

# The importance of csr in alcohol beverage industry



**ASSIGN  
BUSTER**

This proposal outlines a study that will examine the perception of consumers towards Corporate Social Responsibility in Thai alcohol beverage industry and try to identify what are the key factors influences the consumer's perception. Qualitative research will be conducted to help design and define the scope of questionnaire for quantitative research. Then, quantitative research will be undertaken which aims to validate the conceptual model mentioned in the part of Approach to the Problem. Although there is an increasing emphasis on CSR in the marketplace but little is known about the effects of CSR activities on consumers and their attitude towards the activities. In addition, there is currently no many research in the area of perception towards CSR in Thailand especially the alcohol beverage industry which may be considered by some people as an unethical business. This research will help the industry in understanding the attitude of consumer towards CSR activities and the factors influence their perceptions.

## **Introduction**

Corporate social Responsibility is the area of business that receives much attention towards Thai consumers nowadays. The finding of consumer attitudes from Vero Public Relations, which is a corporate communications consultancy, operates in Chicago, Bangkok and Ho Chi Minh City formulated and conducted the survey, indicates that "Ninety percent of Bangkok consumers would pay more for a product if it were created in a socially responsible manner" (Thaipr. net, 2008). "The results tell us that social purpose as a corporate message has strong appeal to consumers and can help companies build relationships with consumers and other stakeholders," said Brian Griffin, managing director of Vero Public Relations. "It's clear that

if companies align themselves with a cause that people care about, they will strike a meaningful chord in people's hearts and minds" (Thaipr. net, 2008).

"Corporate Social Responsibility is no longer a term used only in corporate boardrooms. Consumers are highly aware of the issue concerning sustainability and CSR issues. If a product can be shown to have a positive impact for Thai society as a whole, we believe with a high degree of confidence that Thai people would do the right thing for their country, even if it means paying a slightly higher price at the check-out counter." said Artima Tantikul, a senior account director with Vero Public relations (Thaipr. net, 2008).

The reason for choosing this sector is that among all the business in Thailand, Alcohol Beverage Company has the highest spontaneous recall of CSR actions. Chang, which is Thailand's leading beer and spirits company, is a top of mind for CSR efforts. "When asked to recall which company they remembered for doing CSR work, some 32% of survey respondents cited Chang's distribution of blankets" (Thaipr. net, 2008). This information is quite interesting since alcohol beverage industry is considered as a controversial business and some Thai people also has negative attitude towards this industry.

This proposal set the conceptual framework to examine the perception of consumers towards CSR activities in alcohol beverage industry and identify potential antecedents that influence the perception of consumers towards CSR.

## Literature Review

### CSR definition

CSR is " a distinct label attached to theories of the business society relationship" (Maclagan, 1998 p. 147) and he continues that " Corporate social responsibility may be viewed as a process in which managers take responsibility for identifying and accommodating the interests of those affected by the organization's actions." (Maclagan, 1998 p. 147)

" Corporate Social Responsibility refers to managements' obligation to set policies, make decisions and follow courses of action beyond the requirements of the law that are desirable in terms of the values and objectives of society." (Mosley et al. 1996 p. 141)

According to Carroll, " The CSR firm should strive to make a profit, obey the law, be ethical and be a good corporate citizen." (Carroll, 1999 p. 289) In Carroll's view, being a good corporate citizen includes voluntary socially actions. He identifies four components that need to be present in order to for a business to claim it is social responsible. These are economic, legal, ethical and philanthropic responsibilities (Carroll, 1996 p. 35).

" More fundamentally CSR is about organizations taking greater social responsibility and becoming good corporate citizens. The central notion is that organizations should act beyond their traditional business boundaries, their purpose no longer restricted to generating profit but extended to include a contribution to the cohesion of society and consideration of the social and ecological environment" (Schoemaker et al, 2006 p. 51).

## Motivation for CSR

Moon and Moseley argued that the motivation for practicing CSR is always driven by some kind of self-interest (Moon, 2001, Moseley, 2001), whether the activity is strategically driven for commercial purposes alone, or partly driven by an individual's personal philanthropy concern for CSR (Maclagan, 1998)

Some people may view CSR's motivation as a corporate image management. From this point of view, CSR is a response to the competitive environment and the demands on managers from various stakeholder groups (McWilliams and Siegel, 2001). Keller also mentioned that " CSR is a socially responsible corporate image association involves the creation of consumer perceptions of a company as contributing to community programs, supporting artistic and social activities and generally attempting to improve the welfare of society as a whole" (Keller, 1998 p. 421). While some people may view it as a cover up, Caulkin see CSR as " good causes to buy ' reputation', in the way it uses politicians to buy power and auditors to buy shareholder value" (Caulkin, 2002).

However, the motivation for CSR may be driven by personal desires or interests (Hemingway, 2002). For example, a manager finding personal satisfaction from CSR is Gary Wainwright, a regional Manager for Zurich (a Swiss financial services conglomerate) said that " We are involved in a range of local charities, going into local schools and helping with literacy programmes. It's good for business, but I personally like to give something back" (Macalister, 2001).

## **Research Problems**

A key goal of this study is to examine and identify the perception of consumers towards CSR activities in Thai Alcohol Beverage Industry.

## **Research Problem Objectives**

To carry out a comprehensive literature review on the perception of consumers towards CSR

To identify the factors influence attitude of consumers concerning CSR activities

To access the important of each antecedents influencing consumer's perception

To investigate the opinion of consumer on CSR activities in alcohol beverage industry

To make recommendations for the industry on how to approach CSR activities

To evaluate the effectiveness of CSR activities in Alcohol brewery company

## **Approach to the problem**

Recent research suggests that there is a positive relationship between a company's CSR actions and consumers' perception towards company and its products (Brown and Dacin 1997; Creyer and Ross 1997; Ellen, Mohr, and Webb 2000). Therefore, by studying the factors influence the perception may help understand the attitude of consumer towards CSR activities. Figure 1

below depicts a conceptualisation of factors influencing consumer's perception towards CSR

Figure1: A conceptual Model

I proposed four factors influencing consumers' perception towards CSR activities; C-C Congruence, Product-Relevant, Company Evaluation and Source of Information.

C-C Congruence (Consumer – Company Congruence or identity overlap): Consumers perceived congruence between their own characters and that of the company may positively influence their perception towards company's CSR. Researchers propose that consumers' reactions to CSR are dependent on the amount of congruence they perceive between the company's character, as reveal by its CSR efforts, and their own (Ashforth et al. 1989). In addition, identification with an organization engaged in good CSR actions can contribute to consumers' self-esteem (Sen and Bhattacharya, 2001). The perceptions of C-C congruence are likely to vary with consumers' personal support of the domain of the company's CSR actions (Drumwright, 1996). Therefore, I hypothesize that:

H1: Consumer-Company Congruence could influence consumers' perception towards CSR activities.

Product-relevant: Consumer research on CSR has often believed that a company's CSR efforts offer consumer little information that is directly associated with the products it produce" (Brown and Dacin, 1997). The notion of strategic CSR that run through much of the broader CSR literature

implied that “ when a company focuses on a strategic. Product-relevance CSR domain, such efforts not only renders its character in a favourable light but also enhance consumers’ CA perceptions (e. g., manufacturing expertise, employee efficiency, innovativeness) of the company” (Drumwirht 1996, Mcgee 1998). Sen and Bhattacharya (2001) suggested that consumers evaluate the company more favorably when a CSR activity is relevant to the company’s existing products. For instance, respondents evaluated a company that manufactures calculators more favorably when it supported fair overseas manufacturing practices rather than women’s and minority rights. (Sen and Bhattacharya 2001) Therefore, I hypothesize that:

H2: Product-relevant could influence consumers’ perception towards CSR activities.

Company evaluation: Trust plays an important role in influencing consumer’s evaluation towards the company. Osterhus suggested that “ trust in a company and its position towards the CSR activity affect successful outcomes of a CSR activity (Osterhus, 1997). If consumers do not trust the company’s pro-social position, they are not willing to reward the company for its CSR activity. Also, Webb and Mohr mentioned that some respondents expressed reservations towards a company donating a certain percentage of the sale price to a nonprofit organization or a cause (Webb and Mohr, 1998). Strahilevitz (2003) found that CSR activities do not enhance the reputation of companies that are perceived to be unethical. Previous research suggests that consumers’ distrust and skepticism towards the company and its CSR activity may moderate the effectiveness of CSR activity on evaluations. Thus, identifying factors and processes that cause consumers to be skeptical about

<https://assignbuster.com/the-importance-of-csr-in-alcohol-beverage-industry/>



the company's true motives behind the CSR activity is an important research priority (Yoon et al. 2006). Therefore, I hypothesize that:

H3: Company evaluation could influence consumers' perception towards CSR activities.

Source of Information: Consumers expect to find out about CSR activities from both company sources and unbiased media sources such as editorial coverage on television and in the press (Dawkins, 2004). " If the company actively advertises its CSR activity, on the other hand, ulterior motives will certainly be inferred and the company will be perceived as insincere" (Campbell and Kirmani, 2000). If consumers discover about CSR activity from a neutral source, it may be well received and may improve the company's image. On the other hand, if the company is seen as bragging with this information, it will probably be discounted, and consumers may view it negatively (Yoon, 2006). Therefore, I hypothesize that:

H4: Source of information could influence consumers' perception towards CSR activities.

## **Methodology**

Primary research

Qualitative Research

For the first stage, the exploratory research in-depth interview will be carried out in order to gain an insight into individual perception towards Thai alcohol beverage industry's CSR activities and also facilitates the design and the

scope of questionnaire. Then, face to face in-depth interview will be undertaken which will be last from 30 minutes to one hour per person.

### Quantitative Research

For the second stage, a questionnaire will be conduct in large sample size respondents to examine the relationship between the independent variables and dependent variables mentioned above and it will help identify the perception of consumers towards CSR activities

### Secondary research

Journals and academic texts are critical in gaining insight knowledge into the concept and theory of CSR. For annual report, industry review, website and press releases, these sources help understanding current situation of CSR in Thailand and obtaining information concerning CSR activities in Thai alcohol beverage industry.

## **Fieldwork and Data Collection**

The research may be conducted from July-August in Bangkok since the group of study is Thai people who live in Bangkok (The group of study are limited because of the time constraint). In-depth interview will be undertaken with target respondents from 8 to 10 people. Then, questionnaires will be distributed to respondents both email and face to face method. Each questionnaire would take about 10 minutes to complete and will be distributed in Bangkok area.

## **Data Analysis**

The in-depth interview results will be analyzed by using a theoretical or descriptive framework. Yin (1994) suggests that when made use of existing theory to formulate research question and objectives, the theoretical propositions help devise a framework to organise and direct data analysis (Yin, 1994) After the questionnaires have been distributed, the interpretation will be done through the SPSS programme in order to obtain the result of the findings and prove the validity of hypothesis. The method used in analysing the data are as followed; Independent Sample T Test, Chi-squared test, Anova and Bivariate Regression

## **Implications and conclusion**

This research aims to contribute to the infancy of knowledge concerning perception of consumers towards CSR in Thailand particularly in the alcohol beverage industry and also seek to provide the managerial guideline to approach CSR activities. According to Yoon, CSR can help companies improve their image and can make a significant difference by contributing to worthy societal causes. Understanding of the psychological processes that underlie consumers' reactions to CSR activities should help companies to allocate their resources more efficiently and effectively to achieve their goals (Yoon, 2006).