Youth Perception of Corporate Social Responsibility: Does Concern About Social Impact Convert to Consumption?

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ABSTRACT

This research assesses the importance of corporate social responsibility (CSR) as it affects the perception of millennials regarding the socially responsible corporation that, in turn may influence their intention to purchase. The findings show that loyalty and trust appear stronger among older-age consumers than among the younger-age consumers, but both loyalty and authenticity are strong indicators of continuance intention. Younger-age consumers clearly analyzed authenticity to build trust and advocacy, whereas older-age consumer built trust with clearly communicated awareness of CSR initiatives. The managerial implications clearly highlight the importance of awareness for older-age consumers while authenticity was important for younger-age consumers. This offers opportunities for further development on the behavior of the two categories of consumers as well as strategies for practitioners to employ CSR to influence continuous purchases.

KEYWORDS
Advocacy, Authenticity, Continuance Intention, Corporate Social Responsibility, Trust

1. INTRODUCTION

This paper discusses how corporate social responsibility (CSR) influences the youth and how youth empowerment, in turn, may pave the way for the future success of CSR. Youth, after all, are the future managers of the corporate world and their perception of CSR will be a vital influence to business organizations and other stakeholders. CSR is defined as a business practice and concept whereby organizations consider the interests of society and integrate these interests into their strategy by taking responsibility for the results of their activities on consumers, suppliers, employees, communities, etc. as well as on the environment. CSR influences and benefits society. Not only through specific projects, but also through initiatives such as forums, philanthropy and awareness programs, and activities like give-a-ways and fund-raisings.

CSR efforts have captured the attention of the youth and engaged them through programs organized by specific youth-centered groups and organizations. These programs each have their own set of causes and goals that the organizations wish to promote through the practice of CSR. CSR Initiative entails responsibilities that companies are supposed to adopt such as self-regulation mechanisms to monitor and ensure adherence to laws, ethical standards and norms. Social responsibility has a positive impact upon consumers and other constituents guiding their moral responsibility and, at

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the same time, considering their interests. More practically, CSR translates into social responsibility and the influence of CSR can generate a strong cause-brand fit. (Waller, 2010; Bigne-Alcaniz et al., 2012). The Sustainable Business Council (2015) found that the youth represent a vehicle to implement CSR in their business, and youth-centered activities including student scholarships, donations, and volunteering are growing. Youth are becoming more involved in CSR through projects in social entrepreneurship and social innovation.

Youth will increasingly play an important role in the economic development of a country as future employees and consumers. Cone Communications (2015) states that millennials represent more than $1 trillion of purchasing power and are hyperaware of CSR policies and the initiatives in organizations with which they interact. Moreover, perceptions of the youth will influence business strategy. They also report that millennials have high expectations for CSR finding that millennials will analyze CSR policies and initiatives to influence what to buy or where to shop. CSR initiatives will focus more on the development and empowerment of the youth because they are perceived to have an influential role as the future generation and will boost the consumer base of a firm. The empowerment of youth influences organized development orientations and motivates the private sector with the support of government-funded agencies (Nair, 2015). More than 80 percent of younger-aged shoppers believe that brands support the community and they give to good causes (Chahal, 2013). In this same study, actual awareness of the term “corporate social responsibility” is at 42 percent of those 11-17 year-olds compared with 62 percent of 18-25 year-olds; while 92 percent agreed that companies should play a more responsible role in society.

Nielsen (2014) found that consumers will care about CSR with their wallets. In a survey of 29,000 respondents in 58 countries, younger-aged consumers (21-29) were much more likely (+24%) to spend more on goods and services from companies that have implemented CSR programs and give back to society. It was found that 55 percent of respondents are willing to pay extra for products and services from companies that are committed to social and environmental impacts. They found that consumers in the Asian Pacific region will pay significantly higher than North America and European consumers by 22-24 percent. Swinard (2014) found that 70 percent of young millennials consider themselves to be social activists and that one in three will boycott or support businesses based on the causes that they care about. Thirty-five percent of younger-age consumers felt that companies only invest in CSR to improve their image but are hypocritical about implementing those policies. This is significant because the consumers’ perception of a single negative attribute may outweigh several positive attributes of a company and its products (Mittal et al, 1998).

We found a gap in the research of younger versus older consumers with respect to both their perception of CSR and whether the awareness influences purchase behavior. This study focuses on the perception of CSR initiatives by comparing younger-age and older-age consumers to assess the factors that influence the consumer continuance intention to purchase. The key questions of this study are: (1) What are the factors influencing the purchasing decision and those factors that affect the consumers’ perception of corporate social responsibility? (2) Will the consumer ultimately continue to purchase products from companies that are not CSR compliant? (3) Is there a difference between younger-age and older-age consumers in their perception of CSR and their continuance intention?

2. CONCEPTUAL BACKGROUND AND HYPOTHESES

We present the conceptual research model (Figure 1) to show the theoretical relationships of the constructs that are cited in previous studies. A preponderance of the theory and the relationships between the constructs come from the Balquiah, et al. (2011) research of corporate social responsibility. The relationships, which are hypothesized in this study, have been found to be statistically significant by previous research, which will be discussed subsequently, and the operationalization show in Appendix A. Each construct will be discussed with supporting theoretical findings.
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