

Stakeholders' Perception of CSR Activities towards Community Welfare (With Special Reference to FMCG Companies in India)

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Abstract: Corporate Social Responsibility (CSR) has become a core agenda for all welfare states. It has gained a wide popularity on national and international level. CSR practices include a wide range of activities related to community welfare, environment, education, health, gender issues etc. Corporate sector adopts CSR practices for contributing towards the welfare of various stakeholders. However, it is the matter of investigation whether increase in CSR activities benefits the stakeholders or not. The Indian government introduced compulsory CSR activities through Companies Act, 2013 for certain categories of the companies. These companies are required to contribute towards CSR activities on compulsory basis. CSR practices are expected to play an important role in reducing the poverty in the welfare state and promote holistic development of the society. Companies are issuing sustainability report for highlighting the CSR initiatives taken by them. It becomes important to explore the perception of various stakeholders towards these CSR initiatives. CSR practices adopted by FMCG companies in India have not been reported adequately. FMCG companies are directly related to the consumers. The present study attempts to highlight various key CSR initiatives by selected FMCG companies. The study further analyzes the perceptions of various stakeholders towards CSR activities in the area of community welfare. The findings suggest that companies are spending in various activities related to community welfare. The study further reveals that there is significant difference in stakeholders' perception. Different category of stakeholders perceives CSR initiatives taken by FMCG companies in different ways.

Keywords: *Corporate Social Responsibility, CSR Practices, Welfare State, Community Welfare, FMCG Companies, Sustainability Report, Stakeholders' Perception*

Introduction: Corporate Social Responsibility (CSR) assists the companies to make impact on the society. It is a management term that refers to the responsibilities of the companies towards societies. CSR is like giving back something to the society. Companies are expected to behave in a socially responsible manner. CSR has capability to become an important instrument of the companies to enhance brand image and thus attract new customers, employees and investors. CSR has become self-regulatory by nature. Through CSR practices, companies are making positive impact on environment, society, and economy. It creates a strong link between the company and its stakeholders. Corporate sectors are integrating CSR practices into their core business strategy. It is a tool to attain business sustainability thereby leading to sustainable development of society. Customers, employees, suppliers, the common public, financial institutions and the government are expecting responsible behavior from corporate organizations. CSR can help in increasing customer loyalty and employee productivity. CSR can help in building good public relationships. India is a welfare state. Indian government has made CSR as mandatory expenditure for certain categories of the companies. Companies are required to spend on social work and environment. India is a country of large population. There are many underprivileged communities. Companies are expected to carry out some social initiatives for upliftment of these communities. Corporate sectors has the ability to help the country in tackling environmental issues. Various companies have been spending the prescribed amount of CSR expenditures since 2014.

Fourth largest sector in the Indian economy is the FMCG sector. FMCG (Fast Moving Consumer Goods) industry is directly related to consumers. It is the fastest growing sector in India. The sector has been seriously spending on CSR initiatives and is one of the major contributors to CSR expenditures in the country. CSR impacts the consumers through the perceived benefits and trust which result in enhancement in customers' loyalty. Perceptions of the consumers and other stakeholders towards CSR practices are a very important area of study. It is important to measure the perception of the stakeholders to find whether CSR practices are fruitful for the companies or not. Major FMCG companies are taking CSR expenditures seriously to enhance their brand image by contributing to society.

Literature Review: In this study, review of some literatures has been made to find out the progress of previous researches. Following are some literatures that have been reviewed:

Dusuki & Dar (2007) studied stakeholders' perception of CSR in Islamic Banks in Malaysia. Study used the primary data collected from multiple stakeholders of the Islamic Bank. Findings revealed the positive attitude of the customers towards CSR practices. The study disclosed CSR practices as globally accepted practices for stakeholders of Islamic Bank.

Bagire et. al. (2011) examined the stakeholders' perception towards CSR practices in Uganda. The study reveals that the companies in Uganda are involved in CSR practices. Public awareness towards CSR practices was high.

Lee et. al. (2013) in their study, attempted to explore the perception of employees towards CSR practices. The researcher also analyzed the effect of CSR on attachment and performance of employees. The findings revealed that CSR activities by the companies were positively perceived by the employees and helped in enhancing their performance and attachment.

Kolk et. al. (2015) studied the perception of Chinese customers towards CSR. Authors revealed that Chinese customers expected more CSR activities from their local firms as compared to foreign companies.

Fatma et. al. (2016) investigated to find out the scale to measure the consumer perception of CSR practices in the tourism sector. The authors developed a 3-dimensional scale consisting of 18 items. The study contributed a comprehensive framework on measuring consumers' perception in the tourism sector.

Chaudary et. al. (2016) measured the impact of customer perception of CSR practices on consumer as well as corporate related dimensions. The findings revealed that CSR activities influenced the consumers and enhanced their attachment. CSR activities also increased corporate performance.

Potepkin & Firsanova (2017) investigated the impact of CSR on customer loyalty among Finnish and Russian consumers. The study revealed that consumers from both countries had similar

reaction over CSR initiatives. The study further showed some differences in customer perceptions and CSR level of both the countries.

Research Objectives: In present study, following research objectives have been taken:

1. To identify key CSR activities towards Community Welfare
2. To analyze stakeholders' perception towards community welfare

Research Hypothesis: Based on research objectives, following hypothesis have been proposed:

- 1) H₀₁: There is no significant difference in stakeholders' perception of CSR activities towards community welfare with respect to age
- 2) H₀₂: There is no significant difference in stakeholders' perception of CSR activities towards community welfare with respect to income

Limitations of the Study: In the present study, only three types of stakeholders have been taken into consideration. These stakeholders are customer & common public, employees and supplier & distributors. Only three types of stakeholders of selected ten FMCG companies were considered to make study easy and convenient. Common CSR activities have been considered while studying the perception towards CSR practices. Data collection was limited to 547 respondents all over India. Therefore, generalization of the study cannot be made. Present study was complex because there was a lack of a similar kind of study framework.

Research Methodology: The study is based on primary data gathered from 540 respondents on a pan India basis. The respondents include three categories of stakeholders: customers & common public, employees, suppliers & distributors. All stakeholders were related to ten selected FMCG companies for the purpose of studies. A convenient sampling method was applied to collect the data. Structure questionnaires were floated online by means of email, WhatsApp, telegram and other social media. Some data were collected in offline mode. The study observed ANOVA-test to analyze the perception of various stakeholders towards CSR practices in selected FMCG companies.

Analysis and Interpretation: FMCG companies are taking various initiatives in the area of community welfare. These companies are focusing on local communities. They are empowering the underprivileged communities by eliminating malnutrition, hunger, poverty, gender issues,. Companies are helping in educating female child in marginalized society. The companies are collaborating with NGOs and government to implement social initiatives for poor and marginalized communities. Community involvement by companies in the form of CSR initiatives assists them in building and developing better corporate image.

Study of Stakeholders's Perception of CSR Practices Towards Community Welfare:

Data collected from respondents was organized and classified in the proper manner. Coding of data was done using SPSS tools. Normality of data was checked using Kolmogorov-Smirnova & Shapiro-Wilk test. Data was normal as expected normality matched with observed normality. Further ANOVA-test was applied on targeted data. Two hypotheses on the basis of research objectives have been formulated for the present study. These hypotheses and their testing are discussed below:

H₀1: There is no significant difference in stakeholders' perception of CSR activities towards community welfare with respect to age

Results generated from ANOVA-test have been shown in table-1. The result indicates whether the F-ratio in ANOVA-test is significant. The value of F is significant at alpha level of 0.05, $F(3,543) = 6.809$, $p < 0.05$ ($p = 0.000$). The result shows that it is statistically significant and therefore the null hypothesis has failed to be accepted. Therefore, it can be concluded that there is a significant difference in stakeholders' perception towards community welfare activities of the FMCG companies with respect to age.

Table-1.ANOVA
Stakeholders' Perception (with Respect to Age) Towards Community Welfare

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	21.797	3	7.266	6.809	0.000
Within Groups	579.391	543	1.067		
Total	601.188	546			

H₀2: There is no significant difference in stakeholders' perception of CSR activities towards community welfare with respect to income

Results generated from ANOVA-test have been shown in table-2. The result indicates whether the F-ratio in ANOVA-test is significant. The value of F is significant at alpha level of 0.05, $F(4,542) = 4.152$, $p < 0.05$ ($p = 0.003$). The result shows that it is statistically significant and therefore the null hypothesis has failed to be accepted. Therefore, it can be concluded that there is a significant difference in stakeholders' perception towards community welfare activities of the FMCG companies with respect to income.

Table-2.ANOVA					
Stakeholders' Perception (with Respect to Income) Towards Community Welfare					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	17.873	4	4.468	4.152	0.003
Within Groups	583.316	542	1.076		
Total	601.188	546			

Findings of the Study:

1. FMCG Companies are working seriously in the area of community welfare helping in upliftment of marginalized communities.

2. 62.15% of respondents think that FMCG companies are making all the efforts for community welfare.
3. 60.5% of the respondents opined that FMCG companies are working for community welfare.
4. 55.39% of the respondents believe that FMCG companies have concerns for the local community.
5. 61.79% of the respondents think that FMCG companies show their responsibility towards the community.
6. Stakeholders in different age category perceive CSR activities towards community welfare in different way
7. Stakeholders of various income groups perceive CSR activities towards community welfare differently.

Suggestions: FMCG Companies are expected to work more in area of community welfare. These activities will help in development of brand image, employees retention, customer loyalty and suppliers trust. Government should form an independent committee to assess are CSR initiatives of the eligible companies. Companies should measure the impact of their CSR practices so that it would come to know any scope of improvement. Further study can be made by increasing the sample size of respondents on a pan India basis.

Conclusion: CSR practices are the most important instrument for creating significant impact on the community. Stakeholders of FMCG sectors agree on the CSR activities towards the community welfare. They perceive the CSR initiatives positively and feel companies are serious on implementing the CSR policies. The CSR practices in FMCG sector are assisting them in enhancing overall brand recognition, customers' loyalty, employees' engagement and overall trust of all other stakeholders.

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