

## **Impact of CSR initiatives on consumer buying behavior with special reference to Cargill's (Ceylon) PLC, Sri Lanka**

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### **Introduction**

With the dynamic macro-economic environment and the technological development the operational activities of the businesses have taken a huge impact on the overall social environment and as a result of that, it makes companies responsible to its stakeholders (Alsmadi & Alnawas, 2012). Because of the company engaged in the undertaking of social activities with their commercial activities they will receive a great opportunity to enhance their brand image, free advertising and sales volume boosting by consolidating the organizational relationship with the society (Frederick, 1986).

Cargill's (Ceylon) PLC is a Sri Lankan Corporate which was established in 1844. With the continuous investment portfolio, Cargill's retail arm has become the largest retail chain in Sri Lanka. It has been grounded on strong values and ethics base where it has identified and measured the responsibility they have on their all stakeholders of their company. As per the sustainable strategy of Cargill's Ceylon, they have anchored three commitments namely, reducing cost of living, enhancing youth skills and bridging regional disparities (Corporate website Cargill's [Ceylon] PLC. Accordingly, the problem centered in the current study is, which extent, the CSR initiatives impact on the consumer buying behavior with reference to Cargill's (Ceylon) PLC.

### **Methodology**

The conceptual framework of the current study has based on the four dimensions of CSR namely, economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility (Caroll, 1991). In this study, consumer buying behavior has taken as the dependent variable. The conceptual framework and hypotheses of the study are shown below.

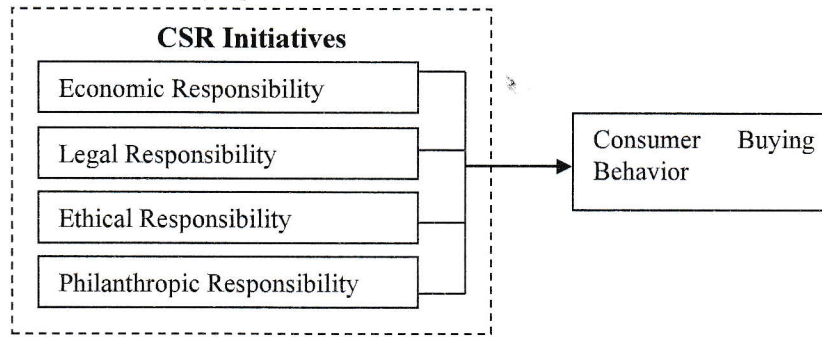
*Hypotheses for the study;*

*H1: The Cargill's (Ceylon) PLC's fulfillment of its economic CSR has a positive effect on the consumer buying behavior.*

*H2: The Cargill's (Ceylon) PLC's fulfillment of its legal CSR has a positive effect on the consumer buying behavior.*

*H3: There's a positive influence of the ethical CSR undertaking by the Cargill's (Ceylon) PLC on consumer buying behavior.*

*H4: There's a positive influence made by the philanthropic responsibility of the company to the consumer buying behavior.*



**Figure 1** Conceptual framework of the study

Both sources of primary and secondary data were used in the study for data collection and as for the primary data, a self-administered structured questionnaire was developed by the author. Initially with sample respondents of 25 consumers, a pilot study has been conducted and with their responses. The validity and the reliability analysis have also been conducted. With the responses of the pilot study, it has conducted a Cronbach's alpha reliability test suggests that all the constructs are acceptable and so that no changes were made in the questionnaire. In order to test the validity, it has conducted a KMO Bartlett's test which resultant a 0.728 value which indicates sampling adequacy for a factor analysis. . With the sample technique of non-probabilistic convenience sampling method, the data were collected from 150 respondents for the master study and the sample respondents were the people who made purchases from Cargill's (Ceylon) PLC. Five (5) Point Likert scale has been adopted for the questionnaire with the point values of 1= strongly disagree to 5 strongly agree and, the demographic data were measured with the nominal scale.

### **Results and discussion**

Descriptive statistics were used to analyze the demographic data of the study and correlation analysis was used to test the hypotheses. According to the demographic analysis (See Table 1), the majority of the respondents were female (56%), in the age group of 26-41 , in the income group of 25,000 to 49,999, in the education level of bachelor's degree and single (56%).

Table 2 show the results of correlation analysis which was used to evaluate the relationship between study variables. Based on the statistical analysis shown above, there is a strong uphill positive linear relationship (0.845) between philanthropic responsibility and the consumer buying behavior. Also it has found that there is a moderate uphill positive linear relationship between the ethical responsibility (0.638) and consumer buying behavior and economic

responsibility (0.624) and consumer buying behavior. Further, the study found that, there is a weak uphill positive linear relationship between the legal responsibility (0.303) and the consumer buying behavior (Rumsey, 2016)

**Table 1** Descriptive analysis for demographic data

Variable	Indicator	Frequency	Percent
Gender	Female	84	56%
	Male	66	44%
Age	18-25	21	14%
	26-33	45	30%
	34-41	45	30%
	42-49	39	26%
	Dependent	3	2%
Income	Less than 24,999	33	22%
	25,000 to 49,999	45	30%
	50,000 to 74,999	39	26%
	75,000 to 99,999	30	20%
Education level	Ordinary Level	21	14%
	Advanced Level	57	38%
	Bachelor's degree	60	40%
Marital status	Postgraduate	12	8%
	Single	84	56%
	Married	66	44%

**Table 2** Results of correlation analysis

Variable	Pearson correlation	p-value
Economic Responsibility	0.624	0.000
Legal Responsibility	0.303	0.000
Ethical Responsibility	0.638	0.000
Philanthropic Responsibility	0.845	0.000

### Conclusion

CSR is a concept which has recently come in to the stage although; it has a long history from the 19<sup>th</sup> Century. Most of the organizations today are voluntarily engaging with the CSR activities and they are not seeing CSR is a cost for the organization but it is as an investment for the organization. Today's companies seeking CSR as one of effective tools of marketing strategy because, it will directly help to develop a positive perception and image of the brand within the consumer's heart. This study found that, the most influential factor of CSR on the consumer buying behavior is philanthropic CSR at Cargill's where it shows a strong uphill relationship. Thus the study recommends to promote the activations on philanthropic initiatives in the company to ensure optimistic consumer buying behavior.



**Keywords:** *Consumer buying behavior, CSR activities, philanthropic responsibility.*

**References**

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