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# Exploring antecedents of corporate social responsibility practices of FMCG companies in Gujarat

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**Abstract**

With the rapid growth of businesses, various strategies and tools have been adopted to establish a strong presence. The objective of the research is to investigate the antecedents of Corporate Social Responsibility initiatives among FMCG firms in Gujarat. The data was collected through web-based survey and social networks in Ahmedabad, Surat, Rajkot and Vadodara city of Gujarat State. Participants were asked to provide their answers to the survey questions and their awareness of the concept of CSR. The online survey was distributed to 350 participants, yielding 201 usable responses. A five-point Likert-type scale, with response options from 1 (strongly disagree) to 5 (strongly agree), was employed for the assessment of all items in this study. SPSS statistical software is used to analyse the obtained data. Based on factor analysis, five dimensions were extracted, namely economic, legal, ethical, philanthropic, and environmental responsibility. Policymakers might use the findings of the study to form up various corporate social responsibility activities by FMCG companies. Philanthropic actions by FMCG companies hold a prominent place in consumers' mind because if its high visibility. This advocates that the FMCG companies should emphasis on the philanthropic aspect of their CSR initiatives to build stronger consumers' preference for FMCG companies.

***Subject Classification:*** *M14, M37, I24, C3, Q5.*

***Keywords:*** *Corporate social responsibility, Economic responsibility, Legal responsibility, Ethical responsibility, Philanthropic responsibility, Environmental responsibility.*

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**Introduction**

Corporate social responsibility (CSR) is recognised as a vital business strategy, demanding companies to establish a clear framework for its implementation. However, the comprehensive and diverse understandings of CSR have made it interesting for firms and practitioners to develop a precise understanding of the concept. [1] In the 21st century, CSR has progressed into a key intangible asset for organizations. With its cross-cutting nature and measurability, coupled with the surge in sustainability reporting in recent years, CSR has added significant prominence and become an essential component of overall corporate strategies. [2]

Today, in this rapidly changing business world, CSR has focused more than ever as a structured framework for exploring the relationship between business and society. It incorporates two key elements: protection and improvement. Protection comprises companies mitigating their undesirable effects, such as pollution, discrimination, and unsafe products. Improvement, on the other hand, needs businesses to create positive societal benefits through initiatives such as philanthropy and community engagement. [3]

India turns out to be the first country to mandate corporate social responsibility (CSR) on April 1, 2014, under Section 135 of the Companies Act 2013. The commandment necessitates eligible companies to allot 2% of their average net profit from the past three years to CSR practices. This echoes India's commitment to sustainable, economic, and environmental initiatives. CSR goes beyond financial success, seeing its effect on stakeholders such as personnels, consumers, society, and the environment. Today, CSR is playing a crucial role of business strategy, promoting both societal well-being and long-term corporate sustainability.[4]

The Fast-Moving Consumer Goods (FMCG) sector is a crucial part of the Indian economy, which offers low-cost products with high volumes, that leads to considerable profits. Largely, FMCG companies are prioritizing environmental-friendly products. With mandatory CSR provisions, major corporations like Hindustan Unilever, Colgate-Palmolive, ITC, Nestlé, and Amul actively engage in CSR initiatives. These efforts lead to customer trust, that positively affects buying behaviour of consumers.[5] Currently, CSR is essential to FMCG companies' plans and policies, where companies rigorously contributing to social, economic, and environmental development. [6] CSR initiatives are driven by the parent brands. For example, Unilever integrates its CSR activities with its Sustainable Living Plan. [7]

**Literature Review**

The idea of Corporate Social Responsibility (CSR) is deeply rooted in history, as traces of organizational commitment to societal well-being can be found for centuries. [8] Dahlsrud [9] conducted an analysis of 37 CSR definitions to investigate the ways in which CSR is conceptualized. His findings highlighted five dimensions: environmental, social, economic, stakeholder, and voluntariness. Khoury et al. [10] stated that CSR established the inclusive relationship with its stakeholders, such as its customers, communities, government, suppliers, employees and government. It incorporated various dimensions including social, environmental, economic, and stakeholder considerations. Corporate Social Responsibility engages stakeholders in an ethical and socially responsible manner. These stakeholders can be both internal and external to the organization. This concept encompasses voluntariness, stakeholder orientation, and a social dimension.[11]

Supporting that notion, Mcwilliams and Siegel [12] attempted to answer a question that how much should a firm spend on CSR? By applying supply and demand theory in an organizational context, they concluded that an ideal level of CSR investment optimises the profit while realising expectations of stakeholders.

Moreover, Carroll introduced four categories or domains of CSR i.e. financial, regulatory, moral, and voluntary responsibilities formed the foundation of the CSR pyramid. These responsibilities aided to outline the role of firms in society and had been extensively implemented by various theorists. [13]

According to Sharma and Shravani [14], CSR encompasses dimensions such as economic, statutory, ethical, and voluntary obligationsA significant association between chosen organizational demographics and consumer buying behavior in the Jammu and Kashmir region was revealed by the findings. Despite expressing concern for the environment, Hong Kong consumers did not demonstrate this in their buying practices. [15] With this background, attempted to study the behaviour of companies towards several aspects of social influence through the various dimensions of corporate social responsibility regulated by each organization especially, Reliance, Tata, and Infosys. [16]

In the Indian context, Srivastava et al. [17] investigated Carroll's CSR components by analyzing the CSR pyramid as applied to manufacturing companies in Uttar Pradesh, specifically from the leather, chemical, automobile, and defense sectors. Nochai and Nochai [18] in their study, adopted extents of CSR from Carroll's pyramid of CSR included monetary, legal, ethical, and philanthropic dimensions. The study concluded that legal obligation is the most crucial dimension influencing consumers' purchase behaviour, followed by moral responsibility. Hameed, Qayyum, and Awan [19] in their study, explored CSR into various dimensions such as social CSR, environmental CSR, and legal CSR which affected purchase intention of consumers.

Supporting this idea, Rahim, Jalaludin, and Tajuddin [20] adopted CSR dimensions from Carroll's definition, which comprised ethical, economic, philanthropic and legal responsibilities. The finding from the study concluded that there were significant positive relationships between CSR dimensions and consumers' buying behaviour. Malaysian consumers' primacies differ from Carroll's CSR pyramid. Company's economic obligation emerged as the foremost priority, succeeded by philanthropic, ethical, and legal responsibilities in sequence.

Further, Arsić, Stojanović, and Mihajlović [21] in their study, presented five most important dimensions of CSR: economic, social, environmental, stakeholder and voluntariness dimension. According to Valiño et al. [22], the principal elements of CSR include economic, legal, ethical, and philanthropic responsibilities. The outcome of the study shown that elements of CSR influenced the purchase intention of fashion consumers, with moderating effect of brand engagement. The findings indicated that consumers of detergent brands in Pakistan are affected by three key dimensions of the CSR pyramid i.e. economic, moral, and the discretionary dimensions. [7]

The empirical research identified variations in CSR expenditures among the leading 25 firms on the Fortune 500 list, comparing the pre-COVID-19 fiscal year 2017–2018 with the pandemic-impacted fiscal year 2020–2021. CSR spending was mainly focused on societal needs and local communities. Companies exhibited substantial engagement with stakeholders in areas of healthcare, education, environmental sustainability, contributions to government-established funds and rural development. [23]

An exhaustive study on the CSR practices of the Indian corporate sector examined the impact of CSR on firms' gross profit margins and the relationship between environmental initiatives and return on investment. The results, aligning with India's current context, revealed significant differences in CSR disclosure patterns. Private companies generally invest more in CSR but allocate a smaller portion to environmental programs.

However, public companies spend less overall yet channel most of their CSR funds toward community welfare and sustainability initiatives. [24]

Corporate Social Responsibility (CSR) and environmental management are interconnected concepts that reflects commitment of an organisation to ethical and sustainable business conduct. CSR incorporates a wide range of social and environmental responsibilities. Progressive companies recognize the importance of entrenching environmental sustainability principles into their actions to deliver social and environmental value. [25]

Social responsibility refers to management's duty to involve in activities which boost the well-being of both the company and society as a whole. The core dimensions of Corporate Social Responsibility (CSR), namely the societal, financial, and environmental aspects, together with the stakeholder and voluntary components were identified. [26] Another study highlighted the complementarity among the three essential dimensions of CSR, as outlined in the Triple Bottom Line approach examined their effect on firm innovation, surrounding both radical and incremental innovations.[27]

CSR efforts improve a company's reputation, consumer trust, and long-term profitability, all of which have a favourable financial impact. Additionally, studies conducted in the Indian banking industry show a strong correlation between market capitalization, profitability, and CSR spending, highlighting the importance of CSR for long-term growth. [29]

**Objective of the study**

The objective of the research is to investigate the antecedents of Corporate Social Responsibility initiatives among FMCG firms in Gujarat.

**Research Methodology**

This study relies on primary data. The information is collected directly from original sources rather than using existing data. by analysing these antecedents, the study seeks to understand what drives FMCG companies to engage in CSR activities. The data is gathered through survey to ensure accuracy and relevance. This approach helps in obtaining firsthand insights into the motivations and strategies behind CSR initiatives in the FMCG sector. Ultimately, the study provides a deeper understanding of various CSR dimensions of FMCG companies integrate


**Figure 1**

**Conceptual Framework for the Study**

into their business operations. Based on literature review, proposed conceptual model summarised in Figure 1.

*Sample Size*

The present study consists of the respondents who is having knowledge about CSR from Ahmedabad, Surat, Rajkot and Vadodara city of Gujarat State. Participants familiar with the concept of CSR were requested to answer the questions. The online questionnaire was distributed to 350 individuals, from which 201 valid responses were obtained using a convenience sampling method.

*Data Analysis*

The gathered responses regarding the CSR antecedents of FMCG firms were subjected to reliability testing of the measurement scale applied in the research. All variables were assessed through a five-point Likert-type scale (1 = strongly disagree; 5 = strongly agree). For data examination, SPSS software was utilized, and exploratory factor analysis was performed to identify the underlying factor structure.

*Reliability Test*

**Table 1**

**Reliability Statistics**

| Cronbach's Alpha | N of Items |
|---|---|
| .895 | 20 |

*Source:* Author

The desired value of Cronbach Alpha should be greater than 0.5. [28] Therefore, the scale is reliable to test the desired variables. The reliability analysis shows that value is .895 which shows that 20 statements included in questionnaire is reliable to explore antecedents of CSR dimensions of FMCG companies.

## Results and Discussion

Factor analysis was performed on the collected data using 20 statements. Antecedents of CSR were extracted through the Principal Component Matrix, and varimax rotation was applied to obtain simplified and more meaningful factor structures.

**Table 2**

**KMO and Bartlett's Test**

| | | |
|---|---|---|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .851 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1394.897 |
| | df | 153 |
| | Sig. | .000 |

*Source:* Author

A KMO value of 0.851 was recorded, falling within the acceptable range of 0.5 to 1.0, indicating that the sample size was suitable for performing factor analysis. Bartlett's Test of Sphericity produced significant outcomes ($p = .000$, $df = 153$), confirming that the correlation matrix of the variables was not an identity matrix. Accordingly, the dataset was deemed appropriate for factor analysis. The extracted factors account for 64.60% of the total variance, which is adequate to describe the concept under study. Table 3 presents a summary of the five extracted factors, derived from eigenvalues and factor loadings. Variables V7 and V18 were excluded due to their low factor loading values.

**Table 3**

**Principal Component Factor Analysis (Varimax Rotation), Factor Loading of Antecedents of CSR**

| | **Philanthropic Responsibility** | **Economic Responsibility** | **Ethical Responsibility** | **Environmental Responsibility** | **Legal Responsibility** |
|---|---|---|---|---|---|
| V11 | .716 | | | | |
| V12 | .553 | | | | |
| V13 | .736 | | | | |
| V14 | .845 | | | | |
| V15 | .645 | | | | |
| V20 | .516 | | | | |
| V17 | .555 | | | | |
| V1 | | .609 | | | |
| V2 | | .658 | | | |
| V3 | | .769 | | | |
| V4 | | .638 | | | |
| V8 | | | .609 | | |
| V9 | | | .813 | | |
| V10 | | | .825 | | |
| V16 | | | | .823 | |
| V19 | | | | .650 | |
| V5 | | | | | .877 |
| V6 | | | . | | .588 |
| **% of Variance** | 34.004 | 10.741 | 7.746 | 6.227 | 5.886 |
| **Cumulative %** | 34.004 | 44.745 | 52.491 | 58.718 | 64.604 |

*Source:* Author

The highest variance 34.00% explained by the philanthropic responsibility. The philanthropic dimension refers to business activities undertaken in response to societal expectations, involving active participation in initiatives or programs intended at promoting human well-being and goodwill.

Economic responsibility, which accounts for 10.74% of the variance, is placed at the base of the CSR pyramid as it represents the prerequisite for business survival. In the same way that a foundation supports a building, long-term profitability underpins a corporation's capacity to satisfy the demands of society, shareholders, and stakeholders.

The next factor, ethical responsibility, refers to acting with fairness, integrity, and a commitment to avoiding harm. It goes beyond complying with the law, requiring corporates to function in an ethical manner. It is considered to be best practice, as it reveals to stakeholders that the company is moral and just, while also gaining consumer trust and confidence in its products

Legal responsibility, another key antecedent of CSR, signifies FMCG companies' commitment to meeting their lawful obligations and operating in compliance with the law. Essential to business functioning in the marketplace, this facet involves compliance with employment regulations, maintaining fair competition, fulfilling tax obligations, and safeguarding employee health and safety. Neglecting legal responsibilities can have serious consequences for a company.

Furthermore, legal and environmental responsibilities account for nearly equal variance, indicating that these two CSR dimensions occupy the smallest share in FMCG companies' activities. The environmental dimension of CSR involves not only complying with environmental regulations but also taking proactive measures to safeguard the natural environment.

Consumers in Gujarat rank legal responsibility as the least significant as it is linked to Carroll's pyramid, which advocated that legal responsibility should be the second most significant responsibility. On the contrary, consumers in developed nations, Gujarati consumers have a tendency to take rules and regulations leniently. This is obvious in regular news reports about rule-bending and non-obedience, such as traffic law violations and environment related regulations. Businesses have challenged criticism for


*Source:* Author

**Figure 2**

**Pyramid of CSR Antecedents**

contributing to pollution, carbon emission, and deteriorating natural resources. Based on findings, Pyramid of CSR Antecedents summarised in Figure 2.

Based on the results obtained that philanthropic responsibility given highest priority, followed by, then economic, ethical, environmental and at last legal responsibility. The CSR antecedent pyramid identified in this research was found to differ from Carroll's classical framework. In Carroll's model, financial responsibility constitutes the foundation, succeeded by legal, ethical, and philanthropic obligations. However, the results indicate that consumer priorities in Gujarat deviate from this pattern. Philanthropic responsibility emerged as the highest priority, with consumers expecting organizations to contribute to charitable grounds and invest employee time and resources in philanthropic initiatives. Economic responsibility ranked second, surpassing Carroll's placement of legal responsibility in this position. The strong consumer anticipation for sustained philanthropic efforts is evident. Ethical, environmental, and legal responsibilities were ranked lower, likely due to factors such as price sensitivity, limited awareness, and prevailing cultural preferences.

For a majority of consumers, affordability and value for money overshadow concerns about a company's ethical conduct or environmental impact. There is also a lack of awareness and education about CSR and sustainability, leading to minimal consideration of these factors. Additionally, weak implementation of regulations and a general distrust in corporate claims reduce the importance of these responsibilities. Cultural values that emphasize employment and community development further outshine environmental or ethical considerations. Limited availability of ethical alternatives and the dominance of brand loyalty also contribute to this low prioritization. Though, Indian Government is trying hard to enforce the strict law and order but this will need a gradual approach to develop an ideal environment where consumers would bid added value to legal and ethical responsibilities.

## Conclusion and Implications

The analysis revealed that philanthropic initiatives undertaken by business enterprises were associated with a greater likelihood of consumers favouring the organization's products during their purchase decisions. In other words, enhanced emphasis on a firm's voluntary activities was found to encourage a favourable consumer response. When FMCG companies actively fulfil the philanthropic dimension of CSR, they enhance their reputation compared to those that do not. However, the study's limitations should be acknowledged. The primary limitation lies in the sample size i.e. only 201 usable responses which may restrict the external validity of the findings.

One of the prominent reasons philanthropic activities positively occupies the highest space in the mind of consumer is their high visibility. This indicates that the greater the emphasis on the philanthropic dimension of CSR practices by FMCG companies, the stronger preference of consumers for these firms. Consumers expect that the FMCG companies should allocate its financial resources toward discretionary activities. Moreover, consumers respond positively, as FMCG companies increase promotion of their philanthropic activities.

The theoretical relevance of this research is notable, as the comprehension of CSR antecedents within the FMCG sector has been broadened. Whereas the majority of earlier studies were concentrated exclusively on the four dimensions of Carroll's pyramid such as financial, moral, philanthropic, and legal—the current research has incorporated these along with the ecological dimension of CSR. This approach offers a unique and inclusive analysis, particularly relevant to the Indian FMCG sector. The findings clearly demonstrate that CSR practices extend beyond the traditional four dimensions, with environmental responsibility emerging as an equally important component.

Managers should notice that consumer priorities in this study differ significantly from those in other countries. The insights derived from the results can guide organizations in tactically emphasis on their CSR efforts. Companies should plan their CSR activities in alignment with the primacies revealed by this research. Furthermore, policymakers can utilize these results to create minimum CSR compliance standards for organizations, whether through regulatory mandates or voluntary guidelines. As a result, corporates can be benefited from consumer support, which not only enhance brand awareness and develops the organization's reputation but also strengthens their appeal to potential shareholders. These will lead to short term as well as long term impact on organization's performance. These five antecedents of CSR i.e. philanthropic, economic, ethical, environmental and legal are interrelated, forming a holistic CSR strategy. A company that balances these responsibilities can build trust with stakeholders, enhances reputation and ensures long-term sustainability.

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**Data Availability**

The data supporting the results of this research can be obtained from the corresponding author upon request.

**Conflict of interest:**

The authors declare that there is no conflict of interest.

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