The Perception of Corporate Social Responsibility among Consumers in a Developing Nation
Zerlish Ali Syed¹*, Raza Ali Chuhan²

¹Ph.D. Scholar, Institute of Management Sciences, Bahauddin Zakariya University, Multan, Pakistan.
²Assistant Professor, Institute of Management Sciences, Bahauddin Zakariya University, Multan, Pakistan.
razaali@bzu.edu.pk
* Corresponding Author's Email Address: zerlish24@yahoo.com

Corporate social responsibility is getting more and more attention from academia and managers, particularly in terms of how consumers perceive and react to corporate social responsibility or CSR. Nonetheless, the majority of this research was carried out from the perspective of advanced nations. It demonstrates the need for more research on how consumers in emerging nations perceive corporate social responsibility. This study will look at the perception of consumers of Pakistan being a developing country. The study's contradictory findings imply that CSR is still an idea that has to be implemented in underdeveloped nations. Consumers often have little knowledge of and are unsupportive of CSR. This finding is contrary to consumers' perception in developed nations, who are willing to support corporate social responsibility (CSR) initiatives launched by organizations.

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1. Introduction
The field of corporate social responsibility (CSR) began in the 1930s when Berle and Means promoted the inclusion of voting rights for all shareholders to increase accountability and transparency (Berle and Means, 1948; Carroll, 1991). These days, managers and researchers are paying more and more attention to corporate social responsibility (CSR), particularly with regard to how consumers perceive and respond to it (Smith, 2003; Bhattacharya and Sen, 2004; Beckmann, 2007). According to Beckmann's (2007) study on how consumers perceive and respond to corporate social responsibility (CSR), there is a favorable correlation between a firm's CSR efforts and how consumers react to the company and its offerings. However, the majority of these studies were carried out in developed nations (e.g., Brown and Dacin, 1997; Creyer and Ross, 1997; Maignan and Ferrell, 2000; Maignan, 2001; Uusitalo and Oksanen, 2004; Sankar et al., 2006). These results demonstrate the need for more research on how consumers perceive social responsibility in underdeveloped nations (Jamali, 2007; Mansoor et al., 2013). Four reasons are offered by Visser (2007, p. 474) to distinguish CSR in developing nations from that in developed nations:

1. Developing countries have the highest economic growth rates, making them very profitable marketplaces for corporations.

2. Global social and environmental issues tend to have a greater impact on emerging
countries.

3. The most notable social and environmental impacts, which may be either beneficial or detrimental, are likely to take place in developing countries.; and

4. The CSR agenda challenges faced by developing nations differ significantly from those confronted by industrialized nations when taken as a whole. Hence, this paper will look at how the perception of consumers in Pakistan (a developing nation), views corporate social responsibility. Do consumers view corporate social responsibility (CSR) favorably, and if so, how important do they think it is in terms of ranking order? Is CSR a suitable course of action? The figure below represents the two contrasting models of CSR.

![Figure 1: Contrasting CSR Models](image)

2. Literature Review

2.1. Corporate Social Responsibility

One of the founders of CSR, A.B. Carroll, describes it as:

“A business's corporate social responsibility entails simultaneously fulfilling the firm’s economic, legal, ethical, and philanthropic responsibilities. Stated in more pragmatic and managerial terms, the CSR firm should strive to make a profit, obey the law, be ethical, be a good al, and be a good corporate citizen (Carroll, 1991, p. 43)”.

Carroll (1979) established CSR theory earlier with his conceptual model of corporate performance, which CSR scholars continue to utilize extensively. He underlined that a business's social responsibility should take into account its societal commitments. The economic, legal, ethical, and discretionary business performance criteria must all be embodied in it. Carroll (1979) proposes four guidelines that businesses should adhere to to be deemed socially responsible. First and foremost, there is economic responsibility. The primary obligation of the company is to turn a profit and grow. The second element is accountability to the law referred to as legal responsibility. A business must abide by the law and function inside society's legal system. Ethical responsibility is the third element. A company must uphold the standards set by society and respect the rights of others to operate in an ethical and just manner. The final and most important factor is charitable giving or philanthropic responsibility. A company should enhance society's quality and help the larger community (Carroll, 1995; Snider et al., 2003). Numerous new definitions of CSR have been put forth since Carroll's seminal paper in 1979. Marketing studies, for instance, have defined corporate social responsibility (CSR) as a company's commitment to and performance of its obligations that have the potential to help the larger community (Carroll, 1991; Brown and
Dacin, 1997; Albinger and Freeman, 2000; Sen and Bhattacharya, 2001). CSR has been defined by the World Business Council for Sustainable Development (2006) as a company's ongoing commitment to act ethically and to make a positive impact on the local community, the workforce, their families, and society at large. Management studies have further defined CSR as a company's commitment to operating in an environmentally and economically sustainable manner while acknowledging the interests of multiple stakeholders and optimizing environmental, social, and economic values (Waddock and Post, 1990; Wood, 1991; Matten et al., 2003; Waddock, 2004). Every definition of corporate social responsibility (CSR) that has been proposed thus far is predicated on the notion that CSR is about a company considering its effects on the economy, society, and environment when conducting business.

2.2. Perception of Consumers on Corporate Social Responsibility (CSR) in Advanced Nations

Developed nations have gross national income per capita of at least $12,804 (World Bank, 2022). Numerous studies indicate that in developed nations, consumers have a favorable opinion of corporate social responsibility. First, consumers view corporate social responsibility (CSR) as a criterion for purchases and are aware of it. For the products of that company, some customers are willing to pay a greater price (Creyer and Ross, 1997; Handelman and Arnold, 1999). Furthermore, a 2001 survey by Hill and Knowlton/Harris Interactive reveals that 79% of Americans consider corporate citizenship when determining whether to purchase a product from a specific company. However, the majority of consumers in advanced nations are still unwilling to sacrifice quality and price for corporate social responsibility (Cone Corporate Citizenship, 2001; Beckmann, 2007). Second, CSR improves financial performance by fostering a more positive attitude and brand loyalty toward the organization (Brown and Dacin, 1997; Bhattacharya and Sen, 2004; Lichtenstein et al., 2004; Du et al., 2007).

Orlitzky et al. (2003) conducted a meta-analysis of 52 research studies to examine the relationship between corporate social performance and firm financial success to demonstrate that the two had a positive link. Third, developed nations' perspectives on corporate social responsibility differ on a national and cultural level. Still, it demonstrates a favorable opinion of corporate social responsibility (Maignan and Ferrell, 2003).

According to Beckmann (2007, p. 32), Cultural differences imply that the economic, technological, political, and social context has a significant impact on the appraisal of the consequences of CSR efforts (communication) on consumer responses. Cultural variations exist in how consumers perceive corporate social responsibility (CSR) in developed nations; hence, this paper ascertains whether such variations exist in developing nations by utilizing Visser's (2006) suggested hierarchy of CSR importance among Pakistani consumers.

2.3. Corporate Social Responsibility Condition in Pakistan

In developing nations, the majority of CSR research focuses on the corporate side of CSR (Quazi and O'Brien, 2000; Blowfield, 2003; Zulkifli and Amran, 2006), with less attention paid to the consumer side of CSR, particularly in terms of how consumers respond to it. Furthermore, the majority of CSR research tends to apply to all developing nations (Arli and Lasmono, 2010). Pakistan was therefore the subject of our investigation. Although CSR is still a relatively new concept in Pakistan, interest in and awareness of the concept is slowly rising across the nation. CSR is now crucial for a company's corporate legitimacy and social trust in the developed world, which affects a company's long-term viability. However, CSR is still a buzzword in Pakistan's business settings for a lot of organizations and people, who frequently neglect it or misinterpret its genuine meaning (Waheed, 2003). Workers' rights, labor legislation, and philanthropic endeavors have
confounded corporate social responsibility (CSR) in many Pakistani businesses (Waheed, 2005; Khan, 2012). The activities, obligations, and commercial implications of corporate social responsibility (CSR) initiatives are generally unknown to corporate practitioners (Khan, 2012; Waheed, 2005). There is an issue on both ends. While firms are ignorant of the true meaning of corporate social responsibility, the Pakistani public is less aware of the corporate sector's role in society (Ehsan & Kaleem, 2012). But as was previously mentioned, corporate social responsibility (CSR) encompasses more than just charitable giving and philanthropic endeavors; it also entails a company's commitment to a wide range of obligations regarding social, economic, and environmental consequences in order to provide shared value to corporate stakeholders.

According to Khan (2012), CSR was done only voluntarily because there were no rules or regulations in Pakistan that specifically addressed it and guaranteed ethical compliance. Guidelines for voluntary CSR were released in 2013 by the Securities and Exchange Commission of Pakistan (SECP) (SECP, 2013). Even if the government has made substantial progress, the rules ought to have been introduced sooner given the growing demand for CSR in Pakistan's private sector. Similarly, businesses and the government are being forced to support corporate social responsibility (CSR) practices by NGOs and advocacy groups.

Numerous research studies revealed that the corporate social responsibility (CSR) landscape in Pakistan's corporate sector is unfavorable. In 2009, Naeem and Welford carried out a comparative CSR analysis of businesses in Pakistan and Bangladesh. According to the report, corporate social responsibility (CSR) is still in its infancy in both nations. Numerous businesses were seen to be neglecting to participate in CSR activities related to gender equality, child labor, anti-corruption, and community service. In terms of CSR policy, MNCs in Bangladesh and Pakistan, however, were more developed than local businesses. According to Baughn et al. (2007), there is a strong correlation between corporate social responsibility (CSR) and the political, social, and economic environments of a nation, meaning that advancements in these domains have a major impact on CSR practices within that nation. Pakistan and other nations with the least amount of economic development hence exhibit low levels of corporate social responsibility. The majority of Pakistani businesses, according to Jeswani et al. (2008), face significant obstacles that make it difficult for them to actively promote environmental responsibility. These obstacles include a lack of awareness, a lack of financial resources, the absence of regulations and policies, a lack of technology, and a lack of expertise to handle complex environmental issues.

3. Hypotheses Development

The hypotheses are formulated based on Visser's (2006) argument, which is composed of (1) economic, (2) philanthropic, (3) legal, and (4) ethical considerations, as well as the earlier discussions of the literature review. CSR is a topic that many Pakistani consumers often don't understand. They think that businesses operate to earn a profit. Thus, the first and foremost important responsibility perceived by the consumers is economic responsibility. Charitable endeavors or philanthropic activities would be seen as the second significant responsibility by the consumers for a business to be involved in. Finally, as consumers become aware that most business people can break the law when needed, legal and ethical concerns become less significant (Kemp, 2001). Visser (2006) also proposed the decreasing order of importance: (1) economic, (2) philanthropic, (3) legal, and (4) ethical. Thus, the following hypotheses are proposed:

Hypothesis 1: Consumers in Pakistan will place (a) economic responsibility higher than (b) philanthropic, (c) legal, and (d) ethical responsibility.

Hypothesis 2: Consumers in Pakistan will place corporate (a) legal, (b) ethical, and (c) philanthropic responsibility in the following decreasing order of importance: (1)
philanthropic, (2) legal, and (3) ethical responsibility.

4. Methodology
4.1. Measure
The research analyzed consumer perceptions to the CSR behavior of the top three MNCs in fast moving consumable goods (FMCGs) by collecting data from Pakistani consumers. A sample of 680 respondents was selected as it is a realistic amount to collect data from; moreover, our leading research country, Pakistan, was tough for us to complete the questionnaires. The sample population used Nestle Pakistan, Unilever Pakistan, or Engro Foods products in their daily lives. Data was collected by the use of questionnaires, which were designed based on Carroll's work that presents 'Carroll's pyramid of CSR' (Carroll, 1999). The survey participants included individuals from diverse economic brackets, genders, and occupations. The objective was to identify the respondents' ranking of the four categories of corporate responsibility: economic, legal, ethical, and philanthropic. To prevent hasty and thoughtless responses, the first section provided three instances of each category of corporate responsibility and requested participants to rate the importance of each. These examples were derived from Carroll's initial conceptualization of the four responsibilities and common business practices associated with each category.

4.2. Data Collection
As exploratory research, this study used convenient sampling to select consumers from the top three FMCGs in Pakistan. There were almost 50:50 ratios for male and female participants. Most respondents (52.3%) were under 25, while almost one-fourth (24.5%) had been around for over 26 years and the rest belong to the categories with an age range of 36 and above. Regarding occupation, the student category includes 58% of all respondents, whereas the employed category includes 37.5%, with 2.3% business-owned and 2.2% unemployed. Respondents with no income count for 47.2%, while around 32.5% had been around for over 26 years and the rest belong to the categories with an age range of 36 and above. Regarding occupation, the student category includes 58% of all respondents, whereas the employed category includes 37.5%, with 2.3% business-owned and 2.2% unemployed. Respondents with no income count for 47.2%, while around 32.5% fall in the Rs. 20,001- 120,000 categories, and all remaining categories aggregate at almost 21%. The respondents belong to major cities of Punjab. FMCGs are deemed appropriate subjects for the research because the top three FMCGs in Pakistan are multinationals extensively involved in CSR; thus, they can be better evaluated in the consumers' perception. This could represent the perceptions of most Pakistanis being users of any of the above FMCGs. Would they rank philanthropic most important after Corporate responsibility (a) Economic responsibility (p=1.50). The second hypothesis is partially supported that Consumers in Pakistan will place corporate (a) Philanthropic, (b) Legal, and (c) Ethical responsibility in the following decreasing order of importance (1) Philanthropic, (2) Legal, and (3) Ethical responsibility. This assumption is partially supported because the consumers ranked philanthropic and legal responsibility as the same resulting in no significantly different mean values (p=2.82).

5. Result and Data Analysis
Using SPSS, the hypotheses H1 and H2 were examined. An ANOVA test was conducted based on the four CSR groups (ECO, PHI, LEG, and ETH) by generating a new factor variable called CSRRank. The findings supported the first hypothesis: (1) Philanthropic, (2) Legal, and (3) Ethical responsibility will be ranked lower by Pakistani consumers than Corporate responsibility (p=1.50). The second hypothesis is partially supported that Consumers in Pakistan will place corporate (a) Philanthropic, (b) Legal, and (c) Ethical responsibility in the following decreasing order of importance (1) Philanthropic, (2) Legal, and (3) Ethical responsibility. This assumption is partially supported because the consumers ranked philanthropic and legal responsibility as the same resulting in no significantly different mean values (p=2.82). The preceding literature review explains these results. It indicates that consumers prioritize economic responsibility in developing nations. This is comparable to the perception that many consumers in advanced nations held before the development of CSR. ‘The social responsibility of business is to increase profits’ (Friedman, 1970, p. 32). In addition,
Pakistan’s numerous social and economic issues and the government’s incapacity to address them provide a reasonable explanation for why respondents believe that charitable obligations are more significant than ethical obligations. Customers anticipate that businesses will help the government resolve these problems (Koestoer, 2007; Kuncoro, 2006). Moreover, the lack of legal systems in developing nations may account for the perception that legal and ethical obligations are less important (Kemp, 2001).

Moreover, descriptive statistics for variables are shown in Table 1, in which the first ranked CSR by the consumer is Economic Responsibility, which supports our first hypothesis. Visser’s proposed order of importance of the CSR model for developing nations also validates from the results that the second most important CSR initiative perceived by the consumers in Pakistan is Philanthropic Responsibility, thus showing partial significance for the second hypothesis. Because the consumers have ranked the legal responsibility the same as the philanthropic responsibility. The extent of CSR types of FMCGs in Pakistan is shown in Table 2, reflecting that the homogeneity of variances is also significant. To test the hypotheses, a one-way ANOVA test was carried out by making groups and coding each CSR initiative from 1 to 4 as mentioned in Table 3. ANOVA results represent significance between groups and within groups of CSR which indicates F-statistic exceeds the critical value resulting in significant differences between group means. As the homogeneity of variances exists so equal variances are not assumed for ANOVA multiple comparisons were carried presented in Table 4. It shows that economic responsibility is ranked first by the Pakistani consumer and is significantly different from the remaining types of corporate responsibility. Next comes philanthropic responsibility which is also significantly different from economic and ethical responsibilities and is insignificant for legal factors. The legal and philanthropic responsibilities show no difference with each other but are significant from rank 1 and 4. Table 5 represents the summary of findings.

Table 1: Descriptive Statistics

<table>
<thead>
<tr>
<th>CSRRank</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Std. Error</th>
<th>95% Confidence Interval for Mean</th>
<th>Minimu m</th>
<th>Maximum</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
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<tr>
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<td>680</td>
<td>1.50</td>
<td>.971</td>
<td>.038</td>
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<td>1.43</td>
<td>1.58</td>
<td>1.43</td>
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<td>680</td>
<td>2.82</td>
<td>.975</td>
<td>.038</td>
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<td>2.74</td>
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<td>2.82</td>
<td>2.99</td>
<td>2.82</td>
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<tr>
<td>Total</td>
<td>272</td>
<td>2.51</td>
<td>1.121</td>
<td>.022</td>
<td>2.47</td>
<td>2.47</td>
<td>2.55</td>
<td>2.47</td>
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Table 2: Homogeneity of Variances

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<th>CSRRank</th>
<th>Levene Statistic</th>
<th>df1</th>
<th>df2</th>
<th>Sig.</th>
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<tr>
<td>Based on Mean</td>
<td>129.051</td>
<td>3</td>
<td>2633</td>
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<tr>
<td>Based on Median</td>
<td>121.070</td>
<td>3</td>
<td>2633</td>
<td>.000</td>
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<tr>
<td>Based on the Median and with adjusted df</td>
<td>121.070</td>
<td>3</td>
<td>1847.141</td>
<td>.000</td>
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<tr>
<td>Based on trimmed</td>
<td>123.836</td>
<td>3</td>
<td>2633</td>
<td>.000</td>
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Table 3: ANOVA Results between groups and within groups of CSR

<table>
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<tr>
<th>CSRRank</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
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<td>Between Groups</td>
<td>901.525</td>
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<td>300.508</td>
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<td>Within Groups</td>
<td>2409.372</td>
<td>2633</td>
<td>.915</td>
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<td>Total</td>
<td>3310.897</td>
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Table 4: Post-Hoc Test

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<th>Multiple Comparisons</th>
<th>Dependent Variable: CSRRank</th>
<th>(I) CSRTYPE</th>
<th>(J) CSRTYPE</th>
<th>Mean Difference (I-J)</th>
<th>Std. Error</th>
<th>Sig.</th>
<th>95% Confidence Interval</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
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<tbody>
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<td>-1.18</td>
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<td>.000</td>
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</table>

*. The mean difference is significant at the 0.05 level.

Table 5: Summary of Findings

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Short Interpretation</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Consumers in Pakistan will place (a) economic responsibility higher than (b) philanthropic, (c) legal, and (d) ethical responsibility.</td>
<td>Supported</td>
</tr>
<tr>
<td>H2</td>
<td>Consumers in Pakistan will place corporate (a) Philanthropic, (b) Legal, and (c) Ethical responsibility in this decreasing order of</td>
<td>Partially Supported</td>
</tr>
</tbody>
</table>
important results: (1) Philanthropic, (2) Legal, and (3) Ethical responsibility.

The preceding literature review explains these results. It indicates that customers prioritize economic responsibility in developing nations. This is comparable to the perception that many consumers in developed nations held before the development of CSR. "The social responsibility of business is to increase profits" (Friedman, 1970, p.32). Pakistan's numerous social and economic issues, along with the government's incapacity to address them, also make sense as to why respondents believe that philanthropic obligations take precedence over legal and ethical ones. Customers anticipate that businesses will work with the government to find solutions to these problems (Kuncoro, 2006; Koestoer, 2007). Additionally, the lack of confidence in the legal systems of developing nations may account for the lower importance placed on legal and ethical obligations (Kemp, 2001).

Reference


responsibility in strengthening multiple stakeholder relationships: a field experiment. Academy of Marketing Science Journal, 34, 158.


