

**T.C.
ISTANBUL AYDIN UNIVERSITY
INSTITUTE OF SOCIAL SCIENCES**



**ANALYSING THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY
(CSR) STRATEGIES OVER THE SUCCESS OF AN ORGANIZATION: THE
CASE OF L'ORÉAL**

THESIS

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**Department of Business
Business Administration Program**

Thesis Advisor: Assist. Prof. Dr. Bekir Emre KURTULMUŞ

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(Y1512.130099)**

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T.C.
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To My Family



FOREWORD

First of all I would to thank Allah who gave me the courage to do my thesis. After that I am really thankful to my father who supported me in every possible way and it would be impossible without his support. I would like to thank my supervisor for his excellent guidance and support during my thesis. I thank all of the respondents without whose cooperation I would not have been able to conduct my research. I would like to thank all my colleagues at university for their wonderful cooperation as well. My mother deserve a particular note of extra thanks for her wise counsel, kindness and her prayers.

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Mohammad Aimal KHATTAK

(Student)



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ABBREVIATIONS

BASEL II	: Regulation of Basel II International Banking Accord
CEP	: Council of Economic Priorities
CFP	: Corporate Financial Performance
CSP	: Corporate Social Performance
CSR	: Corporate Social Responsibility
EHS	: Environmental, Health and Safety
FDI	: Foreign Direct Investment
GAAP	: Generally Accepted Accounting Principles
HIPAA	: Health Insurance Portability and Accountability Act
KLD	: Kinder, Lydenberg and Domini Index
MNC	: Multinational Corporations
OSX	: Sarbanes-Oxley Act
PCI-DSS	: Payment Card Industry Data Security Standard
PTA	: Pakistan Telecommunication Authority
SME	: Small to Medium Sized Enterprises
VNONCW	: Dutch Organizational Affiliation
WBCSD	: World Business Council for Sustainable Development



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ŞİRKET SOSYAL SORUMLULUK STRATEJİLERİNİN ŞİRKET BAŞARISIS ÜZERİNE ETKİLERİ- BİR ÇALIŞMA KONUSU L'OREAL

ÖZET

Şirket sosyal sorumluluk projeleri şirketlerin çalışan ve müşteri çekmekteki en önemli unsurlardan biri olarak öne çıkmaktadır. Müşteriler artık yalnızca ürün veya servis kalitesi üzerine yoğunlaşmamaktadır ve firmaların çevre ve toplum üzerindeki etkilerini de değerlendirmeye almaktadırlar. Rekabetin öne çıktığı ve şirketlerin kolaylıkla değiştirilebilir olduğu günümüz dünyasında Sosyal sorumluluk stratejileri öne çıkmaktadır. Bu çalışma Sosyal sorumluluk kavramının L'oreal'in başarısı üzerindeki rolünü analiz etmeye fokuslanmaktadır. İkincil kaynaklar üzerinden yoğun bir araştırmaya ile çalışmanın sosyal sorumluluk ile ilgili bağımsız değişkenleri belirlenmiştir. Konseptsel çerçeveyi belirleyip bağımlı ve bağımsız değişkenler arasındaki ilişkiyi belirlemek üzere 100 tane şirket müşterisi üzerinden yapılandırılmış anket uygulanmıştır. Anket sonucu sosyal sorumluluğun müşteri satın alma davranışları ve müşterilerin ürün ve servis tercih etme konusundaki kararlarına pozitif bir şekilde etki ettiğini göstermektedir. Şirket içinde bulunduğu topluma karşı sorumlu davranmaktadır ve aynı zamanda çevreye verdiği zararı düşürmeye çabalamaktadır. Bununla beraber müşterilerin L'oreal'in sosyal sorumluluk projelerine karşı farkındalıklarının çok az olduğu belirlenmiştir ve bu farkındalığın artırılmasının şirket performansına olumlu yönde etki edeceği belirlenmiştir. Birincil ve ikincil araştırmaların ışığı altında öneriler sunulmuş. Sosyal sorumluluk performansı geliştirmeye yönelik fikirler belirlenmiş ve böylelikle L'oreal'in işletme performansını arttırıcı öneriler eklenmiştir

Anahtar Kelimeler: *CSR, Örgütsel Başarı, Çevre ve toplum, Müşteri Algılamaları*



ANALYSING THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) STRATEGIES OVER THE SUCCESS OF AN ORGANIZATION – A CASE OF L'ORÉAL

ABSTRACT

Corporate Social Responsibility (CSR) has emerged as one of the major strategies for the today's organizations attracting the employees and customers. The customers are no longer only concerned with the quality of the product or service but they have been increasingly considering the environmental and societal roles of the companies they do business with. For the companies with high number of competitors and substitutes available, sustaining an acceptable value of CSR has become essential. The present study focused on assessing the role played by the CSR strategies of L'Oréal in order to make it reach the position of the global cosmetic leader. The extensive secondary research has been conducted to identify the independent variables associated with the CSR of the companies. These variables are identified to be the company's responsibility towards the society and environment, the customers' awareness about the CSR strategies of the company and the customer perceptions about the company's CSR. 100 customers of the company were surveyed using structured questionnaires in order to test the conceptual framework and identify the relationship between the independent and dependent variables. As a result of survey, it came to light that the role of CSR has been positive for the L'Oréal to govern the customers' purchase decisions and their preferences of the company's products as compared to those of competitors. The company is considerably responsible towards the society and has been trying to reduce its environmental footprint, and the customers perceive the CSR initiatives of the company to be positive. However, the level of customers awareness for the L'Oréal CSR strategies is lower, improving which would guarantee the higher business success. In the light of the primary and secondary study findings, recommendations have been provided for improving the CSR strategies and hence the business performance of the L'Oréal.

Keywords: *CSR, Organizational Success, Environment and Society, Customer Perceptions*



1. INTRODUCTION

1.1 Background and Context of Study

Corporate Social Responsibility (CSR) is a vital concept of modern management that directs business organization to integrate social and environmental welfare aspects to their models of stakeholders and business operations (Aguinis & Glavas, 2012). In general, the term CSR is referred to the business approach that helps the organizations to establish a balance between business operations and social, financial and environmental concerns of all shareholders (Hopkins, 2012). The term CSR is referred to the corporate conscience and corporate citizenship owing to its nature and scope. Further, it is imperative to understand that CSR is not charity based activity or the sponsorship by the business organization but it is a concept based on business strategy regardless of the philanthropic initiatives conducted by the business organization in the present day.

Nevertheless, the main motive of adopting CSR is that it is highly helpful to the business organizations in bringing innovation that yields many fruitful benefits for society as well as for business organizations (Carroll, 2008). For instance, the automatic washing machines launched by Panasonic have the property to consume less water as compare to other the machines offered by other famous companies (Kim, et al, 2012). However, it was not possible for the company to perform its CSR obligations without manufacturing this kind of product. This not only helped the society to save water while washing but also helped the company to save cost of manufacturing by adapting simple strategy based on innovation. It indicated that no matter what the business strategy of the company is; whether it conserves less energy; make efforts for the reduction in the wastage, use reduced cost packaging or manufacturing alternatives etc; all these actions will lead the company towards reduction in manufacturing cost and increase savings. On the other hand, the CSR helps to attract the attention of customers and increase their engagement with the business in shape of increase in sales that consequently has a

highly positive effect on the revenues altogether. Moreover, CSR initiatives help to build healthy relationship between the business organizations and customers that is considered stronger marketing tool as compared to other marketing activities because it is useful in making referenced customers.

Owing to the importance and scope of CSR in the modern world, the business experts and leaders from all over the world strive hard to creating highly attractive CSR strategies in order to maintain a strong brand image by making the customers highly convinced that business organization is not only focused on the sales of its product but also have keen interest in the betterment of the society. It helps the customer realize the positive image of a product and has a positive impact on their decision making. Customers' loyalty plays an importance role with respect to word of mouth promotion strategy especially in health care and cosmetic industry. Loyalty of customers can be obtained by creating good brand image through social responsibility.

With rapid advancement in technology and increased used of internet has not only revolutionized business operation but also made the customers more active and aware as compared to previous years. In the present, customers are conscious about the products and services they use and keep proper records of the companies which offer these products (Huang & Sarigöllü, 2012). Further, according to Zhu et al, (2014) the workforce that are considered an asset for the organization are more encouraged to work with enthusiasm in those companies that not only offer attractive salary but also perform their corporate social responsibility. Therefore, employees like to work for the organizations that pay special attention to fulfill their social responsibility in the favor of society along with the dictates of maximization of profits. It is the reason; the concept of corporate social responsibility has gained focused by the business organizations (Lee et al, 2013).

However, it is an agreed fact that CSR are the activities that are not imposed on businesses legally and therefore, it is not obligatory for the business firms to perform CSR. A research conducted by Sharma (2014) revealed that an interview of more than fifty managers from various companies indicated that CSR plays an important role for

the sustainability in the market. There is no denying the fact that businesses today are highly dynamic as technology and consciousness among people have made things complex and competitive. Owing to this, business trends and fashion change rapidly and usually products and things go out of trends and fashion in a short span of time. In such a situation, it becomes very difficult to sustain in the market and companies have to get extra attention from the people in order to become their favorite brand name. CSR helps the companies to impress the people by their philanthropic activities along with better product quality and performance. Therefore, CSR is helpful in obtaining credibility in the eyes of customers and to stay stable in the marketplace. (Brik et al, 2011). As rightly identified by the Sharma (2014) that business managers are extended their view of external business environment to the community rather than customers because companies and firms get the business from communities and therefore, it is the social responsibility of the firms to perform their CSR in effective manner.

According to Carroll (2008), in past decades, CSR has increased more prominent enthusiasm to both scholastics and business experts. With open weight for straightforwardness and social responsibility from organizations, doing great while doing admirably has turned out to be one of the quandaries in administration. Therefore, writing on CSR has been expanding in number and widening in context.

According to Boesso et al., (2014), CSR is mostly taken as a theory that sums up the concept that organizations have commitments that reach out past the stake-holders. CSR obliges organizations to reflect the benefits of all partners as well as financial stockholders, consumers, suppliers, representatives and the groups involved in the business. According to Thorne et al., (2015) CSR can be depicted as; meeting, within reason, the desires of every social partner to amplify the organization's optimistic effect on its societal and physical setting, while giving a reasonable profit to its financial shareholders. It can be seen as either a base standard to be met or a perfect situation to constantly pursue.

According to Petrenko et al., (2014) dynamic activities by a couple of associations are considered as the possible set CSR benchmarks for others. These practices may then get

the opportunity to be ordered or asked for by buyers as standard corporate practice. Similarly, CSR can be imitated as an organization's will to not simply finish shareholder commitments but rather to do 'more'. It is in this quintessence of accomplishing increasingly that numerous essential convictions of CSR rest (Commission, 2002).

According to Tang et al., (2012), organizations tied up with CSR consolidate the ability to perform their activities and work in present and in the near future after analyzing and perceiving domains of harm or opportunity that impact their success. As per Tang et al. (2000), by effectively directing CSR in both inside and external activities, associations look for preferred standpoint with the help of innovative activities and improved work, friendly relations with government and administration. Elkington (2001) stated that considering the primary concern, the approaches of CSR regarding the corporate territory are intended to investigate its thriving from economic, biological and social perspectives

Rahbek, Pedersen and Neergaard (2008) recommended a key component that can impact the accomplishment of any CSR system is whether associations have inside structures and motivations set up to make and apply fruitful CSR courses of action and approach.

Corporate Social Duty is a zone of creating prudent talk and examination around the globe. There are a couple of elucidations for this extended thought that will be explored in more profundity all through the paper. Developing enthusiasm for CSR has risen up out of both inside and outside the corporate division. As per Seong Hyun Seon & Seo, DaeGyo, (2010), organizations have experienced outer weights from non-legislative associations to give more noticeable straightforwardness and duty, especially in the locales of biological impact and human rights. Near to these advancements, governments have proposed changes to the strategy for support for the game plan of social organizations including a complement on extended facilitated exertion with the corporate division through associations together and affiliations (Trong Tuan, 2012).

Purchasers have also developed energy for CSR through more refined solicitations for duty and straightforwardness through their getting and theory decisions offering rise to new techniques for enumerating corporate development (Elkington, 1997). In

conclusion, Welford (2007) expressed that delegates have started to ask for their places of work have good qualities and positive gathering interchanges.

As indicated by Haski-Leventhal (2012), CSR strategies straightforwardly call for, progress and compensate the usage of cross-fragment partnership to bolster societal administrations officially present, mainly by government and people in general division. Changes in financing, advantage game plan and circles of obligation highlight this move in setting. These movements suggested that the group part developed a sound appreciation of CSR philosophy, practice and examples.

During the last ten years, CSR has emerged as a major concern among the all stakeholders who measure the management performance in the context that how does an organization react to the plan for corporate citizenship, the developing need to oversee issues that influence their business notoriety, and to react to the developing needs and worries of a number of various shareholders. According to Dashwood (2012), CSR is about how associations manage the business methodology to make a general beneficial outcome on society.

Regardless of the numerous descriptions of the CSR unconventional in previous research, e.g. conducted by Wood (1991); Dashwood (2012) etc., much level headed discussion stays with regards to the correct way of this perplexing idea (e.g., Rowley & Berman, 2000). A researcher coordinated a significant part of the past work in a recognized meaning and importance associated with corporate social execution as a comprehensive course of action to measure social commitment, techniques, systems and programs of responsiveness towards society, and recognizable outcomes related to the association of the firms to the society (Wood, 1991). Wood's (1991) approaches have been supplemented by promoters of the shareholder viewpoint (e.g., Clarkson, 1995; Egri et al., 2004; Wood and Jones, 1995) who battled that associations are not dedicated to the society with everything taken into account, but instead just toward their accomplices. Planning these two viewpoints, it is proposed that a firms and companies that highly committed to responsibilities of CSR has gauges and methods set up to point of confinement its adverse impacts and lift its constructive outcomes on chosen shareholder problems and issues.

In the context of globalization and open markets, the success of company is determined not only with the ability to find best ways to transform inputs into products and services, but also with corporation participating in solving social issues, including its CSR policy. CSR is referred to working together in a moral and capable path keeping in mind the end goal to accomplish financial, social and ecological supportability. Each organization needs to reflect outcomes of its effect on community and address moral, societal and natural worries in its ordinary business practices. Despite the fact that the idea of CSR is willful by definition, organization's partners (bunches who influence company and are influenced by its activities in the meantime), customers, neighborhood groups, governments, NGOs, tie it to add to the greater well (Higgins and Debroux, 2009).

According to Adeyeye (2012), given the worldwide impact and engagement in universal exercises, multinational corporations (the MNCs) are specifically noteworthy as far as supportable improvement and CSR. MNCs have sufficient assets, impact and knowledge to be the main thrust in actualizing idea of CSR in creating financial prudence globally. Standards speak to the motivational sources of info driving the dedication to CSR. As recommended by Gössling (2011), three fundamental sorts of inspirations emerge. To begin with, taking after a utilitarian point of view, CSR can be seen as an instrument valuable to help achieve its execution targets portrayed the extent that advantage, rate of benefit, or arrangements volume. Second, as indicated by the negative obligation approach, organizations are constrained to receive social duty activities with a specific end goal to adjust to partner standards characterizing proper conduct. Third, the positive obligation see proposes that organizations might act actually induced to have a beneficial outcome paying little regard to social weights calling for CSR exercises. At the point when apposite obligation approach is common, CSR standards are a segment of the corporate character (Gössling, 2011).

They communicated values considered by authoritative individuals as focal, continuing, and particular qualities to the firm. Interestingly the negative obligation see infers that CSR activities constitute essentially an authenticity instrument whereby the firm exhibits its adherence to partner standards and desires. According to Gössling (2011), at long last, both the negative obligation and the utilitarian methodologies proposed that CSR

can be utilized as an impression administration instrument utilized to impact partners' view of the organization.

Forms assign the administrative techniques and mechanisms utilized by organizations to bring their motivational standards into practice. Wood (1991) highlighted three fundamental sorts of CSR procedures: natural administration, issues administration, and partner administration. Once completed all through the affiliation, the methodology helps the organizations to remain educated concerning, and to deal viably, accomplice demands. According to Clarkson (1995), partner issues are worries of significance to the gatherings that can specifically or in a roundabout way influenced by the company's exercises. A few primary and vital partners incorporate customers and clients, workers, shareholders, providers, the administration, individuals and customers from the groups at the location where an organization operates. Partners may advocate not only the problems that influence and impact the welfare of the people (e.g., customer representative calling for enhanced item safety), but additionally extra issues that influence others.

The earlier explores concentrated on particular CSR hones in various nations and contrasted the organizations of one nation with the other barring the Pakistan, which would be an essential angle for the exploration. The WBCSD in its circulation Making Great Business Sense used the going with definition; CSR is referred to the business processes with obligation to perform ethical activities along with revenue generation as well as fulfillment of workers' aspirations by social prosperity (Dashwood, 2012).

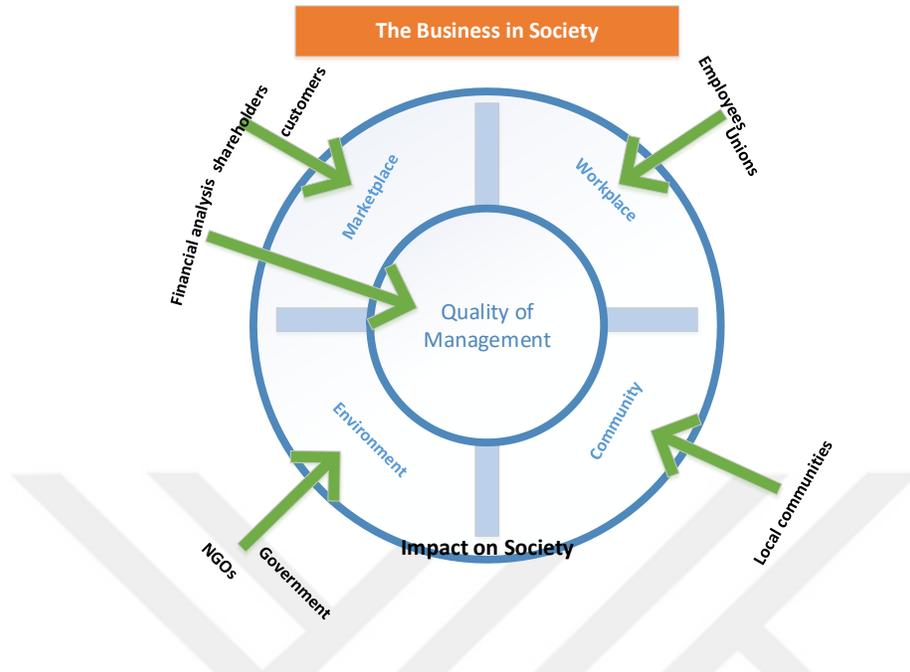


Figure 1.1: The Business in Society
Source: (Dashwood, 2012)

In his discourse on the World Economic Forum in Davos, Switzerland, Kofi Annan communicated seeks after an inventive organization between the Unified Countries and the private division in enhancing work conditions, human rights and natural quality (Gössling, 2011): A number of you are huge investors, employers and producers in many distinctive nations over the world. That power carries with it extraordinary opportunities - and incredible duties. ... We need to pick between a worldwide market driven just by estimations of here and now benefit, and one which has a human face. Between a world which denounces a fourth of mankind to starvation and lack of sanitization, and one which offers everybody no less than a shot of thriving, in a sound domain. Between a narrow minded free-for-all in which we disregard the destiny of the washouts and a future in which the solid and effective acknowledge their duties, demonstrating worldwide vision and authority. I am certain you will settle on the correct decision (UN Press Release, 1999).

The term corporate social responsibility became a norm in the corporate sector in the decades of 1960s to mid-1970s. CSR – undertaking business in a moral path with a

specific end goal to accomplish maintainable advancement, in the terms of finance and the social sphere – has turned out to be progressively essential in today's business world. There is, nonetheless, less clarity about what 'corporate social duty' really implies (Gahr, 2011).

Different creator's utilized three ways to deal with characterize CSR (van Marrewijk, 2003):

1. Shareholder approach is the classical viewpoint of CSR that describes the business as the sole benefactor to generate financial benefits (Gahr, 2011).
2. Shareholder approach expressed that organization has obligation to its shareholders, as well as to various gatherings of partners: workers, clients, proprietors, providers, NGOs, government, contenders, accomplices, financial specialists and so on (Jones and Nisbet, 2011). Each association has its own particular key partners, whose interests it needs to adjust so as to keep up benefit in long haul point of view.
3. The pyramid of corporate social duty: Carroll is the most renowned and generally acknowledged hypothesis concerning the genuine substance of corporate social obligation (Fisne, 2011). This pyramid is established to grasp a wide range of desires and wishes that a society a business organization must fulfill while operating in any part of the world. These obligations are characterized as given classifications (Geva, 2008).

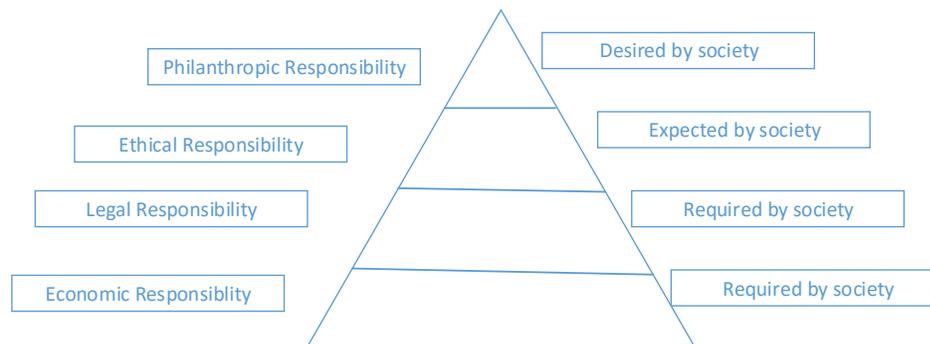


Figure 1.2: Carroll's Four-Part Pyramid of Corporate Social Responsibility

Source: (Geva, 2008)

Sustainable development turned into a hidden idea of worldwide natural strategy. Key standards were received by governments, as well as by numerous companies all over the world. In course of time, economical improvement turned into a basic piece of corporate social obligation idea (Kim et al., 2012).

The International Institute for Sustainable Development, Deloitte & Touche and the WBCSD characterized economic improvement for business ventures as embracing business systems and processes that are designed to address the core issues of the organizations and its business partners in the present day, while securing, managing and upgrading the man and material assets will be requisite later on (Kim et al., 2012).

According to Van Kleef & Roome, (2007), practical business needs to consider the premiums of future eras, biodiversity, creature insurance, human rights, life cycle effects, and standards like value, responsibility, straightforwardness, openness, training and learning, and neighborhood activity and scale.

Fisne (2011) much of the time saw as a leading promoter of corporate social obligation, prescribed that CSR suggests the responsibilities of businessmen to search for those processes and systems, to resolve issues while taking decisions, or to adapt the course of actions intended to obtain predefined goals while estimating the overall needs of a selected population in a particular geographic area.

CSR can in like manner be portrayed as an accomplice arranged thought that extends past as far as possible and is driven by an ethical cognizance of the affiliation's commitment with respect to the impact of its business works out, along these lines, searching for thus society's affirmation of the genuineness of the affiliation (Gray et al., 1997).

As indicated by the World Bank, CSR is a term portraying an association's duties to be mindful to most of its accomplices in each one of its operations and activities. As per Nicolau (2008), socially careful associations consider the full degree of their impact on gatherings and nature when choosing, conforming the necessities of accomplices with their need to make an advantage.

The European Commission portrayed CSR as a thought whereby associations arrange social and common stresses in their business operations and in their association with their accomplices on a resolute introduce. It is about endeavors going past minimum legitimate necessities and duties originating from total assertions remembering the ultimate objective to address societal prerequisites (Lee, 2010).

World Business Board for Functional Change portrayed CSR as the procedure with obligation by business to act ethically and add to budgetary headway while upgrading the individual fulfillment of the workforce (Holme & Watts, 2000). The CSR is used to ensure down-to-earth change of the association.

As we look closer, there is a combination of implications of CSR, which might be cleared up by complexities of affiliation's field, country of beginning stage, gauge, technique, key accomplices et cetera. Jacques Schraven, the executive of VNONCW, the Dutch Organizations Affiliation, once communicated that there is no standard equation: corporate supportability is an exceptionally planned process. Each affiliation should pick its own specific yearning and approach concerning corporate supportability, organizing the affiliation's focuses and points and changed in accordance with the affiliation's strategy, as a fitting response to the conditions in which it works (van Marrewijk, 2003). However, it is in the most perfectly awesome eagerness of every business to grasp corporate social commitment that fused a commitment to help deal with social issues.

According to Egri et al. (2004), the previous couple of years have seen the synchronous improvement of the counter globalization development, of shareholder activism, and of corporate administration change. This pattern has developed an atmosphere of resistance toward organizations.

These days the most crucial concerns of the business organizations are not just to convey amazing products and items or services or administrations to their consumers, yet to modify and adjust their vested interests the requirements of key partner bunches and dispose of (or if nothing else limit) any negative social, natural or monetary effect. An association that neglects to exhibit duty in its activities may not make due past the here and now in light of the fact that untrustworthy conduct is rebuffed promptly by

sensational drops in share qualities or deals (Fisne, 2011). The significance and scope of CSR can be explained with the help of modern era in the history of business organizations, for instance, the companies such as The Ben and Jerry's and Body Shop have constructed their business plans of action unequivocally in light of moral establishments (Kim, 2017).

The arrangement of business operations with social qualities is an all-around created industry: many sites, pamphlets, proficient affiliations, and experts are given to CSR program improvement, understudies can acquire a MBA degree in CSR, and most real organizations issue an exceptional yearly production committed to CSR or give a substantial segment of their yearly reports to the documentation of social objectives progressed and benevolent acts embraced. At long last, maybe most vital, there is expanding proof that CSR-related costs of many organizations were a generous segment of their operations (Thorne et al., 2015).

Most reviews on CSR asked the accompanying inquiry: Do socially dependable firms accomplish higher, lower, or comparable levels of budgetary execution in respect to similar firms that don't meet the same CSR criteria (Orlitzky et al., 2003). Money related execution is commonly characterized in such reviews as far as either (short or long-run) stock costs or bookkeeping data (e.g., return on value, rate of profitability, or working benefit) or a blend of the two. To date, the outcomes were somewhat blended, however it is reasonable for say that the dominant part of studies demonstrated a positive connection between CSR evaluations and money related or administration execution (Jamali & Mirshak, 2007).

If an enterprise is to thrive, grow locally, and successfully share in the expanse of the modern international community, it cannot ignore its responsibility as a good corporate citizen in relation to the environmental, the political and social well-being of local economies, and the benefits derived by host nations. As a corporation more clearly understands and becomes aware of cultural differences, so will it be better able to chart a course that will enhance its competitive advantage and profitability. It is advisable, for multinational corporations to be cognizant of the fact that CSR considerations do not

necessarily translate similarly everywhere because cultures and backgrounds vary. Thus, a generic understanding of the interpretation of a local economy as it relates to CSR practices is integral to maximizing competitive advantage. A better understanding will create opportunities for the corporation to enhance its effectiveness within its community of operation and, in addition, enhance its role of corporate citizenship (Margolis & Walsh, 2003)

Resulting effects from the rash of high profile scandals in corporate America and around the world include the pressures of increased awareness of corporations in striving to abide by ethical values in the conduct of their business. Holtom et al (2008) stated governments in emerging markets, investors, and other stakeholders have demanded more vigilance on the part of corporate entities to adhere to sound business and ethical principles. The United States has assumed a leadership role in supporting the notion that businesses are required to comply with the numerous regulations of governance. Regulations of the Basel II International Banking Accord (BASEL II) described various and acceptable international banking practices. In the United States, the Sarbanes-Oxley Act (OSX), the Payment Card Industry Data Security Standard (PCI-DSS) and the Health Insurance Portability and Accountability Act (HIPAA), are examples of standardized conduct practices. As the U.S. leads the world economy, it is hoped these regulations will promote responsible corporate citizenship, and in turn support customer loyalty and profitability. These regulations can subsequently be extrapolated to emerging economies as a model of conduct.

Amidst the mistrust that various scandals have created, customers are simply expecting businesses to do the right thing. According to Graafland (2009), CSR research showed considerable public skepticism of the reasons businesses engage in social initiatives. Many believe that CSR initiatives are undertaken for self-interest.

On closer evaluation, however, a variety of reasons for engaging in corporate social responsibility is evident. One reason is long-term self-interest for the corporate player. Society expects businesses will produce goods and services that people will use and in return, businesses make a profit. Second, change in societal values has increased the

importance of social initiatives when evaluating the strength of an organization's public image. Graafland (2009) advanced the concept of institutional viability of business. Acceptance of this concept means one believes businesses can only remain competitive if they meet the demands of society.

A successful business, for example, is able to use power as accepted and deemed by society. If, however, a business does not act in a way society believes is correct, power is lost. As society moves to embrace the norms of social responsibility in terms of the environment and social and economic well-being of local economies, businesses will follow suit and be guided by those same norms.

Integral to an organization's strategic objective is participation in CSR-sponsored initiatives, and a courted and enhanced role as a responsible corporate citizen. A suitable vehicle for facilitating this accomplishment is participation in social initiatives of the local community that recognizes the importance of the contributing organization.

According to Gray et al. (1973), corporate participation in social initiatives presents a formidable strategic business case for competitive positioning. Gray et al.'s (1973) analysis supports an instrumental motive in which managers believe engaging in social initiatives will result in direct impact on profitability. Engaging in social initiatives will increase revenue or protect the existing profit levels of the organization and subsequently result in competitive advantage.

1.1.1 CSR in Pakistan

CSR is considered an effective and valuable strategy on the part of business organization that involve small, medium and large firms work to deliver socio- economic facilities to local and international communities around the world. The manifestation CSR by the big businesses is also visible in Pakistan. It is evident from the fact that various multinational companies such as Nestle, Unilever, Shell, and local industries including carpet, sport goods and surgical are play their vital role along with government and non-government agencies to make the country economically strong and socially prosperous.

It has been observed that telecom organizations seemingly lack CSR practices as they are facing challenges to sustain their reputation, quality of services, customers' satisfaction, and retention of employees. Further, telecom organizations were being criticized by media and Pakistan Telecommunication Authority (PTA) as to adopt a fair and responsible behavior in their dealings with publics (PTA Annual Reports, 2008-14).

In the context of business environment prevailing in Pakistan, the organizational performance happens less satisfactory in the perspective of CSR. It is presumed that either the management perception about CSR is not clear or the leadership roles hinder the implementation of CSR ultimately affecting the organizational performance.

1.1.2 Brief introduction to L'Oréal

L'Oréal is a multinational company recognized globally for its wide variety of products. The speciality of the company is the beauty items and products such as cosmetics, makeup products, hair care items and tanning. L'Oréal offers a number of beauty products equally for men and women. However, products are more famous in females as compared to males (L'Oréal, 2016). The company is unique in its business as its slogan describes it in the words "Together We Will Make Sustainability Beautiful". The company has started various projects and programs in the previous years that indicate dedication and sensibility regarding its social responsibility (Gjølberg, 2009).

1.2 Background of the case study

A huge number of business organizations can be observed in the society owing to their engagements for the social betterment. These activities are generally the part of their corporate social responsibility. L'Oréal for CSR was chosen for this research study because the philosophy of L'Oréal that "Together we will make sustainable beauty" is unique in its nature and scope and it encourages all those people and business organizations who believe in the concept of sustainable beauty. (L'Oréal, 2015). Indeed, L'Oréal is the world leading cosmetic product manufacturer. It manufactures many cosmetics such as hair products, skin products, make up, beauty care and tanning products (Ashraf et al., 2015). L'Oréal offers a number of beauty products equally for

men and women; however, products are more famous in females as compared to males. It is owing to the fact that women are more concerned about their looks and beauty (Ashraf et al., 2015). This brand is more conscious and takes adequate measures and progressive initiatives to secure its philosophy of sustainability and stay loyal to its customers (L'Oréal, 2015). Since now, different kinds of variations have been introduced in each product to increase its progress in the business. Further, CSR is performed by creating more opportunities to improve sustainability through important agreements with suppliers to ensure the availability of raw materials which maintain sustainability. In order to maintain the responsibility of sustainable progress, the company obtains approximately fifty five percent of the total butter and palm oil from natural sources that ensures fair trade and sustainable business across the globe (Koczor, 2012).

In the previous eight years, L'Oréal has reduced its frequent sustainability in business in order to improve product sustainability (Campion et al, 2013). More than 20 percent of water consumption level has been reduced of transportable waste and rejected packaging (Kamble, 2015). Consumption sustainability is second most important key category to keep complains and feedbacks of consumers on track. Approximately, 1,200,000 cases related to issues faced by consumers have been listened and resolved by the L'Oréal brand. It has also introduced different forums for suggestion and improvement (L'Oréal, 2015).

1.2.1 Aims and objectives

“Analyzing the Impact of Corporate Social Responsibility (CSR) Strategies over
the Success of L'Oréal”

This research is aimed exploring the CSR projects and strategies L'Oréal as well as the potential impact of these strategies on the overall repute and success of the business. Further, the aim of this research is to highlight perception and aspiration of customers when it comes to the corporate social responsibility of the L'Oréal that has a powerful impact on sales and purchasing decisions of the company.

The objectives intended to be accomplished are as given below:

1. To figure out the relation between CSR strategy of business organizations and the success of company in present day marketplace.
2. To explore CSR plans and strategies of the company L'Oréal.
3. To analyze and assess the potential impact of CSR strategy of L'Oréal on the repute and success of the organization.
4. To highlight perception and aspiration of customers when it comes to the corporate social responsibility of the L'Oréal that has a powerful impact on sales and purchasing decisions of the company.
5. To make suitable recommendations for the L'Oréal company to improve its strategies of corporate social responsibility.

1.3 Research Gap

Initiative, activities and strategies of CSR play a vital role in the success of business organizations in the present global world. Indeed CSR strategy of L'Oréal has a long lasting impact on the brand name of the company. The study is intended to provide a detailed account of customers' aspirations and perceptions regarding the company's CSR that initiatives taken by the is in the L'Oréal are in better interest of the society in terms of social uplift and environmental friendliness. Further, how these initiatives impact the repute and brand image of the organization. Moreover, the study is aimed at outlining major crucial suggestion to the company in order to improve its CSR strategy for improved image and how the company can improve its position in the marketplace and for overall success in the global world.

1.4 Rationale of the Research

There is no denying the fact that CSR is considered a powerful tool to make a strong position in the marketplace. Owing to its multidimensional role, it has become imperative to understand and explain the potential effect of CSR on the success of business organization in general and on the company L'Oréal in specific. Further, as already discussed that at the time of devising CSR strategies, the company analyze

mindset of the customers in order to get their support for its initiatives, therefore, companies usually invest their CSR capital in bring the social status of the people up by upgrading their lifestyle (Martínez & del Bosque, 2013).

However, it is not easy to get customers support just by showcasing work and creating propaganda because customers in present days are more aware and conscious about their right as a result of advancement in information technology and mass media. In such a situation, a comprehensive and healthy image of CSR activities is required to provide a needed support to the business and to establish a strong image of the organization in the global world. Not only this, customers loyalty is more important for the stability in business and in order to ensure loyalty at the part of customers, the organization are required to make their business as well as CSR strategies while keeping the objective of customers' satisfaction in mind. Therefore, customers have gained the central position in the progress of business that cannot be obtained just by offering quality products and services but CSR performance is necessary (Kraus, 2010).

Nevertheless, attainment of customers' satisfaction is not as easy as it seems in discussions. It is owing to the fact that there is no scale available to measure satisfaction of customers. However, if a customer buys the specific products for multiple numbers of times, it is considered that particular customer is highly satisfied with the quality of offered product. A research conducted by Kraus (2010) found that well-publicized and highly propagated strategies of CSR are more helpful in the attainment of customers' loyalty and to increase sales that ultimately strengthen the business. It not only helps to understand that CSR is crucial to shape the behavior of customers but also provides a support to the business for generating high revenues in the long term (Kraus, 2010).

1.5 Research Questions

The above discussed objectives are considered as the guiding principles to developed research questions for the proposed study as given below:

1. How does the perception of customers regarding company's CSR shape their purchase choice and decisions?

2. What is the customer's viewpoint regarding CSR initiatives and strategies adapted by L'Oréal?
3. Do the CSR strategies of L'Oréal Company have positive impact on the decision making of customers?
4. How CSR strategy of L'Oréal affects its success on the whole?
5. What initiatives the L'Oréal Company should take to improve its strategy of CSR in order to ensure success and stability?

1.6 Structure of the Thesis

The dissertation is divided into following 5 chapters

- Chapter 1: Introduction
- Chapter 2: Literature Review and Theoretical Framework
- Chapter 3: Methodology
- Chapter 4: Analysis and Discussion
- Chapter 5: Conclusion, Recommendations and Future Work



2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1 Introduction to the Chapter

This chapter is designed to make a detailed account of previously conducted research and literature review on the selected topic. Since the recent past, a lot of research work has been done to understand the concept of corporate social responsibility and its relation with the success of the business organizations. This chapter would be highly helpful in understanding the idea and concept of CSR, its link with the success of business organization along with potential merits and demerits of implementing CSR strategies with the help of already conducted research studies, book, journals, case studies and articles in order to present a critical review of the core concepts and impact of CSR.

2.2 Corporate Social Responsibility (CSR)

This section is comprised of the scholarly descriptions and definitions of CSR for conceptual understanding in order to provide assistance in achieving the first objective of the research study because it is pivotal to understand core concept of CSR before studying the its impact on the success of business.

According to Orlitzky et al. (2001) in the present era of modernization, brand image of a business organization can be observed through the initiatives taken as a part of its CSR strategy. These CSR activities make the shareholders and the stakeholders aware about the organization's interest in the society. Therefore, CSR activities help the business organization to create an image in the eyes of shareholders and stakeholders that specific organization is working responsibly for the betterment of society along with generating revenues.

Further, the concept of corporate social responsibility states that business organizations have an obligation to work for the improvement of communities where it operates rather than just making sales and generating profits. The CSR activities provide a critique to rate organizations on the behalf of their progressive initiatives taken in the favour of society. Therefore, various organizations are implementing CSR strategy as tool to gain success in business by performing well to the local communities and giving benefits to their shareholders and stakeholders. The strategies of CSR required the business organizations to perform their obligation more than the demands of laws and regulations. Further, it encourages the organization to work more responsibly to improve the social status of the people which brings success to the business in return (Hopkins, 2012).

In the light of research studies findings and business experts' viewpoint, the concept of CSR can be seen as a disruptive and intricate issue because generally there is a concept that business organization only work for their own profits and leave the philanthropic activities for the government and nonprofit organization. However, this concept is largely changed since the late 60s. Presently, a huge support of CSR activities has been done by the research scholars and business analysts that CSR not only improve social status of the community where an organization operates but also helps in achieving success. A per the viewpoint of Friedman (1970), one of the most important factors in business is the decision of the right activity to be done at the suitable moment of time. Not only in business operation but also in the ethical obligations, organizations are directed to take decisions that are more suitable and beneficial for the people around the globe. Therefore, business organizations are become more concerned to the social issues and environmental problems faced by the people as a result of industrialization and technological advancement. Hence, it is a moral and ethical responsibility of the organization to take positive initiatives to reduce the adverse impact under the umbrella of CSR (p.20).

Further, this aspect of business recommends that the CSR is a critical and philanthropic aspect of businesses as described by the research and literature and it is crucial to win the hearts of values customers for the sake of business progress and success. Accordingly, the CSR can be discussed with the help of four basic elements including

philanthropic, monetary, moral and lawful as discussed by the Tschopp (2005) with the help of his suggested pyramid of corporate social responsibility. The pyramid is helpful in explaining business lifecycle and the decisions of CSR taken by the business organizations in the favor of corporate citizens in order to achieve competitive advantage (p.58).

It is essential to incorporate CSR for matters of image, demands of markets external, for ethical reasons as it improves the management and productivity. Companies are rapidly realizing that CSR is a new confront associated with globalization. It has also been assumed that the mistrust due to inappropriate operations of some private organization has traumatized the corporate world as companies with high ethical standards are also associated with this aspect. CSR is based on what companies can do for the profit of the organization, not what they must do. The corporate social responsibilities are associated with opportunities for the organization, not the obligations. It is the way that can add value to the company with the help of the analysis of the social and environmental aspects related to business activities (Sheehy, 2014).

The Social Responsibility Corporate is also described as the new strategy corporate that involves the commitment of businesses with the support of the systematic allocation of resources for providing respect and promotion to individual rights, society growth and environmental care (Harjoto and Jo, 2011). This commitment is translated to obtain benefit of all stakeholders associated with the operations of the company (suppliers, employees, shareholders, distributors and the community) to achieve better performance, sustainability and their environment.

In business reporting, the term CSR has become a dominant concept. A policy and an annual report containing detailed activities concerning CSR is what every company has. Corporate activity is recognized by all of us as not socially responsible or as socially responsible. About this, there are two intriguing points: it is not necessary to agree with others about what is considered as socially responsible in the first place; and secondly, when we are asked to explain or define about what is or what is not socially responsible we find it very difficult. Therefore, there are many different definitions which will be discussed in this section.

The discourse of CSR has grown rapidly over the last ten years. There can be observed variation in views regarding the role and responsibilities of the business organizations in a society and disagreements over the statements that organizations should only focus on the maximization of wealth or they should play their progressive role in the society. There is also a debate on whether CSR practices and initiatives are advantageous for business firms. A number of research studies have examined business performance of different firms that successfully initiated their CSR strategy within a few selected fields in various countries provide inconsistent results. A few studies have shown excessive returns of revenues by the companies who successfully implemented their CSR strategy relative to the organizations that have not adapted any CSR strategy (Eua-anant, Ayuwat and Promphakping, 2011).

CSR has become a prominent feature in the modern economic jargon and is of interest to both academics and practitioners. This concept was defined by the WBCSD¹, specifically; CSR is referred to the business process that contributes to sustainable and stable economic growth, working in collaboration workers and employees, their family members as well as with the local communities and the members of society at large in order to improve social status and quality of life.

CSR "analyses economic, legal, moral, social and physical aspects of environment".

Barnard (1938)

...being the managers of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance with which partners in a private copartnery frequently watch over their own. Like the stewards of a rich man, they ... consider attention to small matters as not for their master's honour and very easily give themselves a dispensation from having it.

Figure 2.1: Defining Corporate Social Responsibility

Source: (Harjoto & Jo, 2011)

¹ The World Business Council for Sustainable Development (WBCSD) is a coalition of 160 international companies that have declared their commitments to a sustainable development.

In fact, there are opposing views of CSR. The first was put forward by the well-known economist Friedman (1970), who maintained that CSR was expressed as the maximization of a firm's profit, while adhering to the laws of the country as well as the basic ethical procedures that were standard in a society. This is supposed to be implemented, in fact, by managers of the firm, who serve as agents appointed by those at the top of the pyramid - the firm's owners. Generally, the interpretation of this approach is that managers have to focus on the interests of the firm's owners, and thus, they should not waste the firm's wealth on behalf of community interests.

In contrast with Friedman's (1970) approach, the authors have witnessed a greater acceptance of the notion in recent years, namely, the corporation is a social, political, and ethical entity that has responsibilities towards a wider circle of stakeholders (Tschopp, 2005), such as shareholders, employees, customers, and suppliers and external groups, such as associations and activists on social and environmental issues (Harjoto & Jo, 2011). This perception stems from the combination of global changes that began in the 20th century, including the global growth and communications revolution. At the end of the 20th century, the balance of powers in local economies had shifted, due to these changes, as did the state's share in ensuring the welfare of its citizens. At the same time, the power wielded by the business sector, which is increasingly called on to demonstrate the social responsibility and involvement, has grown (Tschopp, 2005).

The relationship between government of countries, global corporations and individual concerns is the widely used definition of what corporate social responsibility is and what it ought to be. The relationship between the local society and the corporation is a more local definition that CSR is concerned with. The relationship between stakeholders and the corporation is yet another definition.

Each definition represents an issue's dimension and all of them are very pertinent. In an area of ethics, a different debate is taking place of whether the citizenship's ethical base has been vanished and needs and wants replacement before the collectively responsible behavior can be pursued or should more regulations be used to control corporations? There seems to be some sort of social contract between society and firms when this debate is represented.

An altruistic behavior which is converse of selfishness has been implied by this social contract whereas self-interest denotes selfishness. The utilitarian perspective that is championed by people like Mill, Locke and Bethan revolves around self-interest. The pursuit for greatest happiness for greatest number is generally considered to be morally right by the latter- however, selfishness is what the Utilitarian philosophy is generally based on than this, which we will study in later chapters. Competing self-interest, at a similar level, is what based on the free market economics suggested by Adam Smith.

The interest of individuals is put above the interest of the collective by these influential ideas. The public indenture amongst each and every stakeholder in the society, that is considered an important necessity of the public communities, is the fundamental belief of social responsibility. Citizenship is an alternate description of this, however, for both terms it is imperative to consider that the social responsibility must move beyond the society's preset members. A liability towards the upcoming future or the members of future society is also a requirement of social responsibility. Further, accountability towards the environment is of course included in the social responsibility as it has implications towards members of society, both in the future and now. A question is raised regarding what can be considered as the corporate social responsibility because there is not any accepted definition of CSR. As for the EU Commission [(2002)347 final: 5]

An integration of social and environmental concerns in the operations of businesses and their voluntary dealings with stakeholders define the concept of CSR.

2.3 Performance Driven CSR

The performance driven CSR is based on the activities that are used to measure the performance effectiveness of different CSR activities implemented and adapted by the organization. Performance driven CSR is a source of competitive advantage for the organization. Performance-driven CSR is associated with incorporation of a framework that is to manage the performance of business and the people that work for this business. The performance driven CSR is another measurement of CSR is utilized to make the connection amongst CSR and the performance of the workers and the corporate system

that is intended to meet CSR duties of the association. These are the exercises which are utilized for the usage and assurance of various exercises that are compelling for execution of CSR (Visser, 2010).

2.3.1 Financial performance influencing CSR

However, CSR influences greater corporate financial performance (CFP). A good example for understanding this relationship is the U.K. retailer Marks & Spencer. They implemented a very enthusiastic and determined CSR program in 2007, with the eventual objective of becoming the most determined, resourceful and aspired major retailer. In the last five years the proposed plan caused to return high profit and earned a net profit of £185 million proving its ability to accelerate and maintain sustainability. In MIT Sloan Management Review (2012a), the company's CEO Marc Bolland remarked its outcome as a well-built case study for sustainability. A recent survey (Accenture and UNGC 2010, MIT Sloan Management Review 2012b) indicated that a great majority of CEOs look forward to CSR as it can be significant factor to improve competitiveness of business organization and is very essential in finding future success.

The understanding of the influence of CSR on CFP has triggered a large number of people to review its academic literature. Between 1972 and 2007 a total of 167 studies focussed on assessing the relationship between CSR and CFP (Margolis et al. 2007). In these studies, no less than 16 review articles have been analysed. A classic approach has been used in this literature where estimations of CFP (e.g., return on assets) are regressed on estimations of CSR (e.g., the Kinder, Lydenberg, and Domini (KLD) index of social performance at firm-level). Margolis et al. (2007) performed the meta-analysis of the above studies and it has been revealed the CSR coefficient in the above regression results in a positive but small value.

CSR and CFP are endogenous to one another hence bringing forth limitations to this literature, which means that decision of an organization to carry out CSR activities and programs has a correlation with imperceptible characteristics of firms that will influence CFP also. An illustration of this could be companies that engage and initiate CSR due to the fact that it is comparatively high in profitability and are expected to bring many

future benefits. It could also be those CEOs who are responsible for the implementation of CSR goals for the long-term on the basis of their merits. Altogether, the constructive correspondence between CFP and CSR as concluded from the research and literature, although very motivating but it not testifies an unprecedented interpretation.

This kind of correlation is strenuous to go beyond. From a pragmatic perspective, the optimal experiment would be to evaluate and compare the results of two randomly assigned companies i.e., a 'low CSR group' and 'high CSR group'. In contrary an ideal experiment involving such techniques would be problematic and irrationally expensive to be implemented in the field.

There has not been much new research in the area however some investigations have clearly been made on the subject line. Kotler and Lee (2005), and many other authors also highlight that profits and benefits can be earned by CSR on a long term basis. Nonetheless, in our opinion the claim by these authors is not based on any empirical foundation.

The relationship between CSR and financial performance of US firms was reviewed by Ullmann (1985) under 13 different studies. The studied articles employed diverse scales of societal performance including a case study that used Council of Economic Priorities (CEP) to measure pollution and effluence performance and at the same time another case study used the reputational performance scale from Business and Society Review. Finally, Ullman concluded that there is not any obvious inclination that is observed, basing this argument on the three crucial factors including a lack of theoretical base, inapplicable definitions and explanations of basic terms, and faults in the availability of hard-headed databases. There is a claim that disagrees with Ullmann (1985) and states that a very evident inclination can certainly be originated amongst CSR and CFP (Pava and Krausz, 1996). This argument is based on a review of twenty-one articles with a constructive link between CSR and financial performance resulting from twelve of these twenty-five. Where one article stated an adverse link and eight described no quantifiable correlation. From these available case studies, nine are used to evaluate performance of environmental activities, further, six are used to assess reputational indexes, two are

used assess disclosures of CSR, two are used to assess the standards of South Africa and one of each study is used perspectives of CEO and for other criteria.

Data obtained from the social responsibility and well reputational index was used by McGuire, Sundgren and Schneeweis (1988) to observe various aspects of the association between financial performance and CSR of the company. They revealed that previous financial performance of an organization is in general, a better forecaster of CSR than forthcoming performance of the company. However, it is emphasized that CSP and financial performance are interrelated. According to the Waddock and Graves (1997) CSP is affirmatively related with upcoming monetary performance CSP is also positively related to prior monetary performance. A research study conducted in 2000 to further exemplify the interrelation between CSP and financial performance. The study presented by Elkington (1997) explained the concept of 'Built to Last' for the business organizations. According to them, the companies that have already defined long term objectives and a well-defined vision are more successful than other companies. Further, Aguilera & Jackson (2003) have found that it is true because the companies with a clear conscious not only generate high profits and cater the interests of shareholder well in financial returns but also keep all stakeholder satisfied with their performance in the market and society.

Profit is the overall an important indicator to measure the performance of a company and it possesses greater correlation to the upcoming performance of an organization. It is used by the stakeholders in various situations to estimate income and annual revenues as a basis tool for economic planning and decision making. Further, it is used to consider the profit share of all shareholders in order to decide for investments. Not only this, it is used by the money lenders to accept or deny the request for loan grants. It is also important for the departments of government for making significant calculations to impose tax, assess employ benefits and to ensure activities for the safety and welfare of local communities and workers. However, it seems easy to understand the usage and scope of profit gains by an organization but the real problem occurs when the relation of earnings as a factor of performance measurement tool has to meet the practices of proper

consumption and manipulation for better governance and to ensure CSR. Here comes an importance concept of earning management to play its vital role for business stability.

Earnings management can be defined as activity of manager in the handling of accounting and reporting policy that are conflicting with real financial condition of the organization and returns the earnings estimations that caused to misguide stakeholders while taking decisions (Aguilera et al., 2006). Nevertheless, the managers are capable to record earnings figures lower or higher as compared to the actual figures of profit devoid of contravening Generally Accepted Accounting Principles [GAAP]. It is owing to the reason that GAAP has given liberty to the managers to make estimations and define the policies of accounting and finance in order to actuate the earning figures reported. A research study has referred the concept of earnings management to the activities and actions taken by the managers to make significant judgments with respect to financial reporting and the establishment of dealings to vary statement of financial reports in order to misguide shareholders for the sake of creating an influential image of the firm with respect to financial performance. The opinion mentioned above inherent and absolute that management of earnings is strictly correlated to the motivations that drive for the optimized utilization of earnings.

Aguinis et al., (2012) concluded that sometimes management of earnings turn to be negative for shareholders, communities and employees, where the organization functions, reputation and career of the managers. In this respect, the most catastrophic outcome is that organization will exhaust owing to due to wrong decisions of managers. As a result, an adverse response will be given by stakeholders in the shape of strict pressure, vacant posts for workers, regulatory sanctions, the protests and unfavourable mass media (Arora & Dharwadkar, 2011).

Avolio & Gardner (2005) stated such actions as a kind of dissatisfaction and inconvenience on the behalf of stakeholders regarding organization's performance, and eventually proving detrimental for the reputation of organization. Therefore, managers use an entrenchment strategy which self-defines to anticipation of stakeholder's inconvenience at the time it is informed that organization is giving unsatisfactory performance. The self-define strategy of managers attempts to sustain the reputation of

company and preserve personal profession for managers. Managers may also issue an unchangeable strategy to implement corporate social responsibility as part of self-defines strategy (CSR). Bagnoli & Watts (2003) described that CSR is directly related to moral values and ethics with respect to the policies of decision makers and behaviour, such as placing the complicated issue of retaining material and human resources, friendly relations with people of society, healthcare and safe life and constitute cordial associations with customers and suppliers. Orlitzky, Schmidt & Rynes (2003) concluded that revealing the information regarding the social responsibility behaviours is helpful in establishing a bond between the people and organization in order to create a positive image of the organization in the society. The positive image of an organization is necessary to attract the people and make them loyal customers leading the company to stability and sustainability. It is highly crucial for the organization because it increases sales and reduces production cost by improved profitability (Avolio & Gardner, 2005).

2.3.2 Costs and benefits of CSR

Sunk costs, opportunity cost and recurrent costs are associated with the implementation of CSR in the organization. The cost is usually in the form of capital that is used for purchasing new equipment and bring improvement in the use of energy and maintenance costs are much low. The recurrent costs are associated with social aspects of business and are more than capital cost. Furthermore, the cost of audit is dependent on the condition and type of audit and certification. CSR bring competitive advantages to the organization and implementation is carried out in different sectors. For example, the benefits of implementing CSR are improving the skills of employees, their commitment to organization, communication improvement, enhanced social improvements, decreased turnover and recruitment costs etc. Chemical industries produce many environmental issues and thus implementation of CSR in chemical industry makes the companies socially responsible to overcome pollution challenges. The company can also attract the qualified employees by implementing CSR activities and presenting their status is socially responsible (Lin, Yang and Liou, 2009). Thus CSR is associated with many

benefits for the organization by making them competitive in the present market with intense competition.

When integrating CSR into their operation, corporations need to take into consideration that they may incur higher costs. Hence, if a company wishes to invest in CSR, it needs to ensure that it can reap benefits out of it as well. According to Molteni, (2004) there are two types of costs that are incurred when a corporation introduces CSR: at times the cost incurred are quantifiable while other times the costs are related to intangible resources and are not quantifiable. In quantifiable costs, the basic expense that a firm may incur is the cost of environment friendly machinery and other miscellaneous expenses linked to the adoption of the new equipment.

It is crucial for these new plants to be set up so that the negative environmental impact caused by industrial emissions can be reduced which would otherwise pollute both air and water. This means that firms can incur extra operating expenses, which are intended to meet the needs of the stakeholders in better manner. To provide an example, a firm may have to provide extra facilities to employees for example offering paid parental leaves and day care services

However, everything has a cost. There are other expenses that are difficult to calculate due to their intangibility. Such costs are related to various resource usages for example, tangible resources, intangible assets and human resources. These costs are incurred when a supervisor or a simple employee may have to work on a certain social issues, reduce time or the attention paid to other corporate operations or when certain plant assets and equipment are placed in the possession of not-for-profit organizations (Barnett & Salomon, 2006).

Hidden costs can also be derived from a lack of strategic alternatives. For example, a firm dedicated to CSR would not form a partnership with firms that are not socially responsible, or do business in industries that are associated with polluting the environment or in certain locations which are not fit for CSR practices due to political cultural or legal issues.

These costs form barriers that prevent some organizations which may want to conduct CSR activities. Some of the hidden costs can even require a large sum of initial

expenditure for example the cost of purchasing new machinery and equipment, while others might ask for a lifetime agreement. For large firms, it can be said that in regular situations, these costs may not be such a pressing issues, especially when there may be certain positive outcomes linked to them. Nonetheless, when considering small to medium sized enterprises (SME), the scenario is different. First of all, it is necessary to understand that there is a substantial gap in this field. According to Russo & Tencati (2009), most researchers focus on large firms when conducting studies on CSR. Since SMEs are unlike 'little big firms' (Tilley, 2000) they require special attention that differs from that given to a larger firms. This generally does not mean that SMEs are irresponsible as compared to larger corporations. In fact, 'they (SMEs) may not have the knowledge regarding CSR, but it has been understood that their relations with the workers, employees, local masses and business partner mean, they have the responsibility toward them (Sustainability and Responsibility Business: CSR and SMEs, 2012). Director General of the enterprise of European Commission found with the help of a research of SMEs conducted in 2001 that more than 50 percent that L'Oréal is socially responsible (Mohr & Webb, 2005).

The study further showed that they are inconspicuous about it. The related problem to this thematic is that SMEs lack certain formal tools such as certification, codes and set standards) due to a lack of competence and finances. For this very reason, the European Commission currently is promoting a strategy meant to assist SMEs both financially and in practice by teaching them how to conduct and manage CSR (Sustainable and Responsible Business: CSR and SMEs, 2012).

The other problem which has already been pointed out is that some costs require a cash outflow immediately or else they tend to materialize in the short run. This creates a problem for firms that only have a short term plan since CSR benefits materialize in the long run. Hence, if a firm is short sighted, it will not have a high inclination towards CSR as it only reaps benefits in the long run and also requires a large cash outflow (Mohr & Webb, 2005).

Some firm engage themselves in CSR because they find that it is the right thing to do regardless of the high costs or uncertainty it may bear. Some examples of such firms are

SC Johnson, Target and GAP Inc. who posted on their webpages that keeping in line with the principles of CSR is morally correct path (Sprinkle & Maines, 2010). Companies seek reasons to spend their money and they do so in the expectation of gaining certain benefits. Hence, it is truly difficult to find a perfectly altruistic firm. Therefore, to run a sustainable business, firms require CSR to reap certain benefits.

The most commonly perceived benefit of CSR is building up and maintaining a brand's positive image (Sprinkle & Maines, 2010; Waddock & Graves, 1997). For instance, there are certain customers that have a preference for buying products from firms that are more socially responsible and not involved in any activities that may harm the environment. Fombrun and Shanley (1990) stated that 'the greater a firm's contribution to social welfare, the better its reputation'. A positive image allows a company to charge higher prices and attract stronger investors. From this perspective it can be said that it is advantageous for an organization to act in a socially responsible way. From another point of view, we can analyse this situation through the example of the Nike sweatshop scandal that took place in 1966. When it came to public knowledge that the sports giant was using child labour, the history of Nike changed forever. The sale of Nike products fell as millions of customers stopped shopping at Nike and to this day the company has not been able to regain the trust of its consumers. A bad decision can destroy the reputation of a company and this example portrays this concept perfectly.

According to Turban & Greening, (1997) CSR helps in hiring, motivating and retaining. For instance, taking the example of Timberland: the American company presented its employees with the opportunity to work on paid voluntary projects of their choosing for as long as they wished. The company itself stated that this program helps in attracting and retaining talent, which results in reduced recruitment, training and turnover costs (Sprinkle & Maines, 2010).

2.3.3 The link between CSR and financial performance

The appropriate management of CSR activities can bring improvement in the financial performance of the organization, if the interest of all stakeholders and managers is kept under-control. Different research studies have described the relation between these two

perspectives; however, most of the studies stated that there is no significant connection between performance and CSR because of different factors. The other reason is the negative relationship that may arise due to over-use of earning management benefits due to which managers and stakeholders fulfil their interest from CSR activities and producing negative impact on financial performance of organization (Nelling, and Webb, 2009).

For a manager, this is not enough. Friedman (1970) was incorrect when he said that the foremost and sole purpose of an organization is to earn profit, for this is not the just sole objective in fact also continues to be the first one also. In order to make the business sustainable, CSR must have a favourable and acceptable yield. Shareholders and managers needs to be assured that their company will be lucrative, they need to witness the return coming.

Several research studies have been conducted to figure out the connection between financial progress of an organization and CSR during the last 40 years. It is indicated by the Margolis & Walsh (2003) that particularly in 1972 and 2002; more than two hundred studies were published inspecting this relationship. Though, in the recent past, the topic has been paid heed, in point of fact 68 were carried out in the '90s, out of the 127 conducted studies. New studies were publicized from 1993 to 2002 and the number is continuously increasing with the passage of time (Margolis & Walsh, 2003).

There is ample literature about the association between CFP and CSP as comprehensible from the above mentioned. There are various research studies aiming to reveal that is there any correspondence, and in case of this correlation signs between behaviour socially responsible and company's performance in finance (Freeman, 1984) Advocates of stakeholder theory proclaim that a positive connection between CFP and CSP; CSR enhances the satisfaction of various stake holders leading to better reputation of the firm, ultimately making its way to improved financial growth (Allouche & Laroche, 2005; Preston & O'Bannon, 1994). Contrary to this, researchers in support of Friedman's (1970) conventional idea counter that attention given to interests except those of investors leads to violation of trust that inexorably diminishes the shareholders wellbeing (Preston & O'Bannon, 1994)

While some empirical literature and research studies observed a positive relationship between financial growth and CSR of the organizations, some other discovered a negative one, while some works showed no correlation, the studies never show alliances.

2.3.4 Social performance influencing CSR

The social role and responsibility of business has been the subject of debate for decades and in the last ten years or so, CSR has been one of the most important areas of focus in management research from both the academic and the practitioner viewpoints.

The vast literature on CSR is characterised by huge diversity in the approaches and theoretical frameworks used to understand the concept. These can be classified broadly into (1) institutional and instrumentalist models which consider CSR as a set of institutional constraints which profit maximizing firms have to accommodate or circumvent (Freidman, 1970 and Porter & Kramer, 2006); (2) the proponents of socio-political spheres observe the activities of CSR as a crucial part of the organizational operations as being the social actors in the realm of politics (Gray et al., 1997 and Crane & Matten, 2007); (3) social demands models in which CSR is a mechanism allowing firms to accommodate stakeholder interests and develop social as well as business legitimation (Maignon & Ferrell, 2000, 2001) or; (4) ethical models in which CSR is a recognition of the fiduciary responsibilities of firms or is a way in which managers can integrate their own ethics into their business processes.

There is also growing recognition that CSR is extremely contextual with respect to the environment of corporate business as well as national scenario (Moon, 2004 and Egri et al., 2004). The challenge this poses to managers of multinational organizations with respect to corporate environmental and social responsibility has been studied in some depth (Egri et al, 2004).

A number of studies have attempted to explain this diversity in terms of culture, drawing on the literature on the impact of cultural determinants on societal values (Hofstede, 1980; Hofstede & Hofstede, 2005; Hamdpen-Turner & Trompenaars, 1993, 2000; Schwartz, 1994) and the effect this has on CSR as practised in different countries. However there have been fewer studies on ethical sensitivity and unethical business

practices. Other approaches have identified religion as a potential cause of divergent contexts (Collins, 2003).

However most of these studies tend to be vitiated by the fact that they focus on surveys of particular stakeholders, mostly managers or student populations. Also, they tend to focus on single cultures or on comparisons of similar cultures (see Maignon & Ferrell, 2000, 2001 or Brammer et al., 2012, Egri & Herman, 2004 for exceptions).

Alternatively some studies look at single potential causes for this diversity such as globalisation and FDI noting that even though globalisation is not new and economies were perhaps more interdependent before the First World War than they are now, companies find it easier to practice globalisation as a result of the death of time and distance. This, combined with the McDonaldization of work processes to make them uniform, measurable and impervious to behavioural variation has led to the view that globalization and the industrialization that is associated with it are reducing the differences between countries and the ways of doing business, as firms increasingly have to operate to one universal set of standards. These standards have been incorporated into the nine principles of UN Global Compact launched in 2000, with a tenth principle relating to the avoidance of corruption added in 2004 (Egri & Herman, 2004).

The presumption is therefore that people are increasingly held to and willing to be held to one set of standards. This in turn assumes that people have sufficiently similar values and beliefs so that they are willing to be measured in the similar ways across the globe. When translated into Environmental, Health and Safety (EHS) behaviour, a strong case has been made in a survey of Global five hundred executives conducted by Young & Cap Gemini Ernst that CSR of this type should not just be regarded as a cost of doing business, but instead as a proxy for good management and as a driver of shareholder value that is increasingly recognised by the investing community worldwide (Egri & Herman, 2004). This is reinforced by another survey of fund managers and analysts (CSR Europe, Deloitte and Euronext, 2003), and by the argument that ultimately successful firms depend on a vibrant economy, which in turn depends on a healthy civil society and a sustainable planet (The Global Compact: Financial Sector Initiative, 2004).

Other approaches have been based on citizenship and the role of the state (Crane & Matten, 2004). Many noting that the retreat of the State from activities that used to be undertaken by governments as a result of deregulation and privatization has raised the visibility of firms, in particular those that operate across borders. This has led to an apparent disempowerment of governments as they become exposed to actions originating outside their territorial control and in turn has often required new strategies and policies on their part (Moon, 2004).

Work has also been done linking economic indicators and cultural values to levels of corruption (Husted, 2000) but these studies did not look at cross-cultural differences in perceptions of individuals of the importance of CSR and again most of these studies mostly use single countries. Their focus on single causes limits their potential to pick up the multidimensional aspects of CSR in different contexts.

2.3.5 Organizational identification

The social performance of organization is also influence CSR and organizational identification and social exchange aspects are used for describing social performance influencing CSR. CSR relation to organizational identification has received special attention during past few decades. The organizational identification is associated with stakeholders; however, it is a matter of fact that importance of internal stakeholders has been neglected. The corporate responsibilities based on corporation communication are dependent on internal stakeholders. Thus identification of stakeholders and organizational members are required for CSR and organizational identification and performance. The extended model of organizational identification provided comprehensive traditional, neutral, ambivalent and dis-identification. The level of positive identification is based on the perception of different members about organizational identity with reference to CSR as well the personal need of employees for identification. The positive and neutral identification of organization can be evaluated with the help of exchange relationship between organization and respondent. Ambivalent t identification is associated with negative external image of organization

(McWilliams, Siegel, and Wright, 2006). The identification process affects CSR activities directly and indirectly.

The extent to which the members of an organization observe that their organization and they share similar attributes, this can be described as organizational identification (Pratt, 1998). When members discern prominent attributes of organization and discrete attributes overlies, they try to recognize with the organization. As stated in a social identity theory, people do so when they realize (a) the firm is reputable and of extremely high-status; and (b) organization's name can augment their self-assurance. People seek prestigious organizations and prefer to join and stay with them only to build up and preserve their self-worth and morale. Dutton and Dukerich (1991) discovered that corporate image as depicted by CSR can chip in to employee's self-image (Riordan et al. 1997) because employees are greatly influenced by image perception and they utilize organizational portrait to assess outsiders' comprehension of both themselves and the organization.

The theory of social identity elucidate why actual employees pay heed to CSR ideas originated by companies. First of all, CSR actions divulge an organizations' disposition and is not just essential, but often more distinguishable also than other activities prevailing in the corporate world (Bhattacharya & Sen, 2001: 228). When company values are similar to an employees' own identity, they tend to associate with such firms. Moreover, socially responsible companies seem to have gain desirable public status (Fombrun & Shanley, 1990). Workers can boast about to work in affirm that is appreciated for its social behaviour (Turban & Greening, 1997). Employees usually prefer working for a resident who add in for the well-being of the society rather than working for someone who is self-centred.

2.3.6 Social exchange

It is clear from previously described importance of CSR and described CSR as a prime part of business activities. Social exchange is related to CSR and social performance as it is social, sociological and psychological presentation of perspectives that explains the change and stability that are also related to CSR activities occurs due to negotiated

exchange between business parties. The cost and balance are reviewed before making any business relation with the party and the similar approach is used for the implementation of CSR activities within organization. According to social exchange theory, the economic, social, sociological and psychology perspective should be reviewed before making any exchange decision and implementation of CSR activities. Social exchange with reference to CSR, social exchange in the business organization is described as exchange of tangible and intangible activities that may be costly or rewarding between organization and society.

Other than identification of organization, employee's response to CSR activities may be ruled by reciprocity, largely defined as a practise of trade of gratifications as noted by Gouldner, (1960). Peter Blau argues, in the influential book of exchange that philanthropic contributions are very likely to influence the mechanics of societal exchange merely not with the one who receives the action, but also within the contributor's class.

People do charitable work to have the support of their co-workers who also take part in philanthropic work and not for earning the appreciation of the recipients (Blau, 1964: 92). Exchange of donations is mainly to have social acceptance, though the donor and receivers of donations are not the same, and the explanation of the association amid the two needs an examination of the complicated arrangement of exchange indirectly.

CSR activities do not limit to only philanthropic work (Porter & Kramer, 2006), instead encompass many extra-role business manners directly targeting a bunch of stake holders (Barnett, 2007). CSR actions can reshape the mechanics of societal exchange even when the target is external stake holders. As a moral norm, the sense of responsibility deduces that, employees should lend a hand to those who have assisted or helped them. Employees return back the warm behaviour they once had received from the firm. The obligation of repayment, in fact, is based on employees' perception of the value of CSR activities, objectives, resources and purpose of the organization. Earlier researches demonstrate that employees manifest pro-social actions when practices of organization provoking justice experience a sense of compulsion to compensate the organization in a way most suitable to exchange affiliation (Zellars & Tepper, 2003: 397). Many studies,

on the contrary, showed that when employees sense that they are being underpaid, they tend to misuse company's assets, or even steal in worse cases, in order to countervail the experienced injustice (Greenberg, 2002).

According to Blau (1964), Numerous forms of social exchange can exist within the organizations ranging from individualized to constrained and extending to measurable approaches- all arranged by means of the exchange according to economic version - to combined, socialized and indirect exchanges – identical to anthropological narration of exchange (Homans, 1961). Three exchange forms have been identified by intellectuals (Flynn, 2005). The conditions of exchange are openly conversed in negotiated exchange involving two persons- where the perks of granting and getting are usually instant and direct (Flynn, 2005: 738-739). The confined exchange introduces to distinct transactions as well as bilateral flow of advantages between parties (Blau, 1964; Molm & Cook, 1995). Under shared, the exchange rate is instituted over time and two entities are involved benefiting each other by independent acts of unidentified granting (Molm, Collett, and Schaefer, 2007). Speaking of generalized exchange, it is an indifferent and business like exchange consisting of three or more entities of a societal batch; requiring repaying a kind deed, not essentially demanding from the actual receiver (Bearman, 1997; Molm & Cook, 1995).

Above mentioned kinds of exchange outline the effects of CSR on the workers' performance and conduct. It can also redesign the perceptions of employees for corporation hence, making ways for the progress of social exchange within the firms. In order to elucidate the impact of CSR on employees, the relation between social exchange and organizational identification must be understood.

2.3.7 Configurations of social exchange and organizational identification

The psychosomatic relationship between individual and organization has been conceptualized both as far as identification and regarding powerful duty. Expanding on the recommendation that identification is not quite the same as responsibility in that identification mirrors the self-definition part of organizational participation though duty does not, we suggest that dedication is more dependent upon social exchange forms that

assume that individual and organization are separate substances mentally, and all the more firmly adjusted to employment states of mind. We presume that the center contrast amongst identification and responsibility lies in the suggested relationship amongst individual and organization: Identification reflects mental unity; duty mirrors a relationship between particular mental substances (Harjoto and Jo, 2011). The configuration of social exchange is related to organizational exchange as the organizational identification and its relation with CSR is discussed from social and psychological before making any decision of exchange between organization and CSR (Cropanzano and Mitchell, 2005).

While it has been suggested by theory that both social recognition and exchange are used to explain the impact of CSR on workers, there is a need to integrate these two concepts. The employees are refrained from strongly identifying with their organizations due to the calculative and economic relationships between the corporations and employees. Also, the employee engagement due to the social exchanges assists them to be identified with the values of their organizations. It therefore, becomes possible to delineate four configurations of level Organizational Identification and Social Exchange (referred to OI/SE configurations next) by crossing low versus high organizational identification; this is done taking into account three social exchange forms (reciprocal, generalized and negotiated).

		Level of Organizational Identification	
		Low	High
Form of Social Exchange (Molm & Cook, 1995)	Negotiated	Cell 1 – SE/OI [a] Restricted and particularized Reciprocity [Low impact of CSR]	
	Reciprocal	Cell 2 – SE/OI [b] Relaxed norm of Reciprocity 'Exchange-driven' [Medium Impact of CSR]	Cell 3 – SE/OI [c] Relaxed norm Reciprocity – 'Identity driven' [Medium Impact of CSR]
	Generalized		Cell 4 – SE/OI [d] Generalized & Relaxed Reciprocity [High impact of CSR]

Figure 2.2: Configurations of Organizational Identification and Social Exchange (OI/SE)

Horizontal Arrow: Influence of CSR through identification

Vertical Arrows: Influence of CSR through social exchange

Based on short-term reciprocation and calculation, employees characterized in cell 1 are on the basis of low levels of organizational behaviours, attitudes and identification which are operated by restricted and limited reciprocity. On the contrary, cell 4 exhibits high levels of generalized exchanges and identification for employees, which are described by a collective and composed norm of reciprocity among the organization and the employees. Whereas cell 2 and cell 3 allude to intermediary levels in the organization that are acceptable to high (cell 3) or low (cell 2) levels of employee identification of social exchange (reciprocal exchange forms).

The impacts of CSR on workforce are represented through a continuum in these four cells. The increased influence of CSR on employees' behaviour and attitudes is rationally linked to configurations through typology (grey arrows on Figure 2.2). The

typology undoubtedly suggests that through CSR, the level of identification can be affected by the amount of shared exchange with a reference to an organizational context (e.g. cells 2 and 3). CSR influence (cell 4) is dominated by the social exchange as soon as the established forms of exchange exist because the jargon of personality traits and identity are equalized or constrained (Tett & Burnett, 2003).

A given OI/SE configuration explains the happening of these events in corporate sector and the effects on employees' behaviour and attitudes by CSR. The rest of the paper demonstrates a model that display how CSR influences employees' workplace behaviours and attitudes, and how the move from one construction to the other is affected by this process.

2.3.8 Economic performance and CSR

The economic responsibilities or activities that have to be met or performed by the corporations for CSR management are the successful returns to the investors, providing appropriate and fair compensation and reward to employees, providing the products and services of high quality at fair price to the customers. These responsibilities are considered as the first layer responsibilities and provide the basis for the other responsibilities. The survival of the firm is thus dependent on meeting all the economic responsibilities and manages the economic operations of organization. Economic responsibility is the prime responsibility of the organization because company has to make the profit to make money and pay wages to employees and if the company does not earn profit. The employees may lose their jobs and cannot perform their social responsibilities (Lee, Park, and Lee, 2013). Thus, the company should be profitable for being a good corporate part.

Primarily, the basic economic unit in the society was business organization. Business organizations were brought into existence as economic entities designed to supply products and services to the people over the world. The principle role of a business organization was to create services and goods that were wanted and required by the customers to generate profits. The primary incentive established for entrepreneurship was the profit motive but presently, the motive of profit is revolutionized into the notion

of profit maximization, which has been an enduring value since then. All the other business responsibilities are stated upon the economic control of the firm. Without it the other would become unresolved considerations.

It is noted by the observers that CSR activities have become a widespread norm in business sector (e.g. The Economist, 2008). Many companies are reducing the pessimistic and adverse externalities below to the required legal levels. Also, more resources are being invested in public goods provision by firms. Detailed reports on CSR activities are reported by about ten percent of S&P hundred companies, and now approximately half of Fortune Global 250 companies provide frequent public statements solely discussing CSR (Kotler & Lee, 2005, Baskin & Gordon, 2005). Almost 11 per cent of US investment, professionally managed, was certified as socially responsible, and more than one-third of big business organizations have exterior voluntary certifications for social and environmental standards. Approximately, over 2 trillion USD and 300 billion EURO are socially conscientious resources certified in US and European markets (Social Investment Forum, 2009). Potential employees are even informed about their CSR reports in companies including IBM, Microsoft and General Motors (Turban & Greening, 1997).

According to an extensive global survey, it is reported by two-thirds of individuals would akin to companies who make significant contribution to the society beyond the wealth expended by the shareholders (Environics International, 1999). This shows that CSR has been considered as a profile issue of the public. According to another survey, 52 per cent of respondents seek information about CSR records of companies (Fleishman-Hillard, 2007). Seventy per cent of UK consumers state that if they perceive a product as ethically superior, they would be willing to pay more for it, and over half of American customers state that purchase decisions are influenced by company's social reputation (IPSOS, 2013). The evolving public view business firms in a self-contradictory way, as summarized by Scherer and Palazzo (2008), that they are not only regarded as the ghastly that become a cause of monetary scandals, community evils, and environmental disasters but, they are also considered as the solution of public goods and global regulation problems.

Early scholarly work determined to understand that if CSR should be performed justly or not, but observations regarding CSR have changed greatly since then. The well-known incapacity of the markets was accepted as valid to make certain of provision of non-private goods and bad, and efficient pricing by the economically disposed work addressing CSR. But also, emphasized that it should not be expected by firms to act voluntarily in an environmental or social conscientious manner. Friedman (1970) famously argues that democratic empowerment combined with public preferences implies that instead of firms, governments should manage externalities and supply public goods and the only responsibility of firms is to maximize profits. This division of society with respect to government and corporate responsibility is generally termed as classical dichotomy. Contrary to Friedman's (1970) popular belief, early scholars argue that firms should think about the repercussions of their activities and actions even if it reduces the wealth of their shareholders. The social problems in the perspective of management as described by Wood (1991), Wartick and Cochran (1985) and Freeman's (1984) stakeholder theory perspective are included in dominant studies of business and society. Since the 1970's and 1980's, conversion to a nuanced middle ground has begun in the researches of both disciplines. Various scholars and business experts agree that societal justification and reasons exist for CSR but might not more exposed to the people.

In recent times, research studies have started why CSR is subsisted to whether it should be existed and to what extent it features the economy. Stated the current increase in the scale and scope of CSR, this is a natural development. Why is CSR growing rapidly? These rudimentary questions addresses firm-level incentives for engagement of CSR. An essential intuition in economics is that CSR, at the minimum for subsidiary firms within a separating equilibrium, is not inevitably opposed to profit maximization. End result driven by private and public politics, influenced by CSR, and might be consistent with shareholder maximum wealth. Moral hazard might be constituted by CSR to satisfy manager preferences.

2.3.8.1 Economic theory and the evolutionary understanding of CSR

The proper understanding of CSR from economic sector can be developed with the help of understanding the economic. The economic theory describes that the CSR has the potential to empower the economy. The economic theory has described the CSR as novel economic process and the extent to which CSR is efficient for the economic growth of the organization. The classical economic theory has described the importance of CSR by describing that CSR is characterized by the equilibrium attributes between stakeholders, employees and managers. CSR is integrated with the strategy of maximizing the profit which is the prime aim of the organizations and thus leading to economic benefits for organization (Lee, 2008).

The search to perceive the intended meaning of CSR as an economic phenomenon was started by asking (1) if CSR exists or not, (2) when and to which degree it can be proficient, and hence, (3) why and when it should exist. The fundamental evidence of existence is that, (2) and (3) must be well suitable for the theory agenda, and (1) must be created empirically. Economists taking note of the neoclassical firm paradigm expressed (2) and (3) as the only one subject matter or question, specifically if companies possess any obligation with respect to social responsibility except production of products or services, maximizing profits and employing people. This question can be answered by establishing when and if CSR will raise total welfare and comparing CSR with other channels of facility provision to the public. A component of another significant research looks into the incentives and mechanisms shaping CSR and has a more positive and less abstract perspective on it. The centre of interest is why CSR activities take place and what the reasons are or incentives interact and work in the global and complex economy. CSR can be categorized as non-profit, the outcome of moral responsibility, or strategic on the basis of role of stakeholder and shareholder preferences in the resolve of firm behaviour. After this distinction, strategic CSR mechanisms are deeply analysed in three conceptual boxes: Isomorphism, Markets and Politics.

CSR is also related to the economic performance of the organization and the examination of this concept with the help of theories has revealed that the CSR strengthens the brand image of the organization. The image of the organization as

socially responsible increases the economic performance of the organization by bringing positive change in the economic state of organization. The new consumer satisfaction for the socially responsible organization is very high and thus, it is also true for retention of the customers. The evaluation of CSR performance and its impact on economic performance has revealed a direct and intense relation between both elements. Different economic performances factors that are affected by CSR include return on capital, the gross profit etc. the results collected from different studies have described that philanthropic activities of the organization are associated strongly with the economic performance; however, the impact of other CSR activities is quiet low than the other CSR activities (McWilliams, Siegel and Wright, 2006). On the other hand, CSR activities and performance of organization is also related to the financial performance by increasing positive capital market responses.

In recent times, the managerial and economic implications of CSR have been studied by academics in discipline of few business administrations. According to McWilliams and Siegel (2001), CSR is termed as measures taken by firm that surface to precede the advertising and promotion of good image beyond legal requirements and at immediate interests of the shareholders/firm. Companies' CSR activities are those that surpass compliance regarding social or environmental commitments and regulations, in order to generate the reality or perception that these firms are preceding a social goal.

Most multi-national companies experience extensive pressure from government, non-government organizations, consumers, suppliers, employees, institutional shareholders and community groups to engage in CSR so there no surprise to see that many firms opt to be highly responsible with respect to social issues. CSR activities undertaken by firms might include promotion of the goals of NGOs or community organizations (e.g., Greenpeace or United Way), incorporation of social features or characteristics into manufacturing processes and products (e.g., usage of more environmental-friendly technologies or production of fluorocarbons-free aerosol products), or aspiration of achieving environmental performance's high levels via pollution reduction or recycling (e.g., reduction of emissions by adopting an aggressive stance).

From economics viewpoint, if the decision-making entity observes that the perceived (unmeasured or measured) benefits surpass the associated costs then it is expected by the companies to undertake such activities. Thus recent theories of CSR (Baron, 2001, McWilliams and Siegel, 2001, Bagnoli and Watts, 2003) speculate that engagement of companies in CSR is conducted with the anticipation of benefits from these actions. Therefore, it is termed as 'profit maximizing CSR'. These anticipated benefits might include improvement of reputation, increment of the ability to retain and higher quality employees, or possibility of charging a higher price for its product(s). For a company to choose a CSR action, the higher costs related to the additional resources, already allocated by the firm to accomplish CSR status, must be offset by the advantages of undertaking this activity. There has been a considerable increase in investments in CSR in all the nations of OECD due to extensive pressures and noticeability of such activities in the progressively conscious climate of developed countries.

Many of the academic studies of CSR have been focused on a business-oriented, narrowly-defined, research question that if socially responsible firms accomplish lower, higher, or identical levels of financial performance than those firms that do not meet the identical CSR criteria (McWilliams and Siegel, 2000). In such studies, financial performance is described as either accounting profitability (e.g., operating profit, return on equity, or return on investment) or (long- or short-run) stock prices. These studies also use the firm preferably more than the sector or establishment as the observation's unit for empirical analysis. They both are preceding a 'business case' for CSR. Also, due to the availability of financial data of company level (e.g., stock price data from Centre for Research in Security Prices) or Standard and Poor's Compustat's accounting data).

This frame of research according to the business administration perspective justifies a sole focus on performance's financial measures but, this is hapless from an economic perspective. A more noticeable issue in this subject is the relationship between CSR activities and economic performance. Economic performance includes economic and technological relationship between input demand and output production, identifying capital accumulation and opportunity costs of inputs. For instance, economic performance can be termed as the amount of (marketable or good) output produced

from a stated amount of inputs (productivity), the resource/input use required to produce a stated amount of output (cost effectiveness), or the deviation of the produced output from the implication of 'best practice production (technical efficiency). Such actions are on the basis of evaluating marketed inputs and outputs. This increases questions if conventional performance/productivity approximation is biased from not identifying social or the environmental externalities, and how reduction of such externalities affects the economic performance.

Explaining such relationships helps to recognize the 'market failures' regarding CSR, or to recognize the CSR resource costs, for public policy makers (Siegel, 2001). In return, these information gives instruction regarding 'social responsibility' regulation on optimal levels. Such information is useful for managers as it helps to notify resource allocation decisions concerning CSR activities .i.e., empirical evidence on the trade-off magnitude between productivity or cost and CSR facilities which determine the economically justifiable amount of CSR expenditure.

In this special issue, our objective is to explore CSR to this economic perspective and address the variance in the literature on CSR. A workshop was held in Nottingham, England, jointly sponsored by the International Centre for Corporate Social Responsibility (ICCSR) at the University of Nottingham and the School of Humanities and Social Sciences at Rensselaer Polytechnic Institute after manuscripts were solicited on the economics of CSR by recognizing some of the main contributors to the literature on economic performance and environmental externalities. Among the authors and the conferee, the attendees at the workshop were scholars from several academic disciplines (accounting, finance, economics, management, and political science), including many junior scholars and international contributors.

After a supplementary round of reviews, the best economics-oriented papers produced from this workshop were chosen for this special issue. The economics of CSR addressed in these studies have two critical themes: (1) empirical relationships between economic productivity/performance, and social and environmental performance/regulation; and (2) methodological issues associated with productivity measurements when good or marketable outputs are jointly produced with 'bad' outputs that impose social costs.

Additionally in this special issue, all articles except one are based on establishment-level data, which is generally more suitable for productivity measurement, rather than firm-level data.

The relationships amidst regulatory activity, environmental performance, and productivity are analysed by Wayne Gray and Ronald Shadbegian. They linked confidential U.S. databases from the EPA (the Permit Compliance System, the National Emissions Inventory, the Compliance Data System, and the Toxic Release Inventory) and the Census Bureau (the Pollution Abatement Costs and Expenditures survey, and the Longitudinal Research Database, it contains thorough details of production data).

On the basis of establishment-level data from the oil, steel industries, and pulp and paper, the authors estimated a function model of stochastic frontier production. Substantial divergences of production from the efficient frontier depend on measures affecting environmental degradation, as shown in the results. Older and younger establishments, both have the identical degree of environmental performance. However, technical efficiency is less for older than younger establishments and efficiency is also less for establishments spending more on pollution decrease. Nonetheless, the effects of negligible production efficiency arise to out come from additional regulatory inspections, which imply low emissions. The regulatory actions are also reported, e.g., local stringency of air pollution maximization, that they are related with high levels of efficiency. Such activities could be emphasized by policy with limited productivity consequence, as proposed in the result.

An elaborate and continuous system of social rating for banks was established by the Community Reinvestment Act of 1977. Based on the assessment of an important feature of communal legislation in the banking industry, direct empirical evidence is provided by Donald Vitaliano and Gregory Stella on the productivity impact of CSR. Consistent with the findings of McWilliams and Siegel (2001), the authors use the data to recognize whether a bank attains an 'outstanding' social rating regarding their lending practices as such companies are going above compliance and are undertaking the act of voluntary CSR.

A data envelopment analysis (DEA) cost minimization model is estimated by the authors to analyse the relationship among productivity and such CSR ratings. No difference is reported in technical efficiency between banks that gain a satisfactory rating and those that gain an outstanding rating. Even then, there is difference in cost efficiency between non-CSR and CSR banks. 1.3% of total costs, or yearly extra costs of \$7.4 million is involved in an outstanding rating. These costs are interpreted by the authors as the CSR shadow price since it is not on the basis of measured input use or output production. Furthermore, the additional cost for being socially responsible is recouped by firm's .i.e. it is suggested by the findings that after- and pre-tax return rates are equal for banks receiving satisfactory and outstanding ratings.

Effects of voluntary waste minimization, a type of environmental CSR, with respect to the costs and inputs used are empirically analysed by Catherine Morrison Paul, Richard Harris, and Wendy Chapple. The Annual Business Inquiry Respondents Database (ARD) is the basis for their empirical analysis which provides longitudinal data for thousands of manufacturing establishments of U.K. The framework of their studies explains the production of plants has good outputs jointly with their bad outputs such as waste, having negative environmental externalities. Even though firms are offered reputation-enhancement and tax incentives to reduce waste, this may result in higher costs (usage of more input for a stated production level), or lower productivity (less output for a stated input base).

Following Paul (2001), the authors estimation to assess such trade-offs is through a generalized Leontief cost function, explaining the output levels and shift factors in quadratic form. Comprehensive evidence on substitution patterns including waste production and output and labour, capital, and materials input use is generated by the authors with the help of this functional form. The findings suggest that reduction of waste saves labour and capital input (implying decreased employment and investment), but uses materials (implying increased outsourcing or intermediate materials demand). Significant differences in pattern by industry, country, and region suggest that the considerable differences in the costs of reducing waste disposal/generation depend on various external and internal factors. As shown by the author, the index number

properties of EPI are highly desirable and with only one bad and one good output, the index is simplified to the ratio of bad to good output over time. This model is applied to longitudinal data by the authors on U.S. coal-fired power plants. A natural experiment on the impacts produced by environmental CSR actions surfaced when the program of the U.S. Clean Air Act, Phase I Acid Rain program, was designed for the reduction of sulphur dioxide emissions in power plants. It was implemented in 1995. Authors observed that during the sample period a considerable improvement in the environmental performance of plants in this program was measured by the EPI. This concluded that as CSR motivate firms to adjust their production practices and thus maintain a balance to their bad to good output; its stimulation can have positive social impacts.

The effects on productivity measures, when there is a bad output that can affect the environment, are addressed by Gerald Grander's son. He carries out a decomposition of overall factor productivity growth for those firms that deals with regulation due to the production of a bad output. CSR is supported by a production function context as a basis for the decomposition, in which socially responsible firms recognize production of good and bad outputs which provides social costs and advantages.

2.3.8.2 Relationship with past economic performance

The past economic conditions are imperative to know the economic status of the organization in the past time and outline the positive points, opportunities and the issues that have affected the past performance of the business. Evaluation of these factors ensures the benefits that were achieved from CSR in the past time and projects these finding for future. Moreover, the past economic performance affects the CSR implementation as if the past economic performance is good; it is easy to make CSR strategies that create a point of different and competitive advantage for business.

Roberts (2003), Ullman (1985) and Parert and Eibert (1975) suggest, that if corporate social obligations is considered as an essential cost, organizations with greater financial activities are more likely to consume these costs. It is hoped, that quicker results may be expected by satisfactory performers, and they may choose high yielding short-term

investments instead of long-term common CSR investments. According to Mc Guire (et al., 1988), guidelines and investments in the field of social plans may averse to the unsteady resources of the firm. Ullman (1985) suggests that organizations must first be at a steady threshold of economic activity, before serving the firm's assets to keep up with social requirements. This is backed by the fact that organizations with a stronger history of economic activity seem to have a greater threshold of social impartation. Ullman (1985) was of the idea, that organizations with unstable stock market figures might not devote their assets to social activities.

The prior empirical research is the term that represents the research carried out on the basis of empirical evidences. The implementation strategies can bring economic benefits to the organization which is evaluated by implementing the method of prior empirical research on relation between CSR and economic performance. By using this way, the knowledge can be gained about relation of CSR with economic perspectives. The qualitative and quantitative evaluation of empirical evidences before making any decision is thus effective in this context. The past experience of implementing CSR in the organization and economic perspective as well as prior empirical research both provides extensive information on the decision of using CSR to biome socially responsible (Visser, 2008).

Several results were obtained when studies on the outcomes of corporate obligations were conducted. Results of certain analysis indicated a positive connection, while others proved to be negative. An example is the study on pollution content by Belkaoui (1976). The outcome of his study indicated a positive connection between social responsibility and economic activities. The results of various other analyses were in accordance to the fact that corporate social obligations do affect financial markets (Frankle, 1980; Shane and Spicer, 1983; Spicer, 1978 a, b).

Several researches that mirrored previous analysis produced results that were contrary. Belkaoui's (1976) results were discarded by Frankle (1978), who claimed that non-disclosing organizations had persistently been successful in the market. Similarly, Metcalf and Chen did not second Spicer's (1978a, b) results, stating that his studies were based on unauthentic interrelationships. Spicer (1980) replied by stating that Metcalf and

Chen (1980) incorrectly comprehended the aim of his study, claiming that links, and not random relationships were being studied.

According to Ingram (1978), the data relating to social responsibility revelations was dependent on the market with which an organization was affiliated with. No convincing association between an organization's threshold of social obligations and stock market activity was discovered by Monsen and Abbott (1979) and Alexander and Bulcholz (1978). Chugh (1978), Mahapatra (1984) and Trotman and Bradley (1981) claimed that corporate social obligations may result in a greater systematic gamble.

The corporate social responsibility rankings proposed by Moskowitz (1972) were adopted by Cochran and Wood (1984), to investigate the connection between the organization's performance and corporate social responsibility activities. A slightly positive link was discovered between economic accomplishments and corporate social responsibility activities as a result of controlling industrial categorisation. In their study regarding the correlation of social revelation and economic accomplishments, Ullman (1985) revealed that it is highly probable for firms to report their social responsibility costs, if their financial records portrayed satisfactory economic accomplishments.

The analysis mentioned above was unable to differentiate amongst the previous, ongoing and following CSR economic accomplishments and to make strong deductions about the targets of origin. In recent analysis, economic activity enclosed five year duration, covering the CSR accomplishments and social revelation periods. Consistently, the CSR performance and social revelation span were the mid-points of that duration. Nonetheless, the economic activity duration was in association to the CSR performance span, according to the analysis conducted by Ullman (1985).

It was Mc Guire et al. (1988), who broke this practice and classified economic accomplishments on the basis of past, concurrent and subsequent CSR achievements. Fortune magazine's corporate influence rankings were considered by them, to study the connection between observed corporate social responsibility and economic activity. Expressed by stock market returns and calculations based on accounting, the history of economic activities of organizations were strongly linked to corporate social

responsibility. It was proposed by Mc Guire (et al. 1988), that economic activity may be dependent on social responsibility activities.

Analysis of the connections between corporate social responsibility and economic activity is highly perplexing and uncertain. Ullman (1985) links this to the application of different conflicting measures of CSR, variations in the manners of analysis and the financial methods applied. In order to surpass these restrictions, this analysis will adapt a slightly in depth study of CSR performance and integrated economic activity measures, involving all the essential components in the research scheme.

2.4 Impact of CSR on the Success of Business

This section is aimed at accomplishing the first objective that if it is possible to observe potential impact of CSR initiatives on business organization as per the analysis of empirical literature and research studies.

2.4.1 General discussion on CSR and its impact on business performance

In the present day scenario, there is observed an increasing interest of making investment in CSR in big businesses. The main objective of CSR is to attract multinational companies over the world economy and hold up unpleasant working conditions which have been seemed in different industries also. This is the main objective of CSR has been saving momentum over past 10 years. This is what CSR has highlighted now as a power of the multinational companies in the world. It is getting stronger over time to accomplish social and environmental responsibility. It is becoming the main ingredient to beat the competition.

Globalization has increased the anxiety disorder in society so there are more changes in the business towards corporate conducts. These days, companies not just need customers but the stakeholders with less clear or inherent claims also. It is also coined as the stakeholders' philosophy and works as a strategy, which is not against the ethics of business and brings the argument in front. It is the most important need and demand of the stakeholders which must be balanced. The impact of CSR has increased the performance of a company in a positive way. Through CSR organization can look after

its stakeholders easily. It also remains committed to its business in order to behave ethically. It gives complete support in economic development at the same time to improve the standard of lives of its workforce and families with the entire community and society as a whole too. It is the prime responsibility of good corporate to accomplish voluntary humanitarian responsibility. CSR is the great responsibility of the company to give a contribution towards social welfare.

2.4.2 Nestlé's CSR activities

Nestle has 140 years of life, the main objective of the Nestle has still close to CSR activities and the long-term sustainable development of its consumers, employees, stakeholders and the society as a whole. In 2006, Porter & Kramer said that the Corporate Business Principle of Nestle bring to the light that organization is committed to "Creating Shared Value" as philosophy .it secures the goals and needs of consumers as well as stakeholders. It also promises to remain socially responsible by creating activities, campaigning to promote respect around the world. In 2008 Bert also illustrated in his book that Nestle has formed the global sustainability strategy in order to promote the idea of CSR. It reflects the main agenda of the company in local as well as international community. The corporate believes in developing a healthy community. It matters a lot for long term sustainability for economic uplift and the social development. Around the world, it is CSR strategy to connect with six different priorities which give new ideas of taking care of each and everything. Such as community and environment they operate in. water, energy, waste, nutrition, health, and promotion brand are come in six priorities.

2.4.3 IBM's CSR activities

Sheffied and Halal explained in 2000 that the IBM is an enterprise which beliefs in the culture of corporate which is completely based on core value, which not only promotes its business but helps it to define its role in the society also (page.20). It recognizes and complies with new and different opportunities to apply its technology and expertise to point out the social problems. It helps out to It helps to exercise on standing programs

and startups for getting maximum advantages. For this purpose, IBM gives power to its employees as well as other whom serving for their communities the best.

Hildebrand and Bhattacharya illustrated in 2011 that IBM ensures to participate corporate citizenship as the idea of social responsibility in every aspect of the business (page.1357).

Saundar, Thornhill and Lewis explained that IBM exercised on a detailed approach which intended at corporate citizenship and combined with the value of IBM. All its CSR activities it focuses on social issues such as the betterment of community, health, environment, economic development, education, literacy, culture, and language. The global environmental management system of IBM ensures that the company keen to protect the environment all over the world. IBM also assures to give empowerment to its employees in order to attract its clients and rule the corporation as well.

2.5 Market Share of L'Oréal

This part shows the facts and analysis about the L'Oréal market share and expansion. The third objective can be connected to this part as the company plays an imperative role in CSR strategies in getting its present market position. The fourth objective is half connected as concentrate on analyzing the role of CSR strategies on ruling consumer purchase power and their opinion about the company's brand image also.

2.5.1 Facts about the business

The company L'Oréal was established in 1909 and presently it is considered as one among the most popular cosmetics organizations. Since the 2014, the company is known as the leading beauty brands around the globe by achieving the total value of approximately \$ 23.36 billion. The total turnover of the L'Oréal has grown to 4.8 percent since 2010 to 2013 (Egan, 2014).

2.5.2 Statistics & figures of market share

The company announced its sustainability strategy in 2013 making a hope that it would be able to attract more than 1 billion customers by the year 2020. The company has remained committed to offer quality product that are environment friendly and provide various benefits to the society by decreasing 60 percent harmful emission of gasses while production process and providing aid to the customers in making choices while exploring market for quality and beauty simultaneously. The given below graph explain the market share of L'Oréal with the help of figures and statistics of 2013 year (Hildebrand and Bhattacharya, 2011).

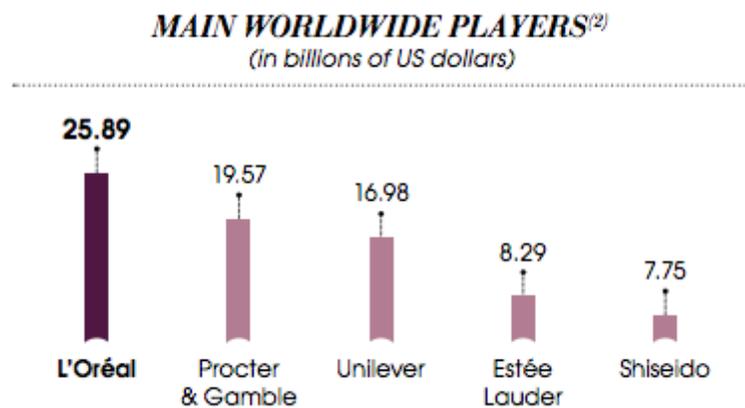


Figure 2.3: Main Worldwide Players

Segmentation Cosmetics

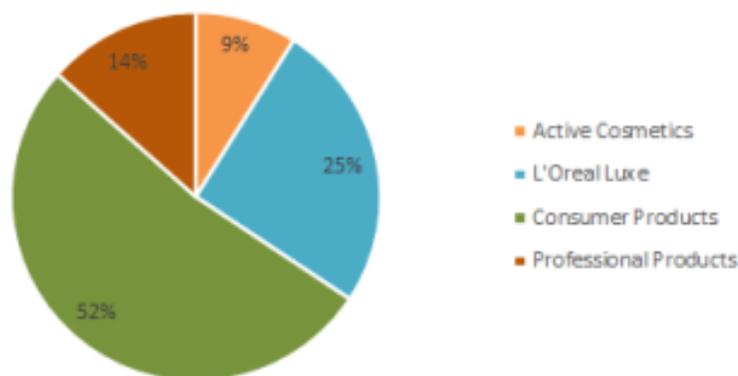


Figure 2.4: Segmentation of Cosmetics

2.5.3 Business expansion activities

The L'Oréal is a world leading brand that offers beauty products to approximately one-thirty countries. According to Hollender (2004) the branding strategy of the company is so powerful that it is rapidly expanding in the global markets. It is due to the vision and mission of the company that states that L'Oréal ensures provision of best quality products with style and innovation in order to meet the requirements of both men and women. However, the products are more famous in women because they are more concern about the beauty and want to look prettier than others. L'Oréal is aimed meeting the needs and requirement of customers based on diverse by developing a reputé in almost five continents worldwide (p. 1644).

The specialty of the L'Oréal is that it has become successful in running the business around the globe by maintaining and adapting cultural diversity and differences of the specific community and marketplace. The company invested to expand its business operating along with escalating its company portfolio. The product "Colossal Kajal" was launched in 2012 that was specially designed to meet the beauty requirements of Indian women because the crayon kajal used to give eye-makeup an Indian looks for heavy makeover. Therefore the unique feature of the product is that it maintains its texture for 6-7 hours in humid atmosphere of South Asia. It is only one example that is mentioned here for the sake of making it clear that company adapt the targeted market environment wisely. Hence, the branding strategy of the L'Oréal is based on expansion with quality (Oberseder, Schlegelmilch & Gruber, 2011).

Nevertheless, Bistra (2009) has conducted a detailed research on the beauty products and hygiene matter related to the production and utilization and with the help of his analysis; he divided the market into three categories of players including the pure players. This kind of players possesses very limited chain of distribution but has grasped a vital position in the beauty market such as Beiersdorf, Clarins, Yves Rocher, etc. According to Bert (2008) generally big business organizations strive for bigger position in the marketplace and in order to do so they increase their operation to diverse sectors and

offer multiple categories of product. These organizations are Colgate, P&G, Unilever, LVMH, and L'Oréal Chanel etc.

2.6 CSR Strategies of L'Oréal

This section of the chapter provides sufficient detail regarding L'Oréal's CSR strategy in order to achieve the second objective of the research.

2.6.1 CSR initiatives taken by L'Oréal

The L'Oréal introduced its initiative "sharing beauty with all" in 2014. The initiative was aimed at making sustainable beauty and the beautiful sustainability simultaneously by attracting and gathering people to the beauty of social diversity, clean and healthy environment, jobs security and offering splendor of sustainable cosmetics. The chief objective of this program was to empower the consumers and giving them the sustainable freedom of choice to augment their beauty by using quality products and to make the planet Earth beautiful till 2020. Further, the initiative "Beauty for a better life program" was an effective CSR program launched in 2009. The chief objective of this initiative was to make the poor able to sustain their lives by offering them with financial aid and vocational education and training for livelihood.

Further, the company has a separate CSR department that develops and maintains CSR initiatives and programs. The company is focused on the promotion of biodiversity that approximately 34 percent of the beauty ingredients would be extracted from plants and natural resources. The concept is based on green chemistry that ensures that minimum use of artificial raw material is used in the manufacturing of products. Furthermore, in order to reduce the environmental hoof marks, L'Oréal has started the use of biodegradability in the production of cosmetics and other products by expanding the usage of more than 250 herbal species. These raw material extracted from natural resources are tested according to international standards prior to production in order to make it aligned with socio-environmental requirements of a specific geographic location where the company operates or delivers its products.

Moreover, L'Oréal Company has introduced the concept of minimum water consumption at beauty parlors and salons by initiating its CSR named 'Best Foot Forward' in order to execute an awareness campaign of water scarcity. Further, the company has taken the help of Veolia to form an environment of saving water at its production plant at Suzhou, China. The basic aim of this initiative is to save wastage of water at production plants while reducing carbon emission and to establish environmental friendly production processes at cosmetic businesses.

2.6.2 How the CSR of L'Oréal impacts customer purchase decision

There is no denying the fact that CSR are an important factor to create cordial relationship between the organization and the consumers. With the help of CSR activities, the organization can become able to create a good image in eyes of its values customers leading the customers think that organization is not a selfish kind of entity but it clearly understands the aspirations of consumers and pay attention to resolve their social and environmental issues wholeheartedly. This section of the chapter highlights the objective four (4) that how CSR shape consumers' behaviors for L'Oréal's products.

According to Galbreath & Benjamin (2010) CSR is used as a strong tool to increase the performance of an organization based on financial scale justifies a sole focus on performance's financial measures but, this is hapless from an economic perspective. A more noticeable issue in this subject is the relationship between CSR activities and economic performance. Economic performance includes economic and technological relationship between input demand and output production, identifying capital accumulation and opportunity costs of inputs. Such actions are on the basis of evaluating marketed inputs and outputs. This increases questions if conventional performance/productivity approximation is biased from not identifying social or the environmental externalities, and how reduction of such externalities affects the economic performance.

As stated by Porter & Kramer (2006) that L'Oréal is found highly responsible regarding the CSR activities in order to obtain a competitive edge over the other organization by

creating a soft image of its brand for the sake of consumers' loyalty that ultimately leads to economic benefits to the company. (p.93).

Further, the research of Lysonski & Durvasula (2013) concluded that L'Oréal is highly concern and proactive with respect to the activities and initiatives regarding CSR in order to establish a strong brand image that give the customers a sense of importance while affecting their decision making power in a positive manner. (p. 77). Further, the company L'Oréal has always paid special attention towards it CSR initiatives not only to generate augmented revenues but also to make the society a better place to live for the local communities where it operates (Louche, Idowu & Filho, 2010).

2.7 Conceptual Framework

CSR is identified as an ideology that is the real essence and energy of the businesses with the help of literature and research studies analyzed in the above sections. The sphere is of influence is not just limited to the corporate sector rather it impact the customers leading to a significant effect on the sales of the products as explain in below image.

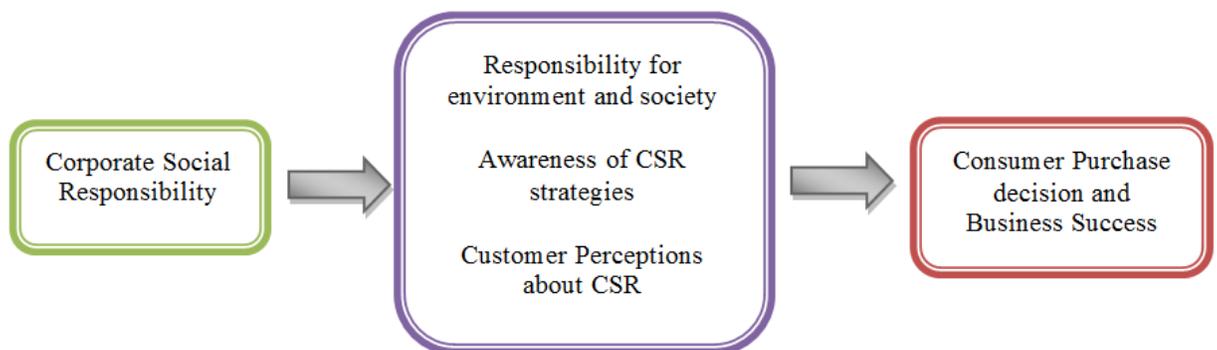


Figure 2.5: Conceptual Framework of the Study

The above given framework explains the CSR activities in the realm of environment, community and society as well as the consciousness regarding the CSR activities and evaluation process that ultimately lead to impact the purchase decisions of the customers at large. It is actually a conceptual structure that elaborates the status of customers as an active and well aware entity of the business sectors.

However, it is expressed by the Hopkins (2012) that the concept of CSR has been expanded with the passage of time along with rapid changes in the business sector owing to technological advancements and complexity of think patterns as a result of educations and consciousness of human rights. Nevertheless, the core concept of the CSR is based on the realization of taking responsibility and change of perception in the field of business. The organizations have realized and accepted their obligation regarding the society, environment and the customers. Further, it is endorsed by the Sheffield & Halal (2000) as they state that clean environment is a means of making everyone healthy and happy that is helpful in creating peaceful society. Therefore, with the help of CSR activities the business organizations can not only make a good brand name but also make contribution towards the peace and prosperity of the society (p.13). In the next chapter, the CSR strategy of the L'Oréal will be test with the help of given theoretical framework that how it impacts customers' perception and purchasing decisions leading to good repute and success.

2.8 Summary

The chapter is primarily attempt to encapsulate the basic concepts and terminologies of corporate social responsibility comprehensively in order to understand that in what ways business organizations make and maintain their good image in the eyes of customers in the wake of globalization. With the help of detailed analysis of literature and research, it has been figured out that CSR activities have greater and direct impact on the business organization's repute, customers and the workforce. Therefore, the performance of an organization in terms of finance and goodwill mainly depends on the initiatives and programs it has executed under its CSR strategy. It is owing to the reason that customers usually compare to similar products offered by different companies according to the role an organization play for the betterment of society. This establishes a cordial association between the company and the customers and impact decision making regarding the purchase of a product giving an upper hand to the specific company over the other companies. It is the secret of success in the business at a time of strict competition and highly competitive marketplace.

The secondary research has analyzed the case study of L'Oréal that how the company is initiating its CSR strategy and what is its impact on the customers' choice making a difference among other rival companies. It is found that the market performance and share is expanding that shows improvement in business in last past ten years as a result of its CSR. Further, it has been observed that customers are highly contented with the programs and project conducted to make environmental footprints that they are more inclined to purchase L'Oréal's products as compared to other similar products.

The major goal of this chapter was to analyze the already conducted research and literature to accomplish first four identified objectives of the proposed dissertation. The objectives included conceptual clarity and understanding of CSR terminology as described by researchers, scholars and business experts. Further, the analysis of CSR strategy of company L'Oréal has done in order to identify the impact over the decision making at the part of customers. Moreover, the impact of CSR activities on the perception of brand name and good image of the company has been analyzed in this chapter. Lastly, understanding of a theoretical structure has been presented to explain and elaborate the importance of CSR activities and realization of the business organizations regarding their obligation towards the workforce, customers, environment, communities and the society where it operates and from where it generates revenue. It has been observed that CSR play highly crucial role in the success of the business as it has potential impact on the purchase decisions.



3. RESEARCH DESIGN AND METHODOLOGY

The chief objective of any research is to conduct a systematic analysis of data by collecting and tabulating required data for the sake of knowledge improvement. Therefore, the success of research primarily based on planning and correct sequence of steps involved in the research process (Creswell, 2013). However, it is not just the planning and the luck but the strategy that helps to bring success to proposed research based on systematic analysis and predefined settings that require suitable research design and methodology within limited time span and budget (Myers et al., 2010). In other words, research design is a formulation of a comprehensive action plan for the execution of a successful research study. In this way research design provides a pathway towards research objectives. Therefore, appropriate design of the research can be taken as a blue print of the procedures and methods of research (Hewson & Laurent, 2012). On the other hand, if a research is conducted without proper planning and strategy usually causes huge investment of time, resources and money (Mitchell & Jolley, 2012). Therefore, it is imperative to invest substantial hard work in design the research in order to get highest benefits as rightly said that beginning determines the end. Hence, it is necessary to measure twice before to cut even in the case of research studies.

The chapters is aimed at describing major elements and essentials of research methodology and design primarily the philosophy, basic approach and strategy of data collection, sampling and methods of analysis. Further, this chapter provides an overview of ethical perspective of the research as well.

3.1 Research Philosophy

The research philosophy based on positivism describes the practical viewpoint of research methodology adhered to tangible and factual information which are strictly collected with the help of observational technique. Further, it is imperative that observations should be quantitatively measureable so that analysis can be done with the help apposite model of statistics (Berg, 2012). This kind of methodology is used in the field of science and investigative research in order to understand quantitative modules of research. Contrary to this, the philosophy of ‘realism’ significantly deals with processes and attitudes of reasoning of observational information and knowledge independently (Berg, 2012). Therefore, realism is considered as the most apposite research philosophy based on the analysis of statistics to discover universal truths. Further, the research philosophy of interpretive-ism includes the interpretative skills and abilities of human beings based on observational description and interpretation that lead to conclusions and results in the research investigations. This type of philosophy is suitable for business, management, brand making, social studies and community awareness research studies. For the proposed study, the positivist philosophy of research has been selected based on the already conducted studies and exiting literature and theoretical framework that helped to develop conceptual and hypothetical foundation for to investigate L’Oréal Company in depth and detail.

3.2 Research Design

The chief objective of the exploratory research is to examine, observe and analyze the preliminary origin of consumers’ behaviors with the help of interviews, feedback surveys, question papers and discussions of people in groups (Crossan, 2003), However, explanatory research has been considered as a bridge to link different ideas and to establish associations between the cause and result in the research. Further, the chief factor of using explanatory research is examine and categorize primary associations according to the defined variables or the reasons with respect to the specified research problem with all analyzed associations as one whole component (Hyde, 2000).

Further, the research is also categorized as the descriptive research which is related to the description of all the available data and information without analyzing or measuring the conditions and probabilities of the hypothesis. The chief objective of this kind of research is to describe a specific matter or state of events that do not deal with the what, why and how of the occurrence of that incidents and potential tendencies of existence. It means that it does not reason or deliberate the findings of facts.

Contrary to this, a research that is categorized as the analytical primarily deals with the questions of research that what, how, why, when and who caused the specific event. The chief objective of analytical research is to analyze the root cause of any event as a receipt to discover present situations and future trends as a result of identified events (Scheaffer, 2006).

After a detailed analysis of all the designs of research, the exploratory methods of research design is selected for the proposed research because it is highly appropriate and aligned with the philosophy and essence of the objectives of research. The first and foremost objective of the research is to explore and examine CSR strategies of L'Oréal, in order to conduct an exploratory analysis to explain success factors for the company.

3.3 Research Approach

The research approach plays an important role in the effectiveness of a success. It can be deductive or inductive. The deductive approach of research is basically a top to down reasoning approach which starts with a hypothesis or theory and then step by step goes in detail to apply that theory on a specific problem. In this way, deductive approach is a learning or research approach that goes general to specific based on theoretical framework and hypothesis to reach the conclusions (Gunderson, 2000). Opposite to deductive, the inductive approach is a bottom to up method of understanding any problem where from a specific point of view and then theory is derived based on the evidence. This approach is more appropriate for scientific researches (Gunderson, 2000, p. 45). Based on the requirement, deductive approach will be used to figure out the

present research problem in the light of existing theories and by using surveys to collect information related to the CSR strategy of the selected company.

3.4 Research Strategy

The research based on a case study encompasses in depth investigation of individuals in order to carry out a testable hypothesis or assumption for concluding intermittent spectacles and viewpoint. Further, the research study based on survey contains a wide variety of content material derived from the sample population, the given responses and observations in a definitive manner (Yount, 2006). This type of research generally practices interviews and question-response approach to get prompt response as an evidence to define compact nominations on which the foundation of research is based or the hypothesis is formed leading to comprehensive conclusions.

However, with respect to the proposed research, the survey method has been considered as appropriate strategy as the major emphasized of this study is to analyze the CSR strategy and its impact on the success of the company for better decision making in the long run.

3.5 Research Methods

In qualitative research method, the relationship is defined between different variables based on the model of statistics and potential strength of link is tested through descriptive association. While in quantitative research method, the association between variables is seen numerically and depending on the variables, relationship or association strength is measures subsequently (Hyde, 2000). The quantitative method is appropriate for the proposed research because survey responses are required to be analyzed statistically.

3.6 Sampling Strategy

The methods based on probability sampling are based on random sampling whereas the non-probability methods of sampling used variable biased procedure as per the

requirements of the researcher. However, the methods based on random sampling are more frequently used in research because of fair selection of sample population. While, the non-probability sampling is used to restrict the sample population proportion in order to get desired outcomes (Scheaffer, 2006).

The method of probability sampling based on cluster sampling has been considered suitable for this research study as this method helps to grasp larger population segment while remaining within the defined time frame. Further, random sampling is not possible to carry out in the present situation as resources are limited while cluster sampling technique will be highly instrumental as it helps to divide the selected population in various groups or clusters selected through random or systematic sampling (Seber & Salehi, 2013). Additionally, cluster sampling is easy and economical as data can be collected with highest accuracy and compactness. The sample size is divided into five clusters divided on the basis of age and every cluster is comprised of at least twenty members each who are the regular customers of the L'Oréal Company.

A sample size of 100 is used for the study because when a sample of 100 is used for any research, the margin of error falls to 10% or even less (Patel et al., 2003). A good estimate of the margin of error is given by $1/\sqrt{N}$, where N is the number of participants of sample size (Niles, 2006). For more accurate value this formula $z^* \sqrt{\frac{\rho(1-\rho)}{n}}$, can be referred. But in this case $1/\sqrt{N}$ can work well. As shown in Graph below, as Sample size increase, the margin of error decreases. For the research conducted, 10% estimate for the margin of error was decided as a decent estimate and the sample size was chosen accordingly. As can be seen in the graph, the sample size turns out to be 100(N).

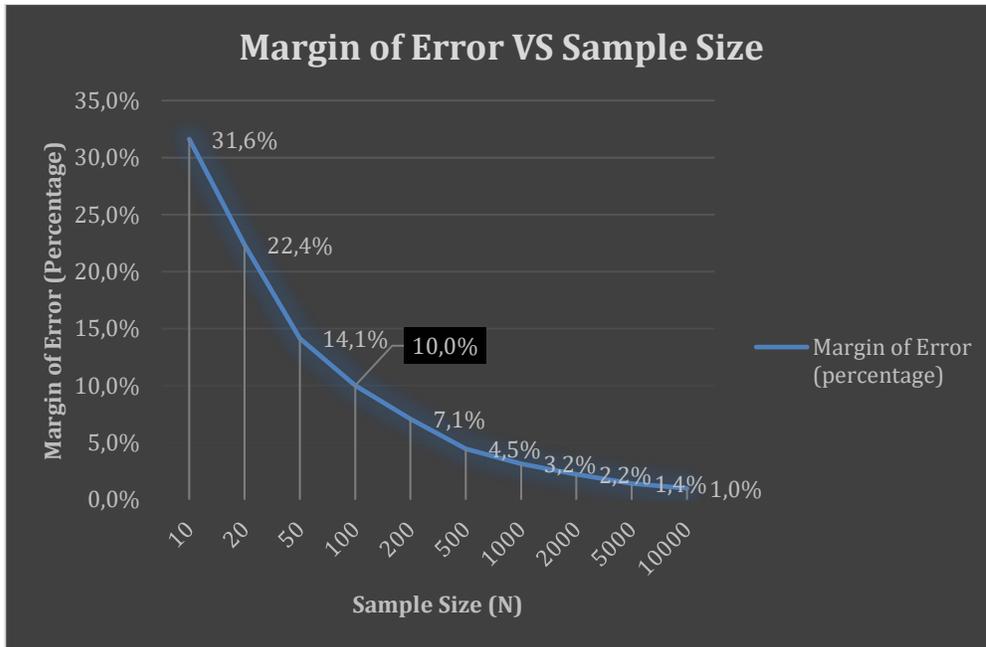


Figure 3.1: Margin of Error vs Sample Size

Source: (Niles, 2006)

Most statisticians agree that the minimum sample size to get any kind of meaningful result is 100. If your population is less than 100 then you really need to survey all of them (Martínez-Mesa et al., 2014).

3.7 Data Collection

The effectiveness and accuracy of results crucially based on the data collection. Both primary and secondary resources for data collection are important for the success of research. Therefore, the data for proposed research exploit both the resources where the primary resource is questionnaire method comprised of fifteen questions as included in the appendix. All the participants were surveyed using the questionnaire in major stores of the Istanbul especially. The entire research participants were regular customers of the L'Oréal Company. The regular customers of L'Oréal were identified by asking the potential participants in person; if they were regular customers of L'Oréal products or

trying the products for the first time. Only the customers that expressed high association to L’Oreal products were included as participants of the study.

Furthermore, I came to know that they are regular customer because as mentioned earlier, I asked research participants if they were regular customers of the product or trying the product for the first time. The questionnaire was only given to those customers who answered yes for the question and the first-time users were filtered out. True, the customers could have lied about being regular. In that case, the only way to know the truth was to spy on them, which was not ethical way for the research. So, I had to trust what the customers replied and based the research on that instead of doubting their intentions.

The data collection was made by visiting L’Oréal stores in Istanbul at Ebulula Cad. Maya Park Tower 1 and Saray Mahallesi, Dr. Adnan Büyükdeniz Cad. Akkom 2. Blok, 34768 Ümraniye/İstanbul, Turkey, Watson Takseem, Sephora, Takseem and Sephora Cavahir Mall. I didn’t visited outside Istanbul as this study was conducted only for academic purposes, and it was not logistically feasible for me to visit the locations outside Istanbul due to time and budget constraints.

Further, secondary resources are largely based on exiting literature, research studies, journal articles and scholars’ notes to establish better understanding and to draw a theoretical framework for the proposed study. Furthermore, official resources of L’Oréal Company including website, annual reports and market statistics are explored for data collect and analysis.

3.8 Data Analysis

Data analysis is the most sensitive and crucial part of any research as conclusions and results are based on the analysis of data in the light of proposed research objectives. This study has been carried out while keeping the importance and scope of the research in view and collected data especially the secondary resources are reviewed and consulted in the light of prior literature related to management and marketing sector for effective results. Further, selection of literature and existing articles has been made by taking

guidance from research experts and mentors. Furthermore, the statistical analysis of primary data has been made using the correlation co-efficient analysis and SPSS in collaboration with MS Excel and other tools are used to present participants' responses.

3.9 Ethical Aspect

Although research studies are taken to know the truth behind proposed factors and to assess the hypothesis but ethical perspective can never be ignore in any case. It is the reason that considerations related to social norms and ethics are taken care at every step of the research. For instance, data collection has been made unbiased and in just manner. All the participants were selected randomly without any preference of caste and creed. Moreover, the objectives of the study were first made clear to all the participants and their consent was taken before the survey was conducted (Bryman, 2012). In addition, the participant had the freedom to express their feelings without any fear or oppression and at any time they were free to leave their participation. Last but not least confidentiality was maintained at every step while collection of data in order to safeguard privacy of participants.

3.10 Conclusion

Research design and methodology is the backbone of any research and all the concept and strategy is discussed in the chapter. Further, important elements related to the research study including ethical aspect such as confidentiality, consent, freedom of speech and freedom to leave the research as participant were also discussed in this chapter for the sake of clarity and confidence. Moreover, this chapter provides an explanation of the philosophy for the dissertation as positivist philosophy has been adapted along with deductive reasoning in order to keep the research on the proposed direction based on conceptual understanding of chapter 2.

Moreover, the quantitative method of research has been selected for the analysis of collected data. Further, cluster sampling has been used for the selection of population size as it is easy and economical as data can be collected with highest accuracy and

compactness. The sample size is divided into five clusters divided on the basis of age and every cluster is comprised of at least twenty members each cluster. Furthermore, the statistical analysis of data has been made using the correlation co-efficient analysis through SPSS, MS Excel and other statistical tools.

Lastly, ethical aspects have been given due importance and unbiased behaviour has been adopted to ensure accuracy, anonymity, confidentiality and objectivity of the research.





4. FINDINGS AND DISCUSSION

The analysis of findings and survey data based on the correlation co-efficient and frequency distribution statistics has been presented in this chapter. The analysis has been done in accordance with the questionnaire while keeping in view the research objectives. The impact of CSR strategy of the L'Oréal Company on its overall success has been evaluated based on the criterion of decision making power and process of the customers while outcomes as a result of this analysis has been given at the end of this chapter in a summarize manner.

4.1 Frequency Distribution Analysis

Questions of the survey 1-3: Does decision making of the customers is influenced CSR

The questionnaire deals with the impact of CSR strategy on decision making of the customers in the first three questions that are specifically designed to obtain objective I of the research. These questions are actually asked to understand the role of CSR in the success of the company as positive impact on decision making clearly leads to increase in sales which results in the success of the company in the end. These questions are aimed at understanding general viewpoint of the people at first before moving to the core questions.

Table 4.1: Responses for Impact of CSR on Purchasing Decisions

I prefer to purchase products from the companies who care for the environment and society						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	6	13	9	43	29	100
%	6.0%	13.0%	9.0%	43.0%	29.0%	100%

The response of all the research participants has been recorded as shown in the Table 4.1. The responses indicate that approximately 6% of the total participants have shown strong disagreement to purchase products of those companies that are highly concerned and responsible towards the environments and the society while 9% are neutral in any case, 13% disagreed, whereas 43% have shown agreement with the given statement and around 29% have agreed strongly. The responses from the participants have shown that the more people buy products of that company which take interest in the betterment for the society and make their CSR strategy effective for the people and communities.

Table 4.2: Responses for Relationship between CSR and Quality Products by Company

The products which are manufactured by responsible companies are likely to develop high quality products						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	8	13	8	40	31	100
%	8.0%	13.0%	8.0%	40.0%	31.0%	100%

The survey not only analyzed customers' perception but also the sense of responsibility on the part of companies that if the companies are producing high quality products along with their CSR activities. The result of survey shows that approximately 8% people were strongly in disagreement with the statement. They opine it is not necessary that CSR responsible companies to produce good quality products only. Further, 13 % participants disagreed with the statement while 8% showed neutral response, the ratio of

participants who remained agreed stands at 40% while 31% have shown strong agreement. Hence, it is easy to infer from the given percentages that majority of participants have supported the stance that it is not compulsory for the responsible corporations to produce only good quality products. However, the companies are concerned to keep their customers for the long run and therefore try to keep quality as a source of attraction and loyalty for the consumers.

Table 4.3: Responses for CSR Usage for Companies Own Interest

The companies sometimes only portray to care for society while they actually don't						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	5	8	7	36	44	100
%	5.0%	8.0%	7.0%	36.0%	44.0%	100%

Presently, the consumers are highly skeptical regarding the strategies and policies of the business corporations regarding society and environment. The survey was aimed at understanding that when a business organization states that it do care about its surroundings, it really do care and is concerned in reality. The results were very positive as only 5% of the participants were in strong disagreement while 8% were in disagreement and participants who stood neutral were 7%. On the other hand 44% agreed strongly and 36% were in simple agreement with the statement. The results declare that customers are of the view that companies design their CSR in a proactive manner because it not only help the society to flourish but the companies are at their best to take advantage from their CSR policies.

Questions 4-10: Awareness and consciousness regarding the CSR Strategies of the company - L'Oréal

From the question 4 to 10, the survey is related to obtain the objective II and III along with the independent variable based on the theory and conceptual foundation. The survey is aimed at analyzing the response of the participants that what is the perception by the customers regarding the CSR strategies of the company L'Oréal and to what

extent the customers are aware about CSR initiatives taken by the company. Therefore, the questions were designed to get response from general to specific in order to get better insight of the customer’s viewpoint and their interest in the activities of the company. The questions were asked related to the major initiative such as the bio diversity, consumption of water and other resources and degradability of bio-environment in order to understand customers’ knowledge and understanding regarding the CSR activities of the L’Oréal Company.

Table 4.4: Responses for L’Oréal’s CSR Commitments

L’Oréal takes care of the society while manufacturing its products						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	6	8	12	43	31	100
%	6.0%	8.0%	12.0%	43.0%	31.0%	100%

At this stage, the questions were asked about the policies of the L’Oréal and if the company is committed to its responsibility and proposed policies. The participants responded in the following way. Most of the participants possess the belief that L’Oréal Company is committed to its responsibility and it is an environment and community friendly business organization. The ratio of responses shows that 31% were in strong agreement with the stance while 43% were in agreement, however, around 12% stayed neutral, 8% were in disagreement with the statement and only 6% disagreed strongly. Overall the responses state that the company L’Oréal has always delivered what it promises.

Table 4.5: Responses for L'Oréal Effort for Reducing Effect on Environment

L'Oréal makes every possible effort to reduce its environmental footprint						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	6	14	11	30	39	100
%	6.0%	14.0%	11.0%	30.0%	39.0%	100%

Presently, the companies are conducting their business according to their pre-defined values in order to extend their business and to eliminate negative impact of the business operations on society and environment. The company L'Oréal has integrated the same values in its business charter but do the customers agree that L'Oréal Company is fulfilling its pledge. The results show that customers have the opinion that company is completely aligned with its values as around 30% are agreed strongly while 39% are in simple agreement, 11% of the total participant stayed neutral, around 14% participants are in disagreement while 6% disagreed strong with the stance. To this point, majority of participants supported the stance that company is aligned with its promises and pledge regarding the society and environment.

Table 4.6: Consumer Awareness about L'Oréal CSR Commitments

I am aware of most of the CSR strategies developed and implemented by L'Oréal						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	12	18	24	35	11	100
%	12.0%	18.0%	24.0%	35.0%	11.0%	100%

Are the customers fully aware and possess consciousness about the CSR activities of the L'Oréal Company? The question was asked to obtain more insights from the customers that showed the following results: approximately 11% of the participants are in strong agreement that they are completely aware of the initiatives and activities of the L'Oréal. Further, 35% are in agreement with the statement and 24% of the participants remained

in neutral state; around 18% are in disagreement while 12% have shown strong disagreement. It declares that customers are active enough that they are concerned to know what business organizations are doing and how they are making their profits from their society. They keep information regarding the companies and judge the business organizations on the basis of their CSR activities.

Table 4.7: Responses for L’Oréal Conserving Water as Part of CSR

I am aware of water savings strategy of L’Oréal						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	10	11	14	35	30	100
%	10.0%	11.0%	14.0%	35.0%	30.0%	100%

The water saving CSR strategy of the L’Oréal is considered the most important in the company’s CSR history but if the customers have awareness regarding this initiative. The responses show that 30% were completely aware and agreed with that strongly while 35% were in simple agreement that shows they were aware but not in detail. Around 14 % of the participants stayed neutral, the ratio of participants who were in disagreement was 11% and 10% of participants disagreed with the statement strongly. It indicates that most of the people have a fair understanding of the activities conducted by the company as a part of its CSR strategy.

Table 4.8: Responses for Consumer Awareness of L’Oréal Biodiversity Program

I am aware of bio diversity strategy of L’Oréal						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	8	9	22	32	29	100
%	8.0%	9.0%	22.0%	32.0%	29.0%	100%

The bio-diversity strategy of the L’Oréal Company was intended to deal with the negative impact of business to the environment. The participants were taken into account that whether they have knowledge of such an initiative taken by the company and the

results were as given: approximately 29% were in strong agreement that they have knowledge of the initiative in detail while 32% were in simple agreement. However, 22% of participants were neutral, the ratio of disagreed participants remained at 9% and around 8% were in strong disagreement. From the given responses, it is easy to infer that most of the people are aware and have knowledge regarding the initiatives taken by the company including the bio-diversity strategy to save the environment.

Table 4.9: Responses for Customer Awareness of L’Oréal Bio Degradability Strategy

I am aware of bio degradability strategy of L’Oréal						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	23	31	22	15	9	100
%	23.0%	31.0%	22.0%	15.0%	9.0%	100%

The bio degradability was another exciting and environment friendly initiative taken by the company L’Oréal. The questions were asked to know if the customers have awareness regarding this initiative and the results show that 31% of participants respond in disagreement that they are not aware about such an activity taken by the company while 23% were in strong disagreement, around 22% participant remained neutral, the ratio who were in agreement stood at 15% and 9% were in strong agreement. While considering the viewpoint of majority into account it is clear that most of the people were not aware regarding the bio degradability initiative of the L’Oréal. Therefore, the link between awareness and success of the company does not result in positive with respect to the L’Oréal. It indicates that the company has to work hard for awareness campaigns to make people aware about its environmental initiatives.

Table 4.10: Responses for Long Term Knowledge of L'Oréal CSR Activities

I have known L'Oréal for performing CSR activities since long time						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	5	11	18	42	24	100
%	5.0%	11.0%	18.0%	42.0%	24.0%	100%

The L'Oréal Company is engaged in CSR initiatives and activities since the time company was established. However, the masses and the people have gained knowledge regarding its activities after many years of its hard work. The results show that 42% of participants agreed regarding the information and awareness they have about CSR activities of the company while 24% showed strong agreement. Approximately 18% stayed neutral, around 11% were in disagreement while 5% disagreed strongly. It indicates that a majority of people are well aware regarding the CSR activities of the company.

Questions 11-15: Customers viewpoint and Perceptions impact on shopping Preferences

The question is related to objective IV of the research that if the viewpoint and perceptions of the customers impact their buying decisions and shopping preferences? The views of the people are evaluated on the basis of conceptual foundation and theoretical framework to obtain results for the success of the company.

Table 4.11: Responses for Relationship between L’Oréal Promises and its Implementation

L’Oréal only claims to be responsible towards society in order to win good reputation but it does not implement the same						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	18	36	17	19	10	100
%	18.0%	36.0%	17.0%	19.0%	10.0%	100%

Majority of the responses were highly positive throughout the research survey. However, the responses regarding this question were highly significant owing to the fact that how L’Oréal Company is fulfilling its promises and pledges regarding the society and environment. The question asked that if the company promises anything but does not fulfill its promise in time? The response from the participants showed the following results: 10% were in strong agreement while 19% were in agreement, further, 17% of the participants stayed neutral, around 36% were in disagreement and 18% were in strong disagreement. The responses have shown that customers possess a feeling of loyalty towards the L’Oréal as the company has maintained a highly positive brand image and it accomplishes its promises in time.

Table 4.12: Responses for CSR Impact on L’Oréal’s Image

L’Oréal has been able to develop a positive brand image due to its practical CSR strategies						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	7	6	5	43	39	100
%	7.0%	6.0%	5.0%	43.0%	39.0%	100%

The L’Oréal Company is highly popular among the people and they trust its quality of products and its initiatives for the betterment of communities and environment. Is that true the company actually does care about the people, society and environment as a

matter of fact? Has it happened in the past years? In order to assess the company association with the society and people, responses were taken into account and results showed that approximately 39% of the participants were in strong agreement while 43% were in agreement. Further, 5% stayed at neutral status, 6% of the participants disagreed with the stance while 7% were in strong disagreement. The results indicated that L'Oréal has made a highly strong image being a positive and socially concerned business organization as a result of its CSR strategy. It is evident from the given responses that it is not only the marketing and branding but also the CSR activities that play vital role in increasing sales and expansion of business because customers are the real kings of the market, they can make or break any brand or company.

Table 4.13: Responses for Consumer Trust on L'Oréal

I trust products of L'Oréal because of its CSR initiatives						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	11	18	29	23	19	100
%	11.0%	18.0%	29.0%	23.0%	19.0%	100%

All the participants who were selected on the basis of random sampling were asked if they trust the company L'Oréal owing to implementation of its CSR strategy? The responses showed that around 19% were in strong agreement with the stance, 23% showed simple agreement, 29% of participants stayed neutral. Further, 18% were in disagreement while 11% showed strong disagreement. There were mixed responses which indicate that there are also some other reasons that encouraged the customers to buy L'Oréal products such as quality, prices and likeness, etc.

Table 4.14: Response for Relationship between Purchases and Society Care

I purchase L'Oréal products because the company cares for the society.						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	4	19	21	37	19	100
%	4.0%	19.0%	21.0%	37.0%	19.0%	100%

Further, the responses were taken to understanding the relationship between CSR activities of the L'Oréal and increase in sales. The responses suggested that customers not only concerned with their own benefits but the overall benefit of the society while the company is not just making profits for its own but highly concerned with the welfare of society as well. The responses stated that 19% were in strong agreement whereas the 37% were simply agreed, further, around 21% stayed neutral, the 19% of the participants were in disagreement and 4% were in strong disagreement with respect to the statement.

Table 4.15: Responses for L'Oréal and its Competitor's Product Purchase

I prefer purchasing the L'Oréal products over other companies mainly due to the CSR strategies						
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
Frequency	6	4	2	35	53	100
%	6.0%	4.0%	2.0%	35.0%	53.0%	100%

There is no denying the fact that CSR initiatives and activities bring a competitive advantage to the L'Oréal Company as the responses have shown from the consumers. In order to know this, the responses were taken from the participants that showed 53% were agreed strongly while 35% were in simple agreement, around 2% stayed neutral, further, 4% were in disagreement with the stance and 6% disagreed strongly. It is obvious from the response of all hundred participants that if the company has an urge to be successful, it should invest more in its CSR strategies in order to gain more appreciation and likeness from the customers and society at large. It is owing to the fact

that present day customers are more aware and conscious regarding the activities of the business organizations.

4.2 Correlation Co-efficient Analysis: Cross Tabulation Results

This section is designed to present correlation co-efficient analysis of the obtained responses. The analysis shows the impact of independent variables on the overall success of the company L’Oréal.

L’Oréal’s does care and is highly concerned with the problems of the society with respect to manufacturing and operational processes that impact the purchase decisions of the customers in a positive way.

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.970	.009	39.503	.000 ^c
Ordinal by Ordinal Spearman Correlation	.972	.013	40.668	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

The analysis indicates a well-built correlation as 0.970 proving the fact that customers usually prefer those products that are produced by CSR responsible companies. Further, the L’Oréal Company has made its strong foothold in the marketplace by influencing purchase decisions of the customers through its social and environmental friendly activities and initiatives.

L'Oréal's CSR initiatives in the best care and betterment for the society with respect to its manufacturing and business operations linked to the perceptions of customers that company produces good quality products.

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.968	.007	38.008	.000 ^c
Ordinal by Ordinal Spearman Correlation	.986	.007	57.832	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

A well-established correlation as 0.968 can be seen in this case which indicates that customers have a strong belief that the companies who are socially responsible are more concerned with the quality of their products. Whereas the L'Oréal Company is highly concerned with the issues and problems of society, it can be considered that it is also concerned with the quality of its products.

L'Oréal's concerned regarding the society with respect to its manufacturing operations and the fake image of the company's CSR

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.935	.015	26.053	.000 ^c
Ordinal by Ordinal Spearman Correlation	.876	.029	17.940	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

A strong and well established correlation as 0.935 has been observed that indicates the viewpoint of the customers that they are fully aware of the fact that companies often claim high pledges regarding their CSR but do not always fulfill the whole promises. However, the L'Oréal Company does not brag about its accomplishments and strive hard to obtain loyal customers.

Awareness and consciousness regarding the CSR strategy of L'Oréal's and awareness about Water Savings initiative of the company

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.421	.010	23.442	.000 ^c
Ordinal by Ordinal Spearman Correlation	.408	.017	21.496	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

Awareness regarding the water saving CSR strategy and overall initiatives of the company has shown a very fragile correlation as 0.421. Most of the participants have claimed that they are completely aware about the strategy and initiatives taken by the company as a part of its CSR strategy but majority of them were not aware of this initiative. It indicates that L'Oréal should plan to make its CSR strategies public so that people from the communities can get aware of all the initiatives taken by the company.

Awareness and consciousness regarding the CSR strategy of L'Oréal's and awareness about Bio-Diversity

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.914	.010	22.262	.000 ^c
Ordinal by Ordinal Spearman Correlation	.906	.015	21.246	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

The table provides the *R values*. The *R* value represents the simple correlation and is 0.914, which indicates a high degree of correlation. A strong and well established correlation as 0.914 has been recorded that customers have the understanding of the initiative taken by the company and the L'Oréal is doing well in this sphere.

Awareness and consciousness regarding the CSR strategy of L'Oréal's and awareness about Bio-Degradability

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.419	.007	23.139	.000 ^c
Ordinal by Ordinal Spearman Correlation	.456	.007	32.362	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

Awareness regarding the Bio-Degradability CSR strategy and overall initiatives of the company has shown a very fragile correlation as 0.419. Most of the participants have claimed that they are completely aware about the strategy and initiatives taken by the company as a part of its CSR strategy but majority of them were not aware of this initiative. It indicates that L'Oréal should plan to make its CSR strategies public so that people from the communities can get aware of all the initiatives taken by the company.

Awareness and consciousness regarding the CSR strategy of L'Oréal's and the Time period from when they know about the L'Oréal CSR

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.909	.010	21.581	.000 ^c
Ordinal by Ordinal Spearman Correlation	.900	.019	20.399	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

The table provides the *R values*. The *R* value represents the simple correlation and is 0.909, which indicates a high degree of correlation. A strong and well established correlation as 0.909 has been observed that testifies the claim that since the company has started working on its CSR, the people are aware of it.

Strong brand image of the L'Oréal as a result of its CSR Strategy and the Trust factor by Consumer owing to its CSR

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.471	.018	17.578	.000 ^c
Ordinal by Ordinal Spearman Correlation	.421	.014	23.411	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

The analysis has shown a very fragile correlation as 0.471 that indicates the viewpoint of customers regarding the trust factor and CSR strategy of the company. The customers not only trust any companies just because of its CSR but there are a few other reasons such as quality and price also play important role.

Strong brand image of the L'Oréal as a result of its CSR Strategy and purchase preference of L'Oréal's products as compared to any other company owing to its CSR initiatives

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.920	.021	23.248	.000 ^c
Ordinal by Ordinal Spearman Correlation	.839	.036	15.287	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

A strong and well established correlation as 0.920 has been recorded that indicates company's image has been evolved with the passage of time owing to its CSR and it is one of the very strong point that shape customers purchase preferences.

The fake claims of L'Oréal regarding CSR and sales of company's products owing to its concerned regarding social and environmental issues

Symmetric Measures

	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	.480	.019	18.296	.000 ^c
Ordinal by Ordinal Spearman Correlation	.406	.019	21.251	.000 ^c
N of Valid Cases	100			

- a. Not assuming the null hypothesis.
- b. Using the asymptotic standard error assuming the null hypothesis.
- c. Based on normal approximation.
- d. Correlation is significant at the 0.01 level (2-tailed).

Interpretation

The table provides the *R values*. The *R* value represents the simple correlation and is 0.480, which indicates a high degree of correlation. The analysis has shown a very fragile correlation as 0.480 because most of the customers have the viewpoint that the company has not made any fake claim and it fulfills its pledges towards society.

4.3 Inferences from Survey

The following deductions have been inferred from the analysis of correlation co-efficient and frequency distribution aligned with the scholarly notes and journal articles regarding CSR and perception of customers that shape their purchase decisions.

- Most of the customers and people from the communities considered social and environmental responsibilities performed by the business organizations as the most influencing factors that shape purchase decisions. Further, it is believed by the customers that business corporations which are more concerned regarding the social and environmental issues are the ones that pay more attention to the quality of their products. It is another reason of increase in sales bringing a competitive advantage to the companies.
- It is considered by most of the customers that CSR not only plays a positive role for the betterment of society but it also helps to obtain loyalty of the customers in the long run.
- Further, the viewpoint of the customers clearly indicates that L'Oréal has developed and implemented highly effective CSR that is in the better interest of the society as well as the company is obtaining huge benefits from its CSR initiatives. However, the customers are not fully aware of it's all the initiatives such as water saving and bio-degradation, therefore, the company is required to manage its CSR marketing strategy in an effective manner.
- There is no denying the fact that the company has obtained and maintain a very positive and strong image of its products and brand name as a result of its CSR

strategies but the customers do not believe that it is the only reason for its high sales and loyal customers and there are so many other reasons that make the company a highly liked by the customers such as the quality of products and the price.

On the whole, the initiative as a part of CSR can influence the customers' choice and can enable a company to get a competitive advantage over the other companies as it is evident from the fact collected for the L'Oréal Company.



5. CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

In the present day business world, the organizations and corporations have high level privileges and perk even they possess more authority than governments even. However, if the authority is entrusted to anyone, then great responsibility is also put to those shoulders. Therefore, business corporations have great responsibility to make the society a better place of living for the communities where they are operationalized. It encourages the companies to design CSR strategies wisely and integrate those strategies into their organizational culture.

CSR concepts embrace a variety of stakeholders and shareholders including customers, employees, suppliers, communities, government and non-government institutions, local authorities, society and no other than the environment that rank CSR at a crucial position in the business. Therefore, business organizations cannot keep their selves aloof from their social and moral responsibilities while operating as key actors in economic sector.

Nevertheless, strong brands and powerful business corporation have a long lasting and substantial effect of the communities and societies. A business organization that is established according to the laws and is aligned with business capacities and responsibilities is the one that is more liked by the people owing to its initiatives and sense of responsibility regarding the society and the environment. It tries to boost its positive foothold and to eliminate the negative impact over the people and the places. This concept makes the CSR more important for the companies as well as for the people at large.

Since the time, L'Oréal Company was founded; it has been striving hard to make its position in the global world as a leading brand name in beauty products and cosmetics industry. One of the most important factors of the company strong name and survival is its sustainable strategy and the core values that helped the company to make its position more strong over the time. The CSR strategies of the L'Oréal are very unique in its nature and highly effective. The reason is that the company does not work on random project to claim fake CSR and to show off its concern but the company is actually very concerned about its impact on the nature, society and environment. The strategy of the company named "sharing beauty with all" was launched in 2004 which attracted the attention of many people owing to the uniqueness of the concept and compactness of the strategy. Further, the next strategy was named as "Beauty for a better life program" that was launched in 2009 has a long lasting impact on the people. Presently, the company is intended to make its environment friendly impact by emitting less carbon reduced to 60% of the present by the year 2020 that is a strong factor for the success of the company.

For the sake of better understanding of the company's CSR and its impact on the success of the company, the present research was conducted and hundred participants were surveyed to get response. The findings indicated very positive results. However, it shows that CSR no doubt has a very positive impact on the success of the company but it is not the only reason of success as there are other reasons including price, quality, marketing strategy, promotions, etc.

To sum up, the results found by the analysis identified two major independent variables that formed the basis for theoretical framework of the study. It has been concluded that the preferences of the customers can be form with the help of CSR as they believe that the companies who are more concerned towards the society are likely to produce better quality of the products. Further the CSR initiatives cause to establish a friendly relation between the customers and the companies that is based on faith, friendly relation and sympathetic feelings. Furthermore, the L'Oréal Company is doing very well with respect to its CSR but the company becomes unable to promote its CSR activities effectively as majority of the initiatives are not known to the people. Therefore, the company is in dire

need to make its CSR promotion strategy more effective and more visible to the people at local and global level. Lastly, the company should pay attention to the recommendations provided in the research for fruitful results and for the long lasting success.

5.2 Achieved Research Objectives

- Objective I: How does the purchase decisions of the customers are governed by their perception related to the CSR initiatives of company?

It has been noticed that perception of customers with respect to CSR activities of the company has a potential impact on the decision making of the customers. Social and environmental friendly CSR activities have a positive impact on the people that influence purchase choice of customers in a positive way because the people start to perceive that the company is loyal to their communities and society at large and therefore it must be offering high quality product and services.

- Objective II: What is the perception of customers about the L'Oréal CSR strategy?

It has been noticed that customers are highly concern regarding the activities conducted by various companies as a part of their CSR. Further, they have a strong perception that L'Oréal Company is play a responsive and proactive role in the society especially with respect to environment and has integrated healthy environmental activities in its CSR.

- Objective III: It is true that L'Oréal CSR strategy has an impact on the purchase choices of customers for the higher sale of company's products?

Absolutely true as it is obvious from the responses of research participants that they are more encouraged to buy the products of L'Oréal because of its positive role in the society as a part of its CSR strategy.

- Objective IV: How the CSR strategy of L'Oréal impacts its overall success?

The impact of CSR strategy of the company on its overall success is strongly positive because the company has become able to communicate its good will towards the

environment and society through its CSR strategy that is appreciated by the customers at large.

- Objective V: What should be done by the L'Oréal Company to make its CSR strategy further improved?

Although statistics show that customers are well aware of the concept of CSR and pay attention to know the works done by business corporations for the sake of uplift the society but a proper system of regular awareness programs can help the company to get more customers attracted to the initiatives of the company. It not only will help to keep the customers aware but also will help to get feedback from the people regarding the needs and areas of investment as improvement as CSR activities. Ultimately it will be highly helpful in improving CSR strategy of the company.

5.3 Recommendations

The concept of corporate social responsibility embraces multiple stakeholders or partners (employees, customers, suppliers, the environment, local authorities, governments and others) in addition to shareholders and other investors. Corporations can no longer be isolated economic actors operating in detachment from society and working solely for shareholders. Rather, they are inextricably linked to the social, ecological and human fabric and they are therefore responsible in varying degrees to all stakeholders.

The study concluded that CSR policy of L'Oréal is on course but grossly inadequate when viewed from the colossal profits that had accrued to the company. Hence it is suggested that the companies should do more especially in improving the service quality. Government should in this regard, create a salubrious environment for the cosmetic companies to achieve their lofty objectives.

The primary aim of stakeholder involvement is to develop strategic trends and operating principles which ensure sustainable performance and development. In such a process, the knowledge acquired from the stakeholders and resulting innovations allow the company to increase its performance in a way that will be sustainable in the long term.

This will benefit not only the company, but also the stakeholders themselves and society as a whole. Therefore, it is recommended that L'Oréal engage in systematic and transparent dialogue with their stakeholders, and integrate their findings into their corporate strategy.

It is strongly recommended that L'Oréal set frameworks which ensure transparent and accountable lobbying activity, in accordance with the principles of responsible lobbying. With their lobbying activity, they should only advocate interests that promote fair competition.

It is recommended that L'Oréal involve independent members in their board of directors and supervisory board in their corporate governance system that represent the values of business and social sustainability in strategic decision-making independently from the owners and management.

It is recommended that L'Oréal develop business ethics institutions (codes of ethics, ethics committees, etc.) as required and permitted in consideration of the company's size, and to make these accessible to stakeholders.

It is recommended that L'Oréal should carry out their marketing activities with due consideration to the principles in the codes of ethics published by the given professional representation body based on industry-wide negotiations.

It is recommended that the Government take an active part in the stakeholder dialogue of economic actors, and also involve stakeholders in their own economic operations, asking for the opinion of each stakeholder group about specific decisions and issues.

It is recommended that L'Oréal participate as independent experts and board members in corporate decision-making and in the preparation of strategic decisions.

5.4 Final Word

The chief objective and purpose of this research dissertation has been successfully attained as a detailed overview of the role played by CSR strategy of the L'Oréal Company has been presented as a success factor for the company. Further, it has become

clear as a matter of fact that purchase choices of the customers are significantly influenced by the activities of the business companies especially the CSR initiatives and activities have a long lasting impact on the customers that can lead to success on the part of company in the marketplace. Moreover, from the conceptual framework and theoretical foundation, it has become an established fact that CSR initiatives of the L'Oréal Company has contributed to shape customers' viewpoint and shopping perceptions. Lastly, consumers' consciousness and awareness was considered as an independent variable that did not come up with heavy response and concluded that it does not has a strong impact on the overall success of the company.

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APPENDICES

APPENDIX A: Questionnaire

Scale:

1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5= Strongly Agree

S. No	Questions / Items	1	2	3	4	5
Impact of CSR Strategies on customer purchase decisions						
1	I prefer to purchase products from the companies who care for the environment and society					
2	The products which are manufactured by responsible companies are likely to develop high quality products					
3	The companies sometimes only portray to care for society while they actually don't					
Awareness about CSR Strategies of L'Oréal						
4	L'Oréal takes care of the society while manufacturing its products					
5	L'Oréal makes every possible effort to reduce its environmental footprint					
6	I am aware of most of the CSR strategies developed and implemented by L'Oréal					
7	I am aware of water savings strategy of L'Oréal					

8	I am aware of bio diversity strategy of L'Oréal						
9	I am aware of bio degradability strategy of L'Oréal						
10	I have known L'Oréal for performing CSR activities since long time						
Customer Perceptions and Buying Preference about L'Oréal							
11	L'Oréal only claims to be responsible towards society in order to win good reputation but it does not implement the same						
12	L'Oréal has been able to develop a positive brand image due to its practical CSR strategies						
13	I trust products of L'Oréal because of its CSR initiatives						
14	I purchase L'Oréal products because the company cares for the society.						
15	I prefer purchasing the L'Oréal products over other companies mainly due to the CSR strategies						



T.C.
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12/01/2018

Sayın MOHAMMAD AIMAL KHATTAK

Enstitümüz Y1512.130099 numaralı İşletme (İng.) Anabilim Dalı İşletme Yönetimi (İng.) Tezli Yüksek Lisans programı öğrencilerinden MOHAMMAD AIMAL KHATTAK'ın "ANALYSING THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY (CSR) STRATEGIES OVER THE SUCCESS OF AN ORGANIZATION: THE CASE OF L'OREAL" adlı tez çalışması gereği "Impact Of CSR Strategies on Customer Purchase Decision" ile ilgili anketi 26.12.2017 tarihli ve 2017/23 sayılı İstanbul Aydın Üniversitesi Etik Komisyon Kararı ile etik olarak uygun olduğuna karar verilmiştir.

Bilgilerinize rica ederim.

Prof. Dr. Özer KANBÜROĞLU
Müdür





RESUME

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Home Address:	House No. 95, Street No. 3, Sector L-2, Phase 3, Hayatabad, Peshawar.

Career Objective:

To achieve excellence by providing optimum level of technical and managerial services with consistent quality improvements and exceeding goals. I am ready to take-up any challenging project with the aim to achieve desired results in an efficient manner.

Qualification

Master's in *Business Administration with Thesis (MBA)* - Istanbul Aydin University, Istanbul, Turkey (Topic Name: *Analysis of CSR strategies over the success of an*

organization- A case study of L'OREL)

Bachelors in Business & Management (Honors) - University of South Wales,
Newport, United Kingdom

Professional Experience

Job Title:	PS to Commissioner
Organization:	Right to Public Services Commission, Peshawar, Pakistan (Project of PCNA funded by World Bank)
Duration:	August 2014-Jan 2016
Key Responsibilities:	<ul style="list-style-type: none">• Liaison and coordination with different partners and stakeholders• Organizations of events and seminars at the provincial level• Attending project meetings and sharing minutes of the meeting with stakeholders• Documentation and filing at the department level
Job Title:	Floor Service Officer-Operations Department
Organization:	Faysal Bank, Jamrud Road Branch, Peshawar, Pakistan
Duration:	Aug 2013 – Mar 2014
Key Responsibilities:	<ul style="list-style-type: none">• Solicitation of fresh credit card sales from field and through branch walk-in customers.• Look for sales opportunities to meet monthly targets.• Ensure due diligence on all cases for error-free submissions.• To provide customer support to meet high level of customer satisfaction.• Maintain liaison with line management to share market feedback.• Any other task assigned by manager

Computer Skills: Well versed in MS Office Package.

Languages: Good speaking, writing and reading skills in English, Urdu and Pashtu.
Good speaking skills in Dari, Persian. Moreover can understand and fairly speak Turkish.

Additional Skills: Leadership and team building skills with professional & cooperative attitude, respect opinion of others.

References will be provided on request.

