asked to write down all their thoughts regarding the article. These thoughts can be concerning the CSR in general, thoughts on Kodak or the motive of the CSR activity. Participants have been told that they can write down their thoughts as single keywords or in whole sentences. The thoughts were analyzed through a quantitative content analysis. Therefore, a codebook[3] has been developed and the thoughts and points listed were assigned to different categories: As this study seeks to see whether mandatory CSR law will have an impact on the perception of consumers' towards corporate CSR activities, following categories have been developed: First, the answers were divided into perception and attitudes. For each questionnaire, the total number of thoughts, perception and attitude was counted. The category was further

[3] The entire Codebook can be found in Appendix B.

divided into different subcategories of which the following were the most important for this study: The first and second subcategory refers to whether respondents put the support for children education act in connection with Positive/Negative attitudes towards KODAK or its CSR activity respectively. This was the case if the answers included for example the words “good” “supportive” “Great initiative” for positive attitude and “bad” “publicity” “profit driven” “forced by the law” for negative attitude. The third subcategory refers to whether respondents were satisfied or dissatisfied with the CSR act. Whether the thoughts listed are grammatically and orthographically correct or not did not matter for this analysis. The only criterion was that the thoughts had to be related to the topic of the news articles. To ensure reliability of the thoughts coding, an intercoder reliability test has been conducted. Therefore, the expressed thoughts of a random sample of 50 thoughts was coded by the author of this study and by another volunteering student. All categories achieved acceptable values for Krippendorf’s α of .80 or higher[4]. Furthermore, participants were also directly asked to state their opinion towards Kodak’s "supporting the children education" act, which they could rate on a scale ranging from 1 (= strongly negative) to 7 (= strongly positive). Participants have received the following adjectives, *(1) Bad - Good (2) Unuseful - Useful (3) Unfavurable – favourable (4) Unimportant – Important.* These terms include both negative and positive attitudes and have been identified in several studies before, such as (MacKenzie & Luts, 1989; Biener, 2002; Goldsmith et al, 2000). To test H2 and H3, ANOVA tests have been conducted in SPSS.

Perceived consumer skepticism. In the study, respondents’ perceived skepticism have been measured. Respondents were given several statements which are related to different kinds of skepticism and for which they should rate on a 7-point Lik-

[4] The results of the intercoder reliability test can be found in Appendix C.

ert-scale the extent to which they agree to them (1 = not at all, 7 = extremely). Participants have received the following statements: *(1) Kodak supported this activity because they care about the education of children. (2) Kodak does not have a genuine concern for the welfare of those children. (3) Kodak supported this activity to persuade people like me to buy their products. (4) Kodak supported this activity because ultimately they care about their profits. (5) Kodak supported this act because this kind of activity creates a positive corporate image. (6) Ultimately, Kodak benefits by supporting children education. (7)Kodak supported this act because it was morally the "right" thing to do. (8) Kodak supported this act because it was required by the law. (9) Kodak supported this act because it was their legal requirement.* In order to compare the level of perceived skepticism, indices of the statements will be created: A Factor Analysis in SPSS revealed three indices – motives behind CSR is for sole corporate profit (α = .814) consisting of statements (2) to (6), motives behind CSR is to fulfill the legal requirement (α = .890) consisting of statements (8) and (9) and motives behind CSR is complete social welfare (α = .742) consisting of statement (1) and (7).With the three indices, ANOVA tests have been run to compare the perceived level of skepticism depending on the experimental condition.

Control and demographic Variables. The last section of the survey has demographic information, where the participants filled in all the required demographic information. This section will help us to know how different demographic variables have different relation in the study. It will be interesting to study how different gender, level of education, age and specially individuals with different employment background will perceive the articles. In addition to the above-stated variables, various control variables have been included as they are expected to have an influence on the outcome of the dependent variables. These include in general attitudes towards

Kodak, attitudes towards CSR and attitudes towards "Companies Act 2013". For each analysis of the dependent variables, regression models were created that included the above-mentioned control variables. General attitude towards Kodak have been included as perception is closely related to attitudes. Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world (Lindsay & Norman, 1977). In other words, a person is confronted with a situation or stimuli, the person interprets the stimuli into something meaningful to themself based on prior attitudes. However, what an individual interprets or perceives may be substantially different from reality. Also according to (Assael, 1995) as a person's awareness and acceptance of the stimuli play an important role in the perception process. Receptiveness to the stimuli is highly selective and may be limited by a person's existing beliefs, attitude, motivation, and personality. Therefore, it can be assumed that when people have negative attitudes towards Kodak in general then it might affect the outcome of the result. Same relation could be considered in terms of attitudes towards CSR and attitudes towards "Companies Act 2013"

Results

CSR Preference effect on Mandate CSR Law. A linear regression analysis has been conducted to predict preference for mandatory CSR law based on attitudes towards CSR. A significant regression equation was found ($F(1,226) = 50.119$, $p = .000$), with an R^2 of .182. Participants predicted preference for mandatory CSR law is equal to 3.667 + .417 (attitudes towards CSR) where, attitudes towards CSR is coded or measured in the scale of "1 till 7". Preference for mandatory CSR law increased by .417 for each unit of increment in attitudes towards CSR. Attitude towards CSR is a significant predictor of Preference for mandatory CSR with *(b=.417, S.E. =.059, p = .000),*[5] which shows that **H1** is supported.

General Perception and Attitude about Kodak CSR activity. Results of the descriptive analysis showed that participants in total have expressed 175 thoughts. This is on average 1.67 thoughts per participant (SD = .821). When testing whether consumers who are not exposed to the India's 2013 Companies Act Law, will have higher positive attitudes towards a company CSR practices compared to consumers who are exposed to the India's 2013 company act law, an ANOVA conducted with the coded thought-listing responses showed statistical significant results, as value for law information provided condition *(Mean = .64, SD = .48),* law information not provided but knowledge condition *(Mean = .83, SD = .37)* and law information not provided and no knowledge condition *(Mean = .81, SD = .38)* with effect value of $F(2,173) = 3.947$, $p = .021$ and as homogeneity of variance was significant a post- hoc test using Dunnett C was conducted, further the Dunnett C test[6] indicates that the mean score of law information provided condition is significantly different from law information not provided but knowledge condition but did not differ significantly from law information not provided and no knowledge condition. Which shows participants in law information not provided but knowledge condition have higher positive attitude for Kodak CSR activity compared to participants who received information about the mandatory CSR law, during the survey. Surprisingly, participants who do not received information about the mandate CSR law and had no prior knowledge about it has lower level of positive attitude compared to those who also did not received the information about the mandate CSR law in survey but had prior knowledge about it. In addition to self-reported thoughts, participants were also asked to state

[5] Table of the regression model can be found in Appendix D (Table D1 and D2).
[6] Table of the post-hoc Dunnett C test can be found in Appendix D (Table D3)

their attitude towards Kodak's "supporting the children education" activity. To test whether participant's attitude about the CSR changes depending upon their exposure to mandate CSR law, an ANOVA has been conducted. Even though the mean values for law information not provided and no knowledge condition were higher (Mean = 6.19) than in law information not provided but knowledge condition (Mean = 6.16) or in the law information provided condition (Mean = 6.06), the results were statistically not significant ($p > .05$). Hence **H2** is not supported.

In addition, when testing whether consumers who are exposed to the India's 2013 Companies Act Law, will have higher dissatisfaction towards a company CSR practices compared to consumers who are not exposed to the India's 2013 company act law, an ANOVA conducted with the coded thought-listing responses showed statistical significant results, as value for law information provided condition *(Mean = .36, SD = .48),* law information not provided but knowledge condition *(Mean = .14, SD = .35)* and law information not provided and no knowledge condition *(Mean = .18, SD = .38)* with effect value of $F(2,173) = 4.491$, $p = .013$ and as homogeneity of variance was significant a post- hoc test using Dunnett C was conducted, the Dunnett C test[7] indicates that the mean score of law information provided condition is significantly different from law information not provided but knowledge condition but did not differ significantly from law information not provided and no knowledge condition. Which shows participants who received information about the mandatory CSR law has higher level of dissatisfaction compared to participants who did not receive law information but had prior knowledge about the law. Surprisingly, participants who do not received information about the mandate CSR law and had no prior knowledge about it has higher level of dissatisfaction compared to those who also did

[7] Table of the post-hoc Dunnett C test can be found in Appendix D (Table D4)

not received the information about the mandate CSR law in study but had prior knowledge about it. In addition, to self-reported thoughts, participants were also asked to state their opinion in terms of satisfaction/dissatisfaction towards Kodak's "supporting the children education" activity. To test whether participant's opinion about the CSR changes depending upon their exposure to mandate CSR law, an ANOVA has been conducted. Even though the mean values for law information not provided and no knowledge condition were higher (Mean = 2.02) than in law information not provided but knowledge condition (Mean = 1.90) and in the law information provided condition (Mean = 1.89), the results were statistically not significant ($p > .05$). Hence **H3** is not supported.

Perceived consumer skepticism. To analyze whether exposure to mandate CSR law will bring skepticism towards companies CSR activity. ANOVA has been performed with two key dependent variables, analysis showed statistical significant results for both *motives behind CSR- self-corporate welfare* and *motives behind CSR - legal requirement*. For motives behind CSR- self-corporate welfare, ANOVA analysis shows following value[8] of law information provided condition *(Mean = 4.61, SD = 1.18)*, law information not provided but knowledge condition *(Mean = 4.24, SD = 1.52)* and law information not provided and no knowledge condition *(Mean = 3.82, SD = 1.25)* with effect value of $F(2,173) = 6.367$, $p = .002$. For further details, post-hoc analysis with Tukey HSD has been performed[9] as the homogeneity of the variance exceeded the significance value. According to Tukey HSD the mean score of law information provided condition is significantly different from law information not provided and no knowledge condition but did not differ significantly from law information not provided but knowledge condition.

[8] Figure of mean values derived from ANOVA can be found in Appendix E (Figure E1)
[9] Table of the post-hoc Tukey HSD test can be found in Appendix D (Table D5)

In addition to that in motives behind CSR- legal requirement, ANOVA analysis shows[10] value of law information provided condition *(Mean = 4.58, SD = 1.92),* law information not provided but knowledge condition *(Mean = 4.06, SD = 1.91)* and law information not provided and no knowledge condition *(Mean = 2.71, SD = 1.70)* with effect value of F (2,173) = 19.611, p = .000. For further details, post- hoc analysis with Tukey HSD has been performed as the homogeneity of the variance exceeded the significance value. According to Tukey HSD the mean score of law information provided condition is significantly different from law information not provided and no knowledge condition and also significantly different in law information not provided but knowledge condition and law information not provided and no knowledge condition. Which means people are more skeptical about the company CSR activities when they know about the mandate CSR law compared to when they do not know about the mandate CSR law, hence **H4** supported!

For further analysis to find out if, consumers who are not skeptical about a company CSR practices will have positive attitudes towards the company, a linear regression analysis has been conducted. A significant regression equation was found (F (1,226) =98.908, p=.000), with an R^2 of .304. Participants predicted attitudes towards company is equal to 3.731+ .398 (motives behind CSR- complete social welfare) where, motives behind CSR- complete social welfare is coded or measured in the scale of "1 till 7". Positive attitudes towards the company increased by .398 for each unit of increment in motives behind CSR- complete social welfare. Motives behind CSR- complete social welfare is a significant predictor of positive attitudes towards the company with *(b=.398, S.E. =.048, p = .000)*[11], which shows that **H5a** is supported. In addition to that, to find out if, consumers who are more skeptical about a

[10] Figure of mean values derived from ANOVA can be found in Appendix E (Figure E2)
[11] Table of the regression model can be found in Appendix D (Table D6 and D7).

company CSR practices will have negative attitudes towards the company, again a linear analysis has been conducted[12], a significant regression equation was found (F (1,226) =5.919, p=.016), with an R^2 of .026. Participants predicted attitudes towards company is equal to 6.307- .122 (motives behind CSR- self-corporate welfare) where, motives behind CSR- self- corporate welfare is coded or measured in the scale of "1 till 7". Attitudes towards the company decreased by .122 for each unit of increment in motives behind CSR-self- corporate welfare. Motives behind CSR- self- corporate welfare is a significant predictor of positive attitudes towards the company with *(b=-.122, S.E. =.050, p = .016)*. However, for motives behind CSR - legal requirement the results have not been significant (p > .05), which shows that **H5a** is only supported in case of skepticism occurred as motives behind CSR- self- corporate welfare and not supported if skepticism occurred as motives behind CSR - legal requirement.

Conclusion and Discussion

The implementation of mandatory provision of CSR law under Companies Act 2013 by the government of India created a big buzz not just in India but different part of the world. Most of the international countries appreciated the law. However in India, the law became a debatable issue. Previous studies which has been conducted based on the law has mostly focused on the effectiveness of the law but when analyzing the impact of the law in corporate value, there seems to have some disadvantage for the companies because of the law. This study examined whether mandatory CSR law will have an impact on the perception of consumers' towards corporate CSR activities. first of all being legally bounded to spend 2% of their company profit in CSR already seems like disadvantage to some companies but when a well-established and

[12] Table of the regression model can be found in Appendix D (Table D8 and D9).

functional marketing tool like CSR becomes a cause of consumer skepticism, this can be a bigger problem to companies.

Results of the study show a positive relation between the preference levels for CSR and positive attitudes towards mandatory CSR law, which makes people who appreciate CSR will also appreciate the Companies Act 2013. This is why H1 has been supported. Furthermore, this study has a good note as people seems to have positive attitude towards the company's CSR activity even though they knew about the law before hand, but when they are informed about the law in addition to the CSR activity of the company then they start to have lower preference for the companies CSR activities, which is definitely a bigger challenge for companies as many companies try their hand on CSR to develop their corporate image but if people start to have lower preference for their CSR activities because of the law, this strategy might not work. Regarding the different thoughts obtained from the data, participants mostly expressed positive attitude towards the CSR law however in some case even though they praised the company's attempt for CSR act, they were dissatisfied with the effort as most of them expressed that the CSR activity is not enough and that Kodak can do much more and in some cases they were very specific that the CSR activity is just a publicity. So, analyzing the detail thought of those people it also seems that the attitude might depend upon what kinds of CSR a company is performing, a bigger scale CSR might have very positive results compared to lower scale CSR. This is why H2 and H3 has been rejected. The study also shows that people are skeptic about the companies CSR activities when they know about the law, mostly people assume the companies is doing it because the law is forcing them to do it and also because the company is actually getting benefitted by the CSR activities, which conforms the H4 of this study. This case particularly is a great challenge for the companies and for society as well, as even after spending resources and effort if the companies receive criticism in return they might not be motivated and determined to perform their CSR activities, which will definitely affect the quality of CSR activities. Further the study also discover that if consumers are not skeptical about the companies CSR activities they have positive attitude towards the company in general, which support H5a. With addition to that, people will have negative attitudes towards the company if they assume the CSR activities conducted by the company is sole company welfare oriented but when it comes to being skeptic about the companies CSR activities because of the law, there seems to have no effect, which is why H5b is only partially supported. But this seems to be a good note as people might not have negative attitude towards the company when they assume the CSR activities conducted by the companies is because of the law.

Limitation and future Research

Even though the results of this research supports most of the hypothesis and answered the research question in favor of the theoretical argument, however this study had go through few limitation, first of which is the stimulus used for the study, there was only one news article used in the study which informed about the CSR activity of the company Kodak, it would have been much better if there were more than one articles as stimulus, showing CSR activities of different companies. Future research should include this limitation in their study and should also focus on the CSR activity used, as people seems to have higher or lower satisfaction level in CSR activities of the companies depending upon what types of CSR activity is performed and in which scale. As in context of Kodak CSR activity used in this study- which was providing 5000 notebooks to children across schools. Participants mentioned supporting education is a good choice but however showed dissatisfaction for the CSR activity because at first, they believe Kodak is a big corporate company and is more capable of performing larger CSR than just providing 5000 notebook to children in school and second some people also questioned about the sustainability and effectiveness of the CSR activity, they even suggested Kodak could have assigned better teacher in the schools or could have provided books which can be circulated to other student instead of note books. Furthermore, as the survey has been conducted in English language participants were recruited through snowball sampling mainly among younger educated generation. As it is non-probability sampling, the results of the study are not representative for the whole Indian society. Almost three- quarter of the sample from the study were in their 30s, well-educated and male, with addition to that 41.7% participants were employed by a corporate organization. Even though English is considered as the second official language of India, it's always better when you use the national language. Further studies should have language option, where the nation language of India, which is Hindi should be included and also should have more diverse samples as this may lead to slightly different results. As India is a diverse nation and people's ideologies for culture, religion, social and political issues are different. Future research should also consider this point specially the political ideologies and attitudes towards the Indian government, as the law is implemented by the government of India is will be interesting to see if there is an impact on people's attitudes towards the government because of the Companies Act 2013 law. Will people give credit for CSR activity performed by a company to the government who implemented the mandate CSR law rather than the company itself who actually conducted the CSR activity?

References:

Amstrong, C.M. and LeHew, M.L.A. (2011). Sustainable apparel product development: In search of a new dominant social paradigm for the field using sustainable approaches. Fashion Practice. The Journal of Design Creative Process and the Fashion 3(1), 29-62.

Banerjee, S. B., Iyer, E.S., & Kashyap, R. K. (2003). Corporate Environmentalism: Antecedents and Influ-ence of Industry Type. Journal of Marketing, 67(2), 106-122.

Bhattacharya, Saurabh. (2011). Consumer Attitude towards Green Marketing in India. The IUP Journal of Marketing Management, 62-70.

Bhattacharya C. & Sen S. 2004. Doing Better at Doing Good: When Why and How Consumers Respond to Corporate Social Initiatives. California Management Review, vol. 47, no. 1, pp. 9-24.

Bhattacharya C. & Sen S. (2001). Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility. Journal of Marketing Research Vol. XXXVIll (May 2001). 225-243.

Bhattacharya C, Korschun, D., & Sen S. (2009). Strengthening stakeholder–company relationships through mutually beneficial corporate social responsibility initiatives. Journal of Business Ethics, 85(2), 257-272. doi:10.1007/s10551-008-9730 3.

Chamorro, A., Sergio Rubio, & Francisco J Miranda, (2009). Characteristics of Research on Green Marketing business Strategy and the Environment, 18, 223–239.

Chen, Y.S. (2010). The Drivers of Green Brand Equity: Green Brand Image, Green Satisfaction, and Green Trust. Journal of Business Ethics 93, 307-319.

Curlo, E. (1999). Marketing strategy, product safety, and ethical factors in consumer choices. Journal of Business Ethics, 21(1), 37-48.

Dhammika Dharmapala and Vikramaditya Khanna. (2016). The Impact Of Mandated Corporate Social Responsibility: Evidence From India's Companies Act Of 2013. Coase-Sandor Working Paper Series in Law and Economics, No. 783

Dima Jamali (2007). The Case for Strategic Corporate Social Responsibility in Developing Countries. Business and Society Review

Du, S., Bhattacharya, C. & Sen, S. 2010. Maximizing business returns to corporate social responsibility (CSR): The role of CSR communication. International Journal of Management Review, vol. 12, no. 1, pp. 8-19.

Einwiller, S.A., Fedorikhin, A., Johnson, A.R. et al. JAMS (2006). Enough Is Enough! When Identification No Longer Prevents Negative Corporate Associations. Journal of the Academy of Marketing Science, 34: 185. https://doi.org/10.1177/0092070305284983

Ernst & Young LLP. (2013). Corporate Social Responsibility in India: Potential to contribute towards inclusive social development. Global CSR Summit 2013: An Agenda for Inclusive Growth.

European Commission. (2015). “Corporate Social Responsibility (CSR)”

Fishbein, M. & Ajzen, I. (1975). Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research. Reading, MA: Addison-Wesley.

Foreh, M. R., & Grier, S. (2003). When is honesty the best policy? The effect of stated company intent on consumer skepticism. Journal of Consumer Psychology, 13(3), 349-356. doi:10.1207/s15327663jcp1303_15

Folkes, V. S. (1988). Recent attribution research in consumer behavior: A review and new directions. Journal of Consumer Research, 548-565. doi:10.1086/209135

Franklin, D. (2008). Just good business: A special report on corporate social responsibility. The Economist.

Gilbert, D. T., & Malone, P. S. (1995). The correspondence bias. Psychological Bulletin, 117(1), 21–38. doi:10.1037/0033- 2909.117.1.21. doi:10.1037//0033-2909.117.1.21

Gordon, W. (2002). Brand Green: Mainstream or forever niche? Green Alliance, London.

Hay, B., Alexander, & Mark A., Lichter. (2000). Strategies of Green Marketing.

Grankvist, P. (2012). CSR i praktiken: hur företag jobbar med hållbarhet för att tjäna pengar. Malmö: Liber.

Henion, K. E., & Kinnear, T. C. (1976). Ecological Marketing, American Marketing Association.

Horlings, S. (2010). Marketing Sustainability: Bridging the Gap Between Branding, Sustainability and Consumer Demands – Dutch Sustainable Trade Initiative.

Hojatollah Vahdati, Najmedin Mousavi and Zohre Mokhtari Tajik. (2015). The study of consumer perception on corporate social responsibility towards consumers' attitude and purchase behavior. Asian Economic and Financial Review, 2015, 5(5):831-845.

Hur, W., Kim, H. & Woo, J. 2013. How CSR Leads to Corporate Brand Equity: Mediating Mechanisms of Corporate Brand Credibility and Reputation. Journal of Business Ethics, vol. 125, no. 1, pp. 75-86.

Kakabadse, N.K.; Rouzel, C. and Lee-Davies, L. (2005). Corporate social responsibility and stakeholder approach: A conceptual review. International Journal of Business Governance and Ethics 1(4), 277-302.

Kotler, P. and Lee, N. (2005). Best of Breed: When it comes to gaining a market edge while supporting a social cause, corporate social marketing, leads the pack. Social Marketing Quarterly 11(3/4), 91-103.

KPMG. (2005). KPMG International Survey of Corporate Responsibility Reporting 2005 (KPMG Global Sustainability Services: Amsterdam).

Kurowska, S. (2003). Sustainable consumption. International Journal of Consumer Studies 27(3), 237-238.

Luo, X. & Bhattacharya, C. 2006. Corporate Social Responsibility, Customer Satisfaction, and Market Value. Journal of Marketing, vol. 70, no. 4, pp. 1-18.

McWilliams A. Siegel D. & Wright P. (2006). Corporate Social Responsibility: Strategic Implications" Journal of Management Studies, vol. 43, no. 1, pp. 1-18.

Mostafa, M.M. (2007). A hierarchical analysis of the green consciousness of the Egyptian consumer. Psychology & Marketing 24, 445-473.

Nastanski, M. and Baglione, S.L. (2014). Sustainability: Benefits of Social Responsibility to Brand Value & Profit. The Journal of International Management Studies 9(2), 164-173.

PiC (Partners in Change). (2004). Third Report on Corporate Involvement in Social Development in India (PiC, New Delhi).

Prakash, A. (2002). Green Marketing, public policy and managerial strategy.

Porter, M.E. and Kramer, M.R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. Harvard Business Review 84(12), 78-92.

Risso. M and Testarmata. S. (2017). Value Sharing for Sustainable and Inclusive Development. IGI Global, Advances in Business Information System and Analytics (ABISA), pp. 77-78.

Sen, S., Bhattacharya, C.B. and Korschun, D. (2006). The role of corporate social responsibility in strengthening multiple stakeholder relationships: a field experiment. Journal of the Academy of Marketing Science, Vol. 34, pp. 158-66.

Sheth, J.N. Sethia, N.K. & Srinivas, S. (2011). Mindful Consumption: A Customer-Centric Approach to Sustainability, Journal of the Academy of Marketing Science, Vol. 39, Issue: Number 1, pp. 21-39. DOI 10.1007/s11747-010-0216-3

Spangenberg, J. H. (2002). Institutional Sustainability Indicators: An Analysis of The Institutions in Agenda 21 and a Draft Set of Indicators for Monitoring Their Effectivity, Sustainable Development, vol. 10, pp. 103–115. DOI: 10.1002/sd.184.

The European Commission (2011). "Enterprise and Industry."

United Nations Environment Program- UNEP. (2011). Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication.

United Nations: Commission on Sustainable Development. (2001). Indicators of Sustainable Development

Vlachos, P. A., Tsamakos, A., Vrechopoulos, A. P., & Avramidis, P. K. (2009). Corporate social responsibility: attributions, loyalty, and the mediating role of trust. Journal of the Academy of Marketing Science, 37(2), 170-180. doi:10.1007/s11747-008-0117.

Wong Szeki, J. (2012). The study of consumer perception on corporate social responsibility (CSR) towards consumer attitude and purchase behavior. China: The Hong Kong Polytechnic University.

Smith, N.C. (2003). Corporate social responsibility: whether or how? California Management Review, Vol. 45, pp. 52-76.

Xiaoli Nan and Kwangjun Heo. (2007). Consumer Responses to Corporate Social Responsibility (CSR) Initiatives: Examining the Role of Brand-Cause Fit in Cause-Related Marketing. Journal of Advertising, vol. 36, no. 2, pp. 63–74.

Appendix A

Stimulus Materials

News article used to show Kodak CSR activity

indiacsr Corporate Sustainability & Responsibility
India's Largest CSR Network

HOME CORPORATE INTERVIEWS ARTICLE EVENTS INITIATIVES AWARDS CATEGORIES हिंदी मराठी

Corporate

Kodak Teams Up with Youth For People and Aroehan to Improve Education Outcomes for Children in Mokhada Schools

By India CSR Network - August 1, 2017

Share on Facebook Tweet on Twitter G+ Save

Get in touch

3,508 Fans | 3,618 Followers | 37 Subscribers

Subscribe

Enter Your Email

OK

Latest Post

MUMBAI: The foundation of every prosperous society is built on educating our youth. For the vast majority of children in India, who attend government-run primary schools in rural areas, access to basic resources, like school supplies, is a challenge that impacts learning outcomes and the quality of education.

To help combat this problem, Kodak has teamed up with India's Youth for People and Aroehan, two local NGOs, to deliver 5,000 notebooks to children across schools in Mokhada in rural Maharashtra.

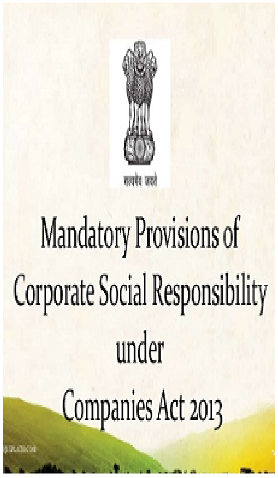
News article used to inform about the mandatory provision of CSR under Companies Act 2013

GBCHealth About GBCHealth / Our Coalition / Our Work / Events

Home / assets / India Mandates Corporate Social Responsibility: The 2 Percent Bill

India Mandates Corporate Social Responsibility: The 2 Percent Bill

by Joya Banerjee, Manager, Membership and Advisory Services, GBCHealth



In August, the government of India passed companies legislation that requires large companies to spend at least 2 percent of their profits every year on corporate social responsibility (CSR). The bill applies to companies with an average net profit of at least 50 million rupees (approximately $816,000 USD) over a period of three years.

Companies will be able to develop their own social investment strategies and decide where to invest and implement programs, but the government has recommended particular areas of need, including eradicating hunger and poverty, maternal and child health, HIV, TB and malaria, promoting gender equality and environmental sustainability. Companies should give preference to the local areas where they operate. If a company does not conduct its own CSR, it can give the required amount to the government's socio-economic welfare programs such as the Prime Minister's National Relief Fund.

Appendix B

Codebook Thought- and Emotion-Listing Responses

Thought-Listing -Category System

1. Number of thoughts in total
2. Attitudes and perception
   - 2.1. Positive attitudes towards KODAK? – Yes/No (Codes: Kodak- good, nice, great company; Kodak is doing great; like, prefer)
   - 2.2. Negative attitudes towards KODAK? – Yes/No (Codes: Kodak- bad, profit oriented company; do not like, dis like, hate, do not prefer)
   - 2.3. Positive attitudes towards KODAK CSR activity? – Yes/No (Codes: good work, social help, good initiative, like, support, appreciate)
   - 2.4. Negative attitudes towards KODAK CSR activity? – Yes/No (Codes: publicity, marketing, bad, do not like, dis like, hate, do not prefer, profit driven)
   - 2.5. Satisfied with KODAK CSR activity? – Yes/No (Codes: much needed, great help, satisfied, happy, motivating)
   - 2.6. Dissatisfies with KODAK CSR activity? – Yes/No (Codes: dissatisfies, not enough, more could be done, wrong approach, below capacity)
   - 2.7. Made references to the "Companies Act Law 2013"? – Yes/ No (forced by the law, legal responsibilities, because of the law, forced by the government)

Appendix C

Intercoder Reliability Test – Thought listing Responses

1. Thought-Listing

Variable	*Krippendorff's α*
Number of Thoughts in Total	.8811
Positive attitudes towards Kodak	.8791
Negative attitude towards Kodak	.8036
Positive attitude towards Kodak CSR	.8125
Negative attitude towards Kodak CSR	.8070
Satisfied with the CSR	1.000
Dissatisfied with the CSR	1.000

Appendix D

Table D1

ANOVA for the Regression Equation, preference towards CSR on attitude towards mandatory CSR law.

	Sum of Squares	Df	Mean Square	F
Regression	48.66	1	48.66	50.119***
Residual	219.44	226	.971	
Total	268.11	227		

Table D2

Simple Linear Regression Model predicting the level of attitudes towards mandatory CSR law

Extend to which participants had positive attitude towards mandatory CSR law[1]

Variable	**B**	**SE B**	**ß**	**p**
Constant	3.667	.359		.000
Attitudes towards CSR[2]	.417	.059	.426	.000

Note. N = 228. 1. Dependent variable, index (α = .917) consist of the following adjectives "*Bad – Good", "Unuseful – Useful" and "Unimportant – Important",* measured on scale as 1-3 = "negative attitude" 4 = "neutral" and 5-7 = "positive attitude". 2. Predictor variable index (α = .884) of the following statements *"It is extremely important to me that companies behave responsibly when it comes to social matters.", "Investor and consumers should make an effort to support socially responsible companies.", "I would prefer to consume goods and services from a socially responsible company.",* measured as 1 =”not at all” and 7 = "extremely".

Table D3

Dunnett C Comparison for "positive attitudes towards Kodak CSR practices[1]" within the three groups

				95% Confidence Interval	
(I) Conditions[2]	(J) Conditions	Mean Diff (I-J)	Std. Error	Lower Bound	Upper Bound
1	2	-.194*	.080	-.3875	-.0005
	3	-.180	.079	-.3712	.0105
2	1	.194*	.080	.0005	.3875
	3	.014	.071	-.1580	.1853
3	1	.18033	.079	-.0105	.3712
	2	-.01366	.071	-.1853	.1580

Note. N = 176. 1. *Positive attitudes towards Kodak CSR practices* coded with 1 = presence of positive attitude and 0 = absence of positive attitude 2. Conditions are coded as 1 = law information provided condition 2= law information not provided but knowledge condition and 3 = law information not provided and no knowledge condition.

Table D4

Dunnett C Comparison for "dissatisfaction towards companies CSR practices[1]" with-in the three groups

(I) Conditions[2]	(J) Conditions	Mean Diff (I-J)	Std. Error	95% Confidence Interval Lower Bound	Upper Bound
1	2	.21251*	.079	.0227	.4023
	3	.18033	.079	-.0105	.3712
2	1	-.21251*	.079	-.4023	-.0227
	3	-.03218	.070	-.1997	.1354
3	1	-.18033	.079	-.3712	0105
	2	.03218	.070	-.1354	.1997

Note. N = 176. 1. *Dis satisfaction towards Kodak CSR practices* coded with 1 = presence of dissatisfied thoughts and 0 = absence of dissatisfied thoughts 2. Conditions are coded as 1 = law information provided condition 2= law information not provided but knowledge condition and 3 = law information not provided and no knowledge condition.

Table D5

Tukey HSD Comparison for "skepticism towards companies CSR practices[1]" within the three groups

					95% Confidence Interval	
Dependent variables	(I) Condi-	(J) Conditions	Mean Diff (I-J)	Std. Error	Lower Bound	Upper Bound
	1	2	.370	.211	-.1278	.8672
		3	.782*	.219	.2650	1.300
motives behind CSR self-corporate Welfare[3]	2	1	-.370	.211	-.8672	.1278
		3	.412	.220	-.1077	.9332
	3	1	-.782*	.219	-1.300	-.2650
		2	-.412	.220	-.9332	.1077
	1	2	.517	.294	-.1769	1.210
		3	1.87*	.306	1.157	2.595
motives behind CSR legal re-	2	1	-.157	.294	-1.210	.1769
		3	1.36*	.307	.361	2.682
	3	1	-1.87	.306	-2.595	-1.151
		2	-1.36	.307	-2.082	-.631

Note. N = 228. 1. Skepticism towards companies CSR practices includes two different variables, "*motives behind CSR- self corporate welfare*" and "*motives behind CSR legal requirement*" 2. Conditions are coded as 1 = law information provided condition 2= law information not provided but knowledge condition and 3 = law information not provided and no knowledge condition. 3. Dependent variable1= motives behind CSR- corporate welfare, index (α = .814) *of the following statements, "Kodak does not have a genuine concern for the welfare of those children", "Kodak supported this activity to persuade people like me to buy their products", "Kodak supported this activity because ultimately they care about their profits", "Kodak supported this act because this kind of activity creates a positive corporate image" and "Ultimately, Kodak benefits by supporting children education"*, 4. Dependent variable2= motives behind CSR- legal requirement, index (α = .890) *of the following statements, "Kodak supported this act because it was required by the law" and "Kodak supported this act* *because it was their legal requirement",* measured as 1 ="not at all" and 7 = "extremely"

Table D6

ANOVA for the Regression Equation, no skeptic thoughts on attitude towards the company.

	Sum of Squares	Df	Mean Square	F
Regression	75.116	1	75.116	98.908***
Residual	171.638	226	.759	
Total	246.754	227		

Table D7

Simple Linear Regression Model predicting the level of attitudes towards the company

Extend to which participants have positive Attitude towards the company [1]

Variable	**B**	**SE B**	**ß**	**p**
Constant	3.731	.215		.000
motives behind CSR-complete social welfare[2]	.398	.040	.552	.000

Note. N = 228. 1. Dependent variable, index (α = .900) consist of the following adjectives "*Bad – Good", "Unpleasant – Pleasant" and "Unfavorable – Favorable",* measured on scale as 1-3 = "negative attitude" 4 = "neutral" and 5-7 = "positive attitude". 2. Predictor variable index (α = .742) of the following statements, "*Kodak supported this activity because they care about the education of children*" and "*Kodak supported this act because it was morally the "right" thing to do*", measured as 1 ="not at all" and 7 = "extremely"

Table D8

ANOVA for the Regression Equation, skeptic thoughts on attitude towards the company.

	Sum of Squares	Df	Mean Square	F
Regression	7.254	2	3.627	3.407*
Residual	239.500	225	1.064	
Total	246.754	227		

Table D9

Simple Linear Regression Model predicting the level of attitudes towards the company

Extend to which participants have negative attitude towards the company [1]

Variable	B	SE B	ß	p
Constant	6.350	.229		.000
motives behind CSR- self-corporate welfare [2]	-.177	.077	-.232	.022
motives behind CSR - legal requirement[3]	.050	.052	.095	.344

Note. N = 228. 1. Dependent variable, index (α = .900) consist of the following adjectives "*Bad – Good", "Unpleasant – Pleasant" and "Unfavorable – Favorable",* measured on scale as 1-3 = "negative attitude" 4 = "neutral" and 5-7 = "positive attitude". 2. Predictor variable1 index (α = .814) of the following statements, *"Kodak does not have a genuine concern for the welfare of those children", "Kodak supported this activity to persuade people like me to buy their products", "Kodak supported this activity because ultimately they care about their profits", "Kodak supported this act because this kind of activity creates a positive corporate image" and "Ultimately, Kodak benefits by supporting children education"*, 3. Predictor variable2= motives behind CSR- legal requirement, index (α = .890) *of the following statements, "Kodak supported this act because it was required by the law" and "Kodak supported this act because it was their legal requirement",* measured as 1 ="not at all" and 7 = "extremely".

Appendix E

Figure E1

Bar graph showing the mean values for the dependent variable motives behind CSR-corporate welfare in the different conditions.

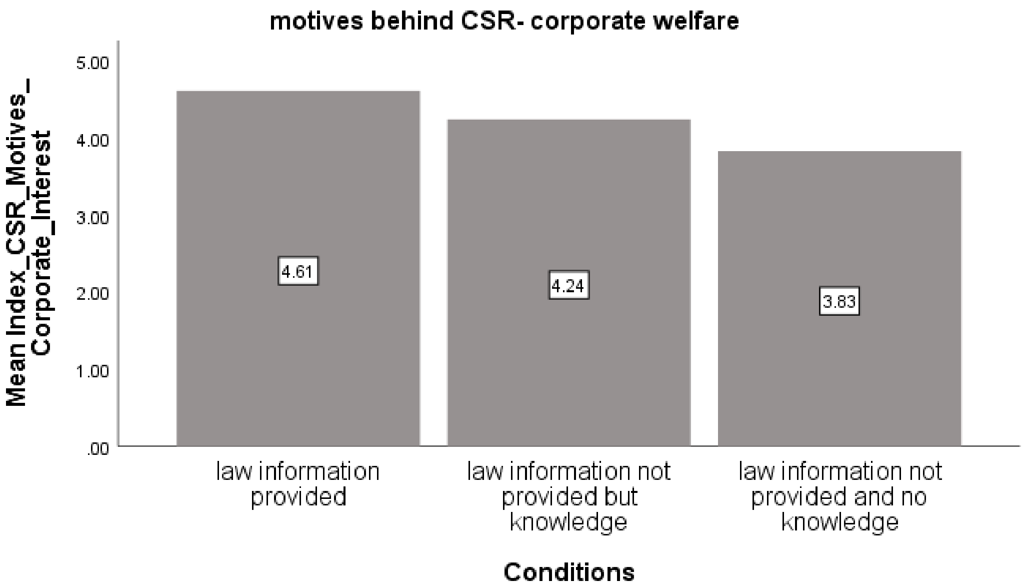
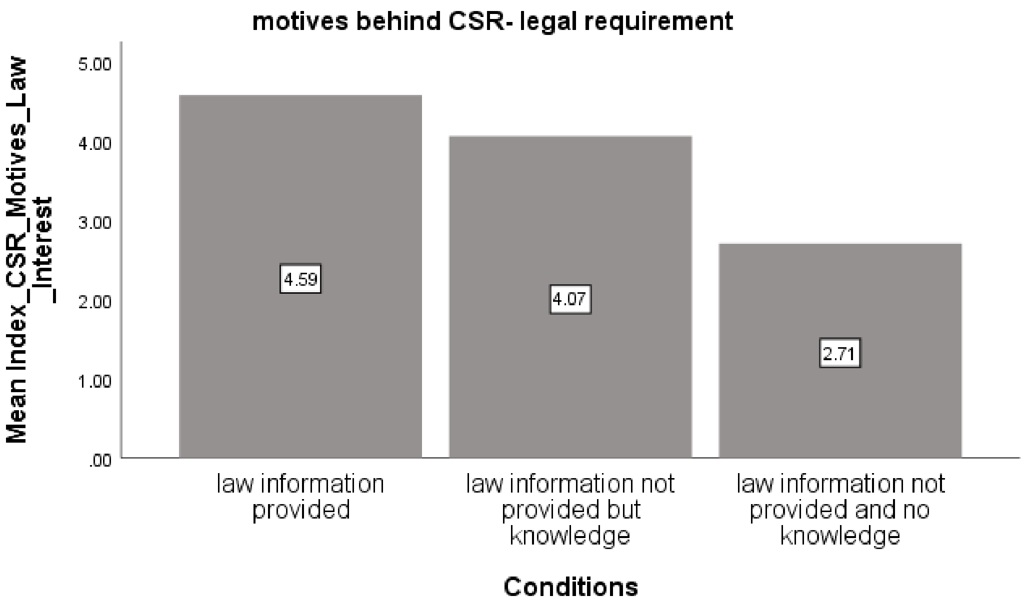


Figure E2

Bar graph showing the mean values for the dependent variable motives behind CSR-legal requirement in the different conditions.



Abstract

In the awake of making a better world different measure are taken to fight against the issues, one of which is Corporate Social Responsibility- CSR. (CSR) is a popular topic today, from a small scale companies to large multinational corporate houses, firms are taking initiatives, which could be either to make a positive contribution to society or to support their strategic goals, but in any case society is getting benefited by CSR and in return companies are being praised for it. But, with the change in perspective that the CSR performed by the companies are no longer a voluntary act by the corporate but a mandate policy applied to them by the government, might change the whole course of effect CSR has. People might start to doubt the companies and consumer skepticism toward companies might starts to rise. The aim of this study is to find out whether a change in government policy to mandate CSR will also bring a change in consumer’s perception towards the companies CSR practices, will consumers be skeptic towards companies CSR, after being aware of the mandatory CSR law.

Keywords: Corporate Social Responsibility (CSR), Voluntary CSR, Mandatory CSR, Role of Government in CSR, Companies Act-2013, India, Consumer’s Attitude, Consumer Skepticism, Attribution Theory

Zusammenfassung

Es warden verschiedene Maßnahmen um diese welt zu einer besseren zu machen initiert. Eine daren ist Soziale Unternehmensverantwortung (CSR). CSR ist ein der zeit sehr populäres Thema, von kleinen Unternehmen bis hin zu großen multi-nationalen konzernen, alle ergreifen Initiatiren um einen positiven Eindruch inder Gesellschaft zumachen order um ihre strategie so zu forcieren, aber immer haben diese sozial projekte einen positiren Einfenß auf der Gesellschaft. CSR projekte nützen also sowohl den Ewpfängern, als auch den unteernehmen, da sie dafür gelobt werden. da sich in Jüngster Vergangen heit die politiscre lage aber dahingehend rerändert hat dass diese CSR initiativen nunkein freiwilliger Akt des Unternehmens mehr sind sondern aber ein Mandat Politik, die ihnen von der Regierung,, ändert sich möglicher weise der gesamte Effekt der CSR. Die Berölkerung könnte nun eventuell am sozialen Engagement der Unternehmen zu fweifeln beginnen oder dem gauzen Unternehmen gegenüte skeptiscr werden. Das Ziel dieser Studie ist es, herauszufinden, ob diese Änderung in der Politik der Regierung wird auch eine Änderung in der Wahrnehmung der Verbraucher gegenüber den Unternehmen CSR-Praktiken zu bringen, werden die Konsumenten skeptisch gegenüber den Unternehmen und deren sozialen Engagement, nachdem bewusst sein über das obligatorischeCSR Gesetzlichen Verordnungen.

Keywords: soziale Unternehmensverantwortung (CSR), Freiwillige CSR, Verpflichtend CSR, Rolle der Regierung bei der CSR, Companies Act- 2013, Indien, Konsumentenver halten, skepsis bei konsumenten, attributions theorie