



GLOBAL JOURNAL OF ADVANCED RESEARCH
(Scholarly Peer Review Publishing System)

ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AND CONSUMER PURCHASE DECISION. THE CASE OF THE MEXICAN FOOD INDUSTRY

Dr. Alejandra Lopez Salazar

University of Guanajuato
Campus Celaya-Salvatierra,
Mexico

ABSTRACT

The aim of this paper is to analyze the relationship of the social awareness of the consumer with willingness to pay premium prices for products from Socially Responsible Companies (SRC), as a function of consumer's socioeconomic status and educational level. We surveyed 270 consumers in the city of Celaya Guanajuato, Mexico, and we found that consumers are willing to pay a higher price for products that are produced by SRCs and depends on both the socioeconomic and educational level.

Keywords: Corporate Social Responsibility, Purchasing Behavior, Consumer Social Responsibility, Food Industry.

1. INTRODUCTION

Corporate Social Responsibility (CSR) is a philosophy that more and more companies adopt in their management, either due to the benefits that it generates, altruism or social awareness. Several authors (Murdock, 2008; Reyno, 2006; Machado, 2004) argue that socially responsible companies obtain advantages in the financial, commercial, labor law, or environmental fields. Specifically, the commercial sector establishes that the Socially Responsible Companies (SRCs) manage to improve their corporate image, increase customer loyalty, access new markets, and achieve brand differentiation. However, there are factors that limit companies from acquiring responsible behavior, such as financial difficulties, ignorance of the implications of CSR philosophy, and lack of time to implement it (Lopez, 2013).

Therefore, companies have questioned whether consumers actually positively value responsible corporate behavior, to the extent that they are willing to pay a higher price for products and services acquired; and thus, evaluate to what extent it is strategic to invest in SRC shares, are consumers willing to pay a premium for responsible products? What are the factors in willingness to pay a premium for responsible products?

CSR has been little studied from the perspective of the consumer and it is generally assessed from the viewpoint of management (Swaen & Chumpitaz, 2008), moreover few studies have been developed in Mexico. Therefore, this paper aims to analyze the willingness of consumers to pay a premium for products offered by SRCs as a function of social awareness and consumer characteristics. Specifically, we aim to analyze the willingness to pay a premium with regards to socioeconomic status and consumer education as well as the social responsibility of the consumer.

The paper is organized into four sections. In the first instance, we analyze CSR concepts and consumer behavior. The second section presents the research methodology, where the size and characteristics of the sample are specified, as well as the technique and the research participants. In the third section, we present the results, followed by our conclusions in the final section.



2. LITERATURE REVIEW

2.1 Corporate Social Responsibility (CSR)

Being a socially responsible company (SRC) implies that the organization has a responsibility to society, where it is not only concerned with the production and marketing of goods and services to meet people's needs of people but have the responsibility to cooperate with society to solve problems, that many companies have helped create. This social approach advocates reducing the social cost caused by the side effects of the business activities that are harmful to society.

Thus, it deals with making companies aware that they have a responsibility to society and must, therefore, fulfill that obligation (Sulbarán, 1995). According to the Mexican Center for Philanthropy (CEMEFI, 2008), CSR is "conscious and consistent commitment to fully comply with the purpose of the company both internally, and externally, considering the expectations of all participants be they economic, social or human and environmental, demonstrating respect for ethical values, people, communities and the environment and to build the common good. "

According to Reyno (2006), SRCs gain advantages that are reflected in qualitative and quantitative benefits such as obtaining customer recognition due to: a) respect for the environment and the rights of workers; b) they produce or market value-added products; and c) provide products at lower prices due to reduced costs and improved process and products due to responsible management.

2.2 Consumer behavior and CSR

Responsible consumer behavior is an issue that requires analysis because authors like Vargas Maldonado, Cruz and Aguilar (2012) mention that attitudes and behavior are different issues, and it is incorrect to assume that attitudes directly influence behavior, especially in the environmental field. That is, there is a very low correlation between pro-environmental attitude (what is said) and responsible behavior towards the environment (what is done). However, and regardless of consumer behavior, "Consumers will be interested not only in their own consumption experiences but probably also in the CSR activities Being Pursued by the companies whose products/services they buy" (Lamine and Dubuisson Quellier, 2003, quoted in Swaen & Chumpitaz, 2008: 12).

Several studies have shown the impact of CSR on consumer behavior. Pivato Misani & Tencati (2008) found that consumers of organic products are influenced by CSR, which affects consumer confidence and consequently influences consumer decisions and actions. According to a study by Bigné and Currás (2008), who analyzed the concept of consumer identification with the company, they conducted an investigation into the image of social responsibility and its influence on the purchase intent, finding that, indeed, the image of social responsibility influences purchase intent. According to Swaen & Chumpitaz (2008:12), "one Ipsos study from 1999 revealed that 86% of 4000 participants from four different countries (Germany, France, Italy, and the UK) would be more likely to buy products of a company that commits to societal actions". Likewise, Fernandez and Merino (2005) studied the perception of consumers and found that consumers are generally willing to pay for the social actions of companies.

According to Mohr, Webb and Harris (2001), the consumer first needs to know the level of CSR in order to assess its impact on buying behavior. However, it is difficult to imagine that consumers have the information and knowledge needed to determine the extent to which a company behaves responsibly, and act on that information. Despite the limitations, various investigations have been carried out with the aim of analyzing the characteristics of clients who base their purchasing decisions on CSR, leaving aside the degree of knowledge on the businesses. In this sense, the 1999 Cone/Roper Cause Related Trends Report showed that in recent years at least 80% of respondents have a higher regard for companies that show concern about a social cause (cited in Mohr, Webb, and Harris, 2001). It also found that social marketing creates a positive image of the company, and among certain consumer groups, has generated brand or store consumption changes. Vlachos, Tsamakos, Vrechopoulos and Avramidis (2008) found that when companies do poorly on the quality of service, negative effects on consumer reactions to CSR campaigns are generated, which means that CSR actions must be accompanied, in principle, with responsible behavior towards the client, in this case, the quality of service. In this sense, the authors argue that CSR actions will have a greater positive impact on companies with low-quality service to begin with, as the negative attributes that may damage the results are diminished in those companies with already high-quality service.

However, Barone, Miyazaki and Taylor (2000) obtained different results to those found in the majority of the research, showing that when companies provide a high-quality service, customers outweigh any irresponsible behavior, that is, a compensatory process is carried out by customers. Also, Bigné, Chumpitaz, Andreu and Swaen (2005) concluded that the perception of CSR is not a decisive factor in the purchasing behavior of young Spanish university, ranking behind other factors such as price-availability and product quality.



In order to improve the existing knowledge on CSR and consumer behavior, we aim to analyze whether or not the level of social consciousness influences consumer willingness to pay an additional premium for socially responsible products.

H1: There is a positive and significant relationship between the social responsibility of the consumer and consumer willingness to pay a premium for products offered by Socially Responsible Companies.

We additionally analyze the consumer profile in terms of socioeconomic status and educational level to determine whether these features are crucial to consumers' willingness to pay a premium for processed products for Socially Responsible Companies.

H2: There is a positive and significant relationship between the willingness to pay a premium and socioeconomic status.

H3: There is a positive and significant relationship between the willingness to pay a premium and consumer education.

3. METHODOLOGY

The focus of this research is quantitative. Through data collection, we test the hypotheses stated in section 2, and we analyze the relationship between the willingness to pay a premium and the social awareness of the consumer. The research is correlational. The population studied are consumers of the food industry residing in the city of Celaya, in the State of Guanajuato, Mexico. According to the National Institute of Statistics and Geography (INEGI, 2010) in the city of Celaya, the economically active population (working) totals 183,668. A stratified random sample to compare results by segment was taken, resulting in a sample of 270 people. The characteristics of the sample are presented in Table 1.

Table 1. Sample characteristics

Variable	Frequency	Percentage
Gender		
Female	139	51.5
Male	131	48.5
Occupation		
Student	34	12.6
Housewife	81	30
Working	152	56.3
Retired or pensioner	3	1.1
Socioeconomic level		
E	21	7.8
D	62	23
D +	94	34.8
C	64	23.7
C +	15	5.6
A / B	14	5.2
Highest achieved educational level		
Primary	171	63.3
High school	3	1.1
Preparatory	42	15.6
Bachelor's degree	30	11.1
Uneducated	24	8.9

Source: Own data.



The information was collected through a questionnaire of 75 questions with a choice of four numerical answers on a Likert scale (from "strongly disagree" to "strongly agree"). We conducted a pilot test for survey validation, in which 60 random surveys were applied to the PEA in the city of Celaya. The Cronbach Alpha Coefficient was used for the reliability of the survey, resulting in an overall index of 0.888, 0.856 for the variable CSR, and 0.751 for the price variable.

In Table 2, we show the measurement of the variables of willingness to pay a premium and Consumer Social Responsibility (ConSR) as well as its dimensions and a brief description of each. The responses of both variables were grouped into two categories, high and low; the category of "Low" is comprised of the answers "strongly disagree" and "disagree"; the category of "High" is made up of answers "agree" or "strongly agree".

Table 2. Measurement of variables

VARIABLES	DIMENSIONS	CODE	DEFINITION
Consumer Social Responsibility (ConSR)			
	Environmental Protection	EP	Awareness of the negative effects of global warming; concern for water conservation and rational use of electric energy; recycling culture
	Protection of human rights	PHR	In favor of the companies whose philosophy is inclusive of all people, avoiding discriminatory attitudes.
	Protecting workers' rights	PWR	In favor of companies that behave ethically and fairly with workers, showing concern for their needs.
	Absence of child exploitation	ACE	In favor of companies that protect the rights of children.
	Protecting the rights of gender, religion, and race	PRGRR	In favor of companies whose philosophy includes diversity, equal treatment, and justice.
	Socially responsible investments	SRI	In favor of companies that make ethical investments.
	Biodegradable products and packaging	BPP	Awareness of the importance of the composition of the packaging in terms of recycling and impact on the environment.
Willingness to pay a premium (PRE)			
	Price	PRI	Attitude of consumers to paying higher prices for products manufactured by socially responsible companies.

Source: own data.

4. RESULTS

The analysis of the level of CSR shows that 58.3% of respondents have a high level of social awareness, that is, they are interested in protecting the environment (53.4%), the rights of workers (62.2%) and the rights of gender, race and religion (64.4%); Likewise, they are against child labor (75.2%) and for the use of biodegradable products and packaging (57.8%) and socially responsible investment (46.3%) (see Table 3). Regarding the willingness of consumers to purchase products from SRCs at a higher cost, just over half (53.3%) are willing to pay a premium. However, 64% of people would substitute their purchase with a SRCs' product that has the same physical characteristics as long as the price were the same.



Table 3. Relative frequency of ConSR and willingness to pay a premium

Variables	Level	
	Low (%)	High (%)
Consumer social responsibility (ConSR)	41.7	58.3
Environmental Protection	46.6	53.4
Protecting the rights of workers	37.8	62.2
Absence of child exploitation	24.8	75.2
Protecting the rights of gender, race, and religion	35.6	64.4
Socially responsible investments	53.7	46.3
Biodegradable products/packaging	42.2	57.8
Willingness to pay a premium	46.7	53.3

Source: Own data.

The correlation coefficients in Table 4 show an average positive and significant relationship between social responsibility and consumer willingness to pay a premium for processed products from socially responsible companies, thus, the first hypothesis is accepted. If the indexes are analyzed according to CSR dimensions, the data show that the variables of Environmental Protection and Biodegradable Products and packaging are those with the highest rates of correlation with the willingness to pay a premium.

Table 4. Correlation Matrix

	EP	PHR	PWR	ACE	PRGRR	SRI	BPP	PRE	PRI
EP	1								
PHR	.564**	1							
PWR	.496**	.663**	1						
ACE	.477**	.425**	.548**	1					
PRGRR	.505**	.539**	.582**	.580**	1				
SRI	.431**	.400**	.314**	.320**	.348**	1			
BPP	.485**	.451**	.463**	.438**	.529**	.407**	1		
PRE	.813**	.793**	.749**	.673**	.751**	.656**	.713**	1	
PRI	.453**	.435**	.282**	.298**	.394**	.385**	.463**	.540**	1

** The correlation is significant at the 0.01 level, * the correlation is significant at the 0.05 level.

We also analyzed the variable willingness to pay a premium for CSR products in relation to the socioeconomic level of the consumer, through contingency tables (Table 5). The results indicate a significant and positive relationship between the willingness to pay a premium and socioeconomic status, at a significance level of 95%, according to the chi-square statistics. Therefore, the second hypothesis is accepted. The data also show that consumers in the middle class (C and D+) are those who are more willing to absorb the extra cost of purchasing CSR products. On the other hand, the highest and lowest social classes are less likely to pay a premium for CSR products.



Table 5: Relationship between willingness to pay a premium and socioeconomic status

Household socioeconomic status (HSS)		Willingness to pay premium		
		Low	High	Total
E	% Within HSS	71.4%	28.6%	100%
	% Within willingness to pay premium	11.9%	4.2%	7.8%
D	% Within HSS	50%	50%	100%
	% Within willingness to pay premium	24.6%	21.5%	23%
D +	% Within HSS	37.2%	62.8%	100%
	% Within willingness to pay premium	27.8%	41%	34.8%
C	% Within HSS	46.9%	53.1%	100%
	% Within willingness to pay premium	23.8%	23.6%	23.7%
C +	% Within HSS	40%	60%	100%
	% Within willingness to pay premium	4.8%	6.3%	5.6%
A / B	% Within HSS	64.3%	35.7%	100%
	% Within willingness to pay premium	7.1%	3.5%	5.2%
Chi-square				
		Value	gl	Bilateral Sig.
Pearson Chi-square		10.826	5	.055
Likelihood Ratio		10.993	5	.052
Linear association		.491	1	.484

Source: own data.

When we analyze the variable willingness to pay a premium with educational level, the data show that there is a positive and significant relationship between the two, based on chi-square tests that show a p-value <.05 (Table 6). Therefore, the third hypothesis is accepted. Consumers with least willingness to pay a premium are those with no education and those with a college degree.

Table 6: Relationship between willingness to pay a premium and level of education.

Educational Level		Willingness to pay premium		
		Low	High	Total
Uneducated	% Within educational level	66.7%	33.3%	100%
	% Within willingness to pay premium	12.7%	5.6%	8.9%
Primary	% Within educational level	48%	52%	100%
	% Within willingness to pay premium	65.1%	61.8%	63.3%
High school	% Within maximum degree of studies	0%	100%	100%
	% Within willingness to pay premium	0%	2.1%	1.1%
Preparatory	% Within maximum degree of studies	31%	69%	100%
	% Within willingness to pay premium	10.3%	20.1%	15.6%
Bachelor's degree	% Within maximum degree of studies	50%	50%	100%
	% Within willingness to pay premium	11.9%	10.4%	11.1%
Chi-square				
		Value	gl	Sig. Asymptotic
Pearson Chi-square		10.897	4	.028
Likelihood Ratio		12.215	4	.016
Linear association linear		1.283	1	.257

Source: Own data.



5. DISCUSSION

This research seeks to identify the willingness of consumers to pay a premium for SRCs' products, depending on the social consciousness of consumers and their characteristics such as socioeconomic status and educational level. The results show that the majority of food product consumers make responsible purchase decisions, taking into account the commitment of companies to society. That is, the consumer is not indifferent to the responsible behavior of the company as they value the morals in their decision making and the company's commitment to the environment and workers. Being a responsible consumer, the individual is willing to purchase more expensive products on the grounds that they are produced by socially responsible companies. The consumer is willing to pay a premium especially when the company has demonstrated that it cares about protecting the environment by using biodegradable products and packaging, probably because they are aware of the additional costs incurred by companies. These results are consistent with those found in other studies (Bigné & Currás, 2008; Fernández & Merino, 2005; Pivato, Misani & Tencati, 2008).

Likewise, the ratio of the willingness to pay a premium as a function of socioeconomic status was assessed. The results revealed that the middle class has increased awareness of the benefits that come with buying SRCs' products, although the direct benefits may only be seen in the long run, they consider their purchase decision worthwhile. In this sense, the middle class is willing to buy more expensive products, in order to promote social commitment by companies. Contrary to expectations, the more affluent consumers do not value the ethical and responsible behavior of corporations, which means that there are other more important criteria than simply purchasing power purchasing when making a purchase decision, insofar as regarding foodstuffs. Clearly, the consumer of lower socioeconomic status is very price sensitive, and any change in the price has a greater impact on their income.

Finally, the results showed that consumers with middle and high school education have increased willingness to pay a premium for CSR products than consumers with higher educational levels.

6. CONCLUSIONS

The objective of this research was to analyze the willingness of consumers to pay a premium for the products offered by socially responsible companies based on social awareness and consumer characteristics. The results showed that the more socially aware consumers are willing to pay a premium for products produced by CSR. We also found that consumers in the middle class valued responsible behavior more than the highest economic class and that consumers with the lowest educational level, i.e., the lower and higher academic levels are not willing to pay a higher price for socially responsible products.

This means that CSR has no effect on buying behavior if there is no social awareness on the part of consumers regarding the role of business in society. Likewise, companies must begin to make their first efforts to include a focus on CSR in their strategies with the aim of increasing its market share and attract customers, especially so-called "green clients" who are the most knowledgeable about ethical corporate behavior.

Future research should be directed to studying whether the beliefs of CSR consumers are aligned with their buying behavior, analyze the social consciousness of consumers in other industries and their relationship with CSR, as well as using the methodology of *focus groups* to analyze the criteria for socially responsible consumer purchases in detail.

7. ACKNOWLEDGMENTS

We thank to the Direction of Support for Research and the Graduate School (DAIP) of the University of Guanajuato for the support in the translation of this research work.

8. REFERENCES

- [1] Barone, M. J., Miyazaki, A. D., y Taylor, K. A. (2000). The influence of cause-related marketing on consumer choice: Does one good turn deserve another? *Journal of the Academy of Marketing Science*, 28(2), 248–263.
- [2] Bigné, E., Chumpitaz R., Andreu, L. y Swaen, V. (2005). Percepción de la responsabilidad social corporativa: un análisis cross-cultural. *Universia Business Review*, Primer Trimestre (5), 14-27.
- [3] Bigné, E., Currás, R. (2008). ¿Influye la imagen de responsabilidad social en la intención de compra? El papel de la identificación del consumidor con la empresa. *Universia Business Review*, Tercer trimestre, ISSN 1698-5117, P. 10-23.
- [4] CEMEFI. (2008). Centro Mexicano para la Filantropía. Retraído 9 de noviembre de 2009, en <http://www.cemefi.org/spanish/content/view/1760/25/>
- [5] Fernández, K. D. & Merino C. A. (2005). ¿Existe disponibilidad a pagar por responsabilidad social corporativa? Percepción de los consumidores. *UNIVERSIA Business Review*. 38-53.



GLOBAL JOURNAL OF ADVANCED RESEARCH
(Scholarly Peer Review Publishing System)

- [6] Instituto Nacional de Estadística y Geografía (2010). Censo de Población y Vivienda.
- [7] López, A. (2013). “Hacia la Responsabilidad Social Empresarial de Pequeñas Empresas. Caso México-Universidad de Guanajuato”, *Revista Internacional Administración & Finanzas*, vol6 (6).
- [8] Mohr, L. A., Webb, D. J. y Harris, K. E. (2001). Do consumers expect companies to be socially responsible? The impact of corporate social responsibility on buying behavior. *The Journal of Consumer Affairs*, 35(1), 45-71.
- [9] Pivato, S., Misani, N. & Tencati, A. (2008). The Impact of Corporate Social Responsibility on Consumer Trust: the Case of Organic Food, *Business Ethics: A European Review*, vol. 17, no. 1, pp. 3-12.
- [10] Reyno, M. (2006). Responsabilidad Social Empresarial (RSE) como Ventaja Competitiva, Tesis, Universidad Técnica Federico Santa María, Chile.
- [11] Sulbarán, J. P. (1995). El concepto de responsabilidad social de la empresa. *Economía*, XX, 10, 181-199.
- [12] Swaen, V. & Chumpitaz, R. (2008). Impact of Corporate Social Responsibility on Consumer Trust, *Recherche et Applications en Marketing*, vol. 23, no. 4, pp. 7-33.
- [13] Vargas-Mendoza; J.E., Maldonado-Aragón, M S., Cruz-Clemente. M. E. y Aguilar Morales, J. E. (2012). Actitudes y comportamientos ambientales en estudiantes de psicología y de arquitectura en la ciudad de Oaxaca, México. *Centro Regional de Investigación en Psicología*, Volumen 6, Número 1, 2012. Pág. 7-12.
- [14] Vlachos, P.A., Tsamakos, A., Vrechopoulos, A.P. y Avramidis, P.K. (2008). Corporate social responsibility: attributions, loyalty, and the mediating role of trust. *Journal of the Academy Marketing Science*, 37(2), 170–180.