

Corporate Social Responsibility and Its Influence on Customer Satisfaction among Students of Selected Private Engineering Colleges in Tamilnadu



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Abstract: Purpose – The discussion on Corporate Social Responsibility (CSR) in the current scenario is getting special attention in business environment. In India, it is highly speaking since the companies' act 2013 and its significance highlighted the need for integration of ethical principles in the businesses. Even though the educational institutions and university strived not to make profit from its business, institutions are frequently involved corporate social responsibility practices and contribute more for the society, legal, environment and customers. The aim of the study focused to explore empirically the relationship among the dimensions concerning CSR i.e., Environmental, Employer Employee, Customer, Legal and Societal with customer satisfaction among students of private university in Vellore, Tamilnadu. **Design/Methodology** – This research is basically an exploratory in nature. In this study the sample of selected private engineering college students in Tamilnadu, have been taken to discover the influence of CSR on customer satisfaction. The test of Correlation Analysis have been used to test the hypotheses that is mentioned during the study. **Findings** – In the current study took the researcher to come up with the conclusion that the dimensions concerning CSR have a concrete relationship with Customer Satisfaction. The study is tested based up on the Test result specified by Pearsons Correlation which falls under -1 to +1 on the results.

Keywords: CSR, employee responsibility, environmental responsibility, customer responsibility, societal responsibility and customer satisfaction.

I. INTRODUCTION

Education is important for every country to grow. Education helps the countries to grow economically and cherish with prosperity. India Brand Equity Foundation (IBEF) 2018 reported that India has larger number of school going students compared to any other country, and largest network of higher education institutions in the world.

Higher education in India monitored by Ministry of Human Resource and Development (MHRD) which is headed by a cabinet-ranked minister. Various autonomous bodies called All India Council for Technical Education (AICTE), University Grant Commission (UGC) and others are under the MHRD regulations and controls academic institutions in India (MHRD 2018).

MHRD, National Institutional Ranking Framework (NIRF), has released the 2018 rankings for higher educational institutions for the various categories such as universities, colleges, engineering, management, architecture, medical, law and pharmacy.

There are 38 engineering colleges from Tamilnadu in the top 100 NIRF 2018 college lists in India.

II. REVIEW OF LITERATURE

Companies' act 2013 in India focused a special attention on the businesses, because of the key theme of CSR information which has captured the special attention of the corporates in India. The CSR concepts were changed time to time. The main aim of the business is maximizing the profit and shareholders wealth, if managers who practices the non-profit social activities it diverts the economic efficiency of the business and decreases the owner's wealth (Friedman 1970). One of the major characteristic of CSR is influenced by external stakeholders concentric i.e., over regulation, legislation, corporate irresponsibility and it is totally a groundless assumption of the shareholders assets considerably leads the destruction of shareholders' privileges (Lantos 2001). The vital social responsibility of the business should use its resources effectively which precludes the profit of the business (Henderson 2007).

The question among the researchers is whether the CSR is shareholder oriented or stakeholders oriented. Stakeholders' influences of the corporation made special attention to concentrate on environmental, social and economic responsibilities.

The stakeholder taught of the CSR focuses maximum of all the internal and external stakeholders those who are affecting by the business. Modern view of CSR literature supports that the corporate not only addresses the well-being of its shareholders and also for its stakeholders it includes shareholders.

The activities of CSR need to focus on maximized the returns (Samy et al., 2010). The theme of CSR highlighted that the business happen at the preference of society and corporate should operate the guidelines set by the society (Bowen 1953). A stakeholder group of a business plays an important role of its objectives corporate is not only influenced by the stockholders and also the stakeholders performance (Freeman 1994; ISA 2012). Good corporate social performance is a pointer of good management skill and low explicit costs (Alexander and Bocholt 1978). Corporate social responsibility has believed a multi-dimensional construct by some of the components they are economical, legal, ethical and discretionary responsibilities (Carroll 2016).

Revised Manuscript Received on 30 July 2019.

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The CSR model includes principles, policies and processes (Williamson and Lynch-Wood 2001).

Ethical, altruistic and strategic variables are the important essentials of CSR (Lantos 2001). The contemporary CSR model includes market place, workplace, environment and community (Crane and Glozer 2016). The 3C variables of CSR model are Consistency, Commitment and Connection (Meehan et al., 2006).

Various CSR intensification exposes the wide spread consideration not only the business organization as well as the majority of management scholars. The standard, principles and applicability of CSR is different in micro and macro environment of an organization (Roome and Dober 2009).

Existing literature supported that the actions included in CSR are responsibility towards society, responsibility towards shareholders or employers, responsibility towards employees, responsibility towards legal or law obligations and responsibility towards customers.

Customer Satisfaction is an evaluation extracted by the customer experience through their expectation and it influences a firm's market value (Hunt 1977). Purchase outcome and products usages and services where buyers compares the cost of purchase and its anticipated consequences (Churchill and Surprenant 1982). The generalized customer is the customer who not only consumes and purchase the products and services they act as a potential member of organizational activities.

In marketing management various studies observed the influences of CSR on Customer Satisfaction, researchers like Sankarsen & Bhattacharya (2006); Mohr et al., (2001); Alam and Rubel (2014); Pomeroy and Dolnicar (2006); Chung et al., (2015); Johannes Habel et al., (2016); Sridhar and Ganesan (2016); Irshad et al., (2017); Oladimeji et al., (2017); Craig Smith et al., (2018).

III. PROBLEM STATEMENT

Applicability of CSR standards is not same in all the organizations it depend upon the influences of micro and macro environment of the business. CSR is strong in western countries but weak in developing countries because of institution standard and systems (Chapple and Moon 2005; Belal 2007). Every organization is different in implementing CSR activities it's based upon operating industry and stakeholder demands (Tsoutsara 2004). Some of the industry and firms are always providing additional persistence in CSR activities for show uniqueness from their socially responsible activities from their less responsible colleague companies for gain advantage (Barnett 2007).

The CSR activities of higher educational institutions it is neither mandatory nor monitored by any organization in India even though educational universities have adopt various practices which is related to CSR and ethics in their institutions. Hence this study made an effort toward explore the association of Corporate Social Responsibility and its influences on Customer Satisfaction among students of private university in Vellore, Tamilnadu.

OBJECTIVES OF THE STUDY

- To develop measures which represent student assessment of Corporate Social Responsibility dimensions and customer satisfaction which links Education sector.

- To assess the influences of CSR on customer satisfaction.
- To prescribe tested CSR model for educational institution.

HYPOTHESES OF THE STUDY

Based on objectives, the framed hypotheses are

H1: There exists positive relationship of CSR dimensions (customers, employer, and employee, environmental, Legal and societal) and Customer Satisfaction.

H1a: There exist positive correlation between customer responsibility dimension of CSR and Customer Satisfaction.

H1b: There exist positive correlation between employee responsibility dimension of CSR and Customer Satisfaction.

H1c: There exist positive correlation between environmental responsibility dimension of CSR and Customer Satisfaction.

H1d: There exist positive correlation between employer responsibility dimension of CSR and Customer Satisfaction.

H1e: There exist positive correlation between societal responsibility dimension of CSR and Customer Satisfaction.

H1f: There exist positive correlation between societal responsibility dimension of CSR and Customer Satisfaction.

IV. METHODOLOGY

Current study adopted Exploratory Research design. Questionnaire developed for data collection. CSR identified as an independent variable and Customer Satisfaction treated as dependent variable after verifying the existing literature. Totally seven constructs measured using five points Likert scale where one represented "Strongly Disagree" and five represented "Strongly agree". Demographic variables like Age, course underwent, Gender, Mode of the study also added in questionnaire.

Students were studying final year considered as a population of selected private engineering colleges in Tamilnadu. Target private engineering colleges covered on the basis of quality of information regards extensional and CSR activities.

Present study didn't disclose the name of the engineering colleges and it kept confidential. Convenience sampling method was adopted. Data collection based on students' availability and interest. After screening the data 351 responses were considered for further analysis out of 361.

The questionnaire for the study consisted 50 items which included CSR dimensions and Customer Satisfaction. CSR has six dimensions with 43 items scale and customer satisfaction consisted with seven items scale. In this study, EFA was used to point out group of variables which constitute independent response set. Reliability has checked and Correlation statistical technique was used to test the hypotheses. SPSS software were used for data analysis.

V. DATA ANALYSIS

In the current study, for Latent factors identification Exploratory Factor Analysis (EFA) was employed. The results of sample adequacy and correlation matrix is represented by KMO and Barlett's test. The result indicated that KMO is 0.799 it represented the sample size adequacy and enough variance.

The p value of chi-square statistics for Barlett’s test of Sphericity was 0.000 it has found to be less than five percent level of significance.

To investigate the divisions Principal Component Analysis (PCA) with Varimax rotation has conducted for seven distinct factors with an Eigen value above 1 were considered for all the variables in EFA. From the factor analysis, seven factors F1- legal responsibility, F2- customer responsibility

,F3- customer satisfaction, F4- Societal responsibility, F5- Environmental responsibility, F6- employee responsibility and F7- employer responsibility are the important constructs (comprises 31 items) that are extracted which cumulatively explains 72.755percent of the total variance.

Table No. 1.1 Pattern Matrix showing Factor Loading

		ROTATED COMPONENT MATRIX						
		COMPONENT						
		1	2	3	4	5	6	7
LR	LR1	.961						
	LR2	.952						
	LR7	.944						
	LR1	.877						
	LR2	.869						
CR	CR1		.946					
	CR2		.913					
	CR3		.896					
	CR4		.893					
	CR5		.891					
CS	CS3			.838				
	CS4			.807				
	CS5			.789				
	CS6			.781				
	CS2			.756				
	CS1			.713				
SoR	SoR3				.850			
	SoR4				.824			
	SoR5				.809			
	SoR2				.775			
EV	EV1					.832		
	EV3					.823		
	EV4					.797		
	EV2					.791		
EM	EM3						.827	
	EM1						.804	
	EM4						.781	
	EM2						.759	
EP	EP2							.836
	EP1							.827
	EP3							.812

Source: Computed Primary Data

The inherent relationships among the variables under each factor, LR represents legal responsibility dimension of CSR, CR represents consumer responsibility dimension of CSR, SoR represents societal responsibility dimensions of CSR, EV represents environmental responsibility dimension of CSR, EM represents employee responsibility dimension of

CSR, EP represents employer responsibility dimension of CSR, and CS represents customer satisfaction. The following names have been derived for each factor as shown in table 1.2.

Table No. 1.2 Dimensions Extracted From Factor Analysis

S.No	ITEM	LOADING	FACTOR NAME
1	College implements various strategy for students' safety	.946	CONSUMER RESPONSIBILITY
	College treats its students in good conscience	.913	
	College maintains procedure for students complaints	.896	
	College involves to know the students' needs	.893	
	College consider both student satisfaction and long term benefits in its plan and actions	.891	
2	College engage in philanthropy and social services	.850	SOCIETAL RESPONSIBILITY
	College paid special attention to the social activities	.824	
	College cares various social welfare programmes	.809	
	College provides employment opportunities to the disadvantaged group	.775	
3	College frame strategy to ensure long-term success	.836	EMPLOYER RESPONSIBILITY
	College concerned to fulfill its obligation to its management/administration	.827	
	College concentrates economic benefits through its activities	.812	
4	College cares safety of its employees	.827	EMPLOYEE RESPONSIBILITY
	College offers various programmes to develop its employees	.804	
	College treats its employees fairly	.781	
	College provides various amenities to its employees	.759	
5	College follows required regulations	.961	LEGAL RESPONSIBILITY
	College follows legal regulations time to time	.952	
	College always pay duties regularly and completely	.944	
	College pay special attention on its regulatory bodies	.877	
	College always emphasize on legal formalities for better prospect	.869	
6	College communicates in its environmental practices to its customers	.832	ENVIRONMENTAL RESPONSIBILITY
	College participates various activities to protect natural environment	.823	
	College encourages its employees to participate in various natural environment programmes	.797	
	College reduces its consumption of natural resources	.791	
	Students are satisfied with the college courses and programs	.838	
	Students are satisfied with the various facilities provided by the college	.807	
	Students are satisfied with the communications of college management	.789	

7	Students have satisfied with the education quality	.781	CUSTOMER SATISFACTION
	Students trust the college services	.756	
	My college fulfils ones needs	.713	

Source: Computed Primary Data

Demographic Profile of the respondents

Through survey it was found that there is no major difference in gender of the respondents. The category of Respondents' age revealed that 82 percentage of the respondents were lesser than 25 years category and 18 percentage of the respondents were 26-30 years. \Of the sample 70 percentage of the respondents are in the category of undergraduate, remaining were postgraduate. 60 percentage were day scholar and 40 percentage were reside at respective hostel rooms.

Correlation analysis and results

As Cronbach's Alpha has gotten in CSR dimensions and customer satisfaction constructs are more than 0.8 which represents internal consistency and reliability. Table 1.3 shows the correlation analysis and results. Correlation or r value of the tested hypotheses shown greater 0.7 which represent strong and positive correlation with the significance value of lesser than 0.05

Correlation analysis and result

Table No. 1.3

S.No	Hypotheses	Correlation Or r value	Significance Or P value	Result
1	H1a: There exist positive correlation relationship between customer responsibility dimension of CSR and Customer Satisfaction.	0.767	0.00	Accepted Strong and positive correlation
2	H1b: There exist positive correlation between employee responsibility dimension of CSR and Customer Satisfaction.	0.763	0.02	Accepted Strong and positive correlation
3	H1c: There exist positive correlation between environmental responsibility dimension of CSR and Customer Satisfaction.	0.787	0.00	Accepted Strong and positive correlation
4	H1d: There exist positive correlation between legal responsibility and customer satisfaction.	0.711	0.00	Accepted Strong and positive correlation
5	H1e: There exist positive correlation between societal responsibility dimension of CSR and Customer Satisfaction.	0.732	0.00	Accepted Strong and positive correlation
6	H1f: There exist positive correlation between societal responsibility dimension of CSR and Customer Satisfaction.	0.784	0.00	Accepted Strong and positive correlation

VI. CONCLUSION AND LIMITATION

The results of this study can be used by policy makers of the engineering colleges which can help positioning their institution as a well-known institution by managing social risk and performing strategies through socially responsible activities. Some limitations should be taken into considerations, this research used the convenient samples among students of the selected private university to

develop the scales so the scales may not be generalized to general business environment. This study has taken step to measure CSR scales for educational institutions. The result of the study indicated thatthere exists positive relationship of CSR dimensions (customers, employer, and employee, environmental, Legal and societal) and Customer Satisfaction.



For future studies, researchers can conduct the same in different higher educational institutions like medical colleges, arts and science colleges....etc will offer some important implications.

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Dr.S.Gomathi has obtained a doctoral degree in the field of Human Resource management in 1994 at a very young age from Alagappa University, Karaikudi, Tamilnadu as a first full-time research scholar. She was born on April 9th, 1966 in Tiruchirappalli. She was the first one to receive the stipend for her Ph.D. Programme based on merit. At present, she has 27 years of teaching experience, inclusive of 25 years of teaching P.G. students. She made an active contribution in creating nine doctorate candidates successfully enhancing her research contribution. At present, she is guiding six Ph.D. scholars at VITBS. She is a popular and friendly speaker, trainer in most of the premier educational Institutions and corporates and in other Public forums. She is specialized in stress management techniques, emotional intelligence, HR analytics, Knowledge management, Balanced scorecard, entrepreneurship, and other Organisational behavior & HRM Subjects. As an academic achievement, she has authored five books one on essentials of Entrepreneurship in 2003, and a study on Grievance management in a Pvt.



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