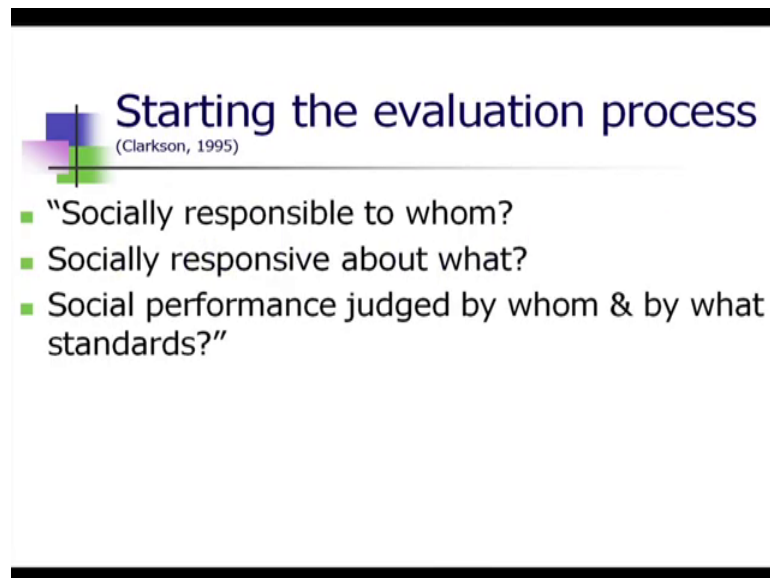


**Corporate Social Responsibility**  
**Prof. Aradhna Malik**  
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**Lecture – 29**  
**Bases for Evaluation of CSR Activities**

Welcome back to the MOOC course on corporate social responsibility. My name is Aradhana Malik and I am helping you with this course. And in the previous class, we saw some examples of different types of CSR activities; in this class, we will start the discussion on measurement and evaluation of CSR.

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**Starting the evaluation process**  
(Clarkson, 1995)

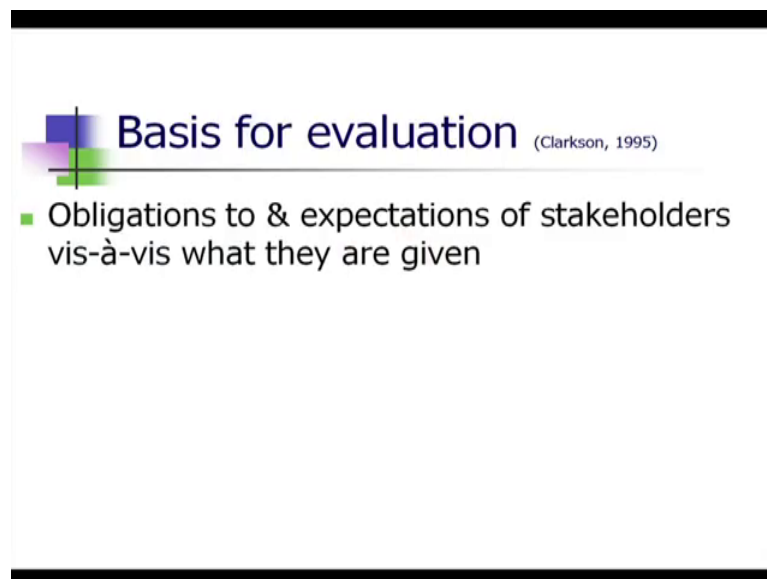
- "Socially responsible to whom?
- Socially responsive about what?
- Social performance judged by whom & by what standards?"

So, let us see what we have here evaluating CSR. How do we start the evaluation process? Now, when we start the evaluation process we need to know first and foremost, what we are talking about activities that we term as socially responsible. Socially responsible the questions we need to ask ourselves are socially responsible to whom, who are we responsible to? Socially responsive about what is it that we are trying to be responsive about and social performance judged by whom and by what standards, who decides that whether what we have done is enough or not, who decides whether we have whatever we have done is appropriate or not who decides whether what we have done is adequate or not.

So, all of these questions form the basis of anything that we evaluate in the realm of social responsibility, who are we talking about who are we responsible to who what is it that we are responsible for we cannot be responsible for everything. What is it that we take responsibility for, who are we responding to, and who is going to be affected by us taking responsibility for what we are taking responsibility for and how will we quantify this, how will we measure it, how will we know where did we start and where we ended and whether what we have done is has made a difference or not and whether that difference is enough or not.

So, this is social performance judged by whom and by what standard. Who will decide whether our efforts have been sufficient or not, who will decide and tell us or what standards do we have to gauge whether what we have put in requires more of the same thing or requires additional efforts in another direction. Where do we draw the line how do we expand, how do we know whether we are going in the right direction or not that forms these questions from the basis of any evaluation process.

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Now, the socially responsible activities are assessed against our obligations to and expectations of stakeholders vis-a-vis what these stakeholders are given. This is the simple answer we are responsible to our stakeholders we are responding to the environment that our stakeholders are in and we are judged the performance standards

that we are talking about here the social performance is assessed against what we give to people and what we were obligated to give them and what they expected from us.

So, they are somebody expect something from us the society expects us to be to make sure that we do not harm them, the physical environment is not harm the people the day-to-day life is not affected negatively. Somebody has put down these norms in place somebody is talking about it there is some discourse going on. So, in the context of that discourse we evaluate ourselves against the expectations our stakeholders have from us and what we feel obligated to them for. What do I think I order somebody as when I say I mean I as a person I also mean I as a representative of the organization that I am a part of I also mean I the organization itself. What do I think, I vote to somebody and so against these things we evaluate what we have been able to give them.

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**Tests of the effectiveness of CSR**  
(Pelozo & Shang, 2011)

- Single activity tests involving philanthropy:
  - Degree of logical fit between the firm and the work done - Improvement of consumer attitudes towards the firm & purchase intentions (Barone et al, 2007, Basil & Herr, 2006, Becker-Olsen et al., 2006, Bigne-Alcanz et al., 2009, Ellen et al., 2006, etc. in Pelozo & Shang, 2011)
  - Donation level – Improvement of consumer attitudes towards the firm & donation intentions (Hajjat, 2003, in Pelozo & Shang, 2011)
  - Proactive donations – Improvement of attitudes towards the activity, firm & purchase intentions (Ricks, 2005, in Pelozo & Shang, 2011)
  - Strategic CSR (higher fit, longer tenure & higher donations) – Improvement of attitudes towards the firm (van den Brink et al., 2006, in Pelozo & Shang, 2011)

Now some tests of effectiveness of CSR again this is from the paper where Pelozo and Shang. Various tests single activity tests involving philanthropy. The degree of logical fit between the form and the work done is likely to be directly related to improvement of consumer attitudes towards the firm and their purchase intentions. So, if the firm does some type of work and proceeds along the same lines does something for somebody else along the same lines of what it is doing then people start feeling good, people start viewing that organization in a better light. They start feeling good about associating with that organization and they feel compared to purchase more from the organization where

there is a logical fit between the firm and the work that it has done. Or the vision of the firm and the work that it has done for somebody else, this is something that has been proven through research I have listed some examples here.

The second point here and again I have taken the major most significant inputs from that. So, the other thing is the level of donation, not a percentage, not a percentage, it is the amount of donation that is given in terms of cash especially cash donations results in the improvement of consumer attitudes towards the firm and donation intentions. If you give a lot of money that means, you have the money one you have the money to give to you are serious about it, it is not pittance, it is a large amount that will really make a difference in the community. So, if you have the resources, if you have the capacity and you go out and you give that money then people start thinking highly of you and that in turn affects their propensity to purchase your products and services. They see you as a good company they see you as a community friendly company or a responsible company. So, they want to purchase from you.

Now, I am not at liberty to take names of organizations and of services, but we heard issues where you know some organization has been found to be cheating its customers people stop buying from that organization. Some organization is found to be using child labor, people will stop buying from that organization why because they feel socially responsible they say will boycott this organization we would like the organization to not do good business. So, it realizes that it cannot get away with being so nasty towards workers.

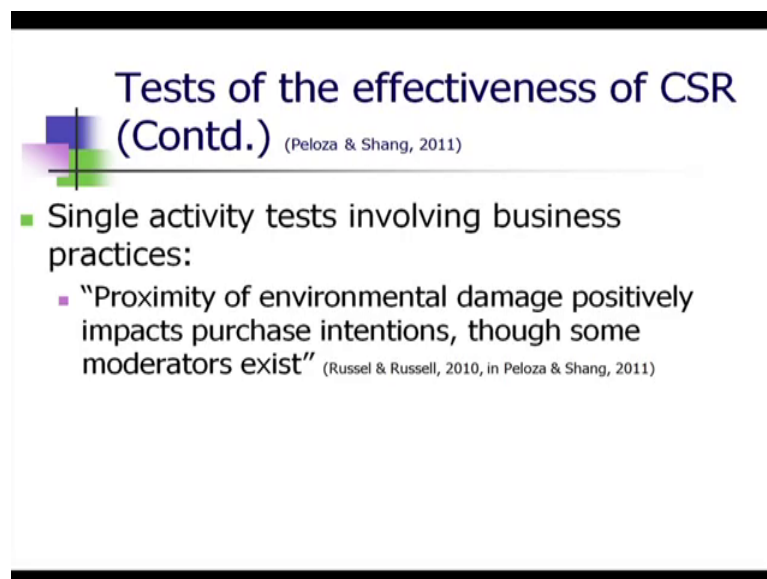
If they do not ensure the safety of their workers we do not buy their products there is no real connection between the product and the product quality and what we are doing for their employees, but we hear about it and we say no, we will not go to that organization, we do this in our local shops here. So, you see somebody ill-treating their employees and you say I will not visit your shop till you start treating your helpers, your workers properly, we do that all the time in our local neighborhood shops. So, that is what I am saying you know we they may not be a real connection between what the organization is doing, but we want to be associated with an organization that does good work.

The third one is proactive donations. If an organization is giving or decides to give something before a crisis occurs. Some organization is doing good work; they decide to

do something before a crisis occurs. When a crisis occurs everybody pitches in everybody jumps in, but an organization decides to take a junk out of it. It sends people or get its resources together and does something proactively rather than reactively in response to a crisis or a negative situation then they are viewed in a much, much more positive light and the intentions of the customers to purchase from them are greatly enhanced.

Strategic CSR, higher fit, longer tenure and higher donations lead to improvement of attitudes towards the firm and eventually purchase decisions. So, if things are happening you know sporadically single activities, but over a longer period of time. They say we will do this I mean. So, you know if that is really that fit is that that connection is happening then people start believing in the organization in this they want to be associated with them they want to purchase from them.

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**Tests of the effectiveness of CSR**  
(Contd.) (Pelozo & Shang, 2011)

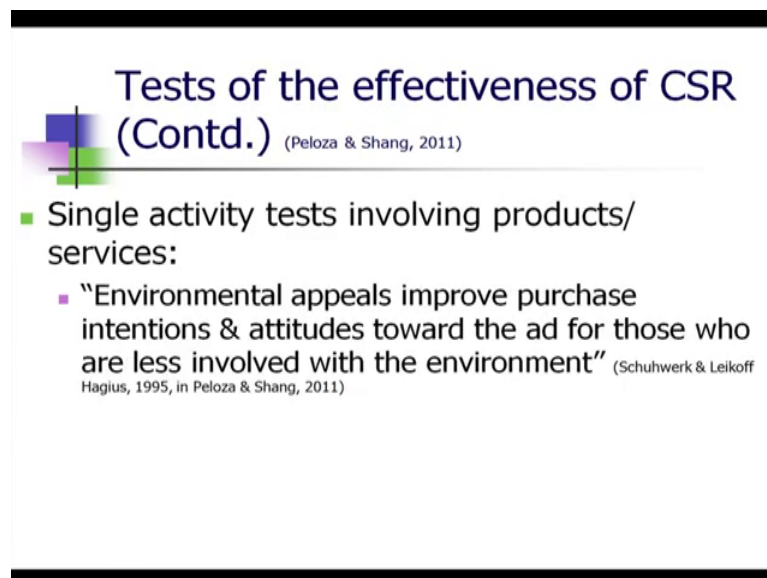
- Single activity tests involving business practices:
  - "Proximity of environmental damage positively impacts purchase intentions, though some moderators exist" (Russel & Russell, 2010, in Pelozo & Shang, 2011)

And that is a test. When I say test there is some tangible output you will see that if an organization and again you know you say my marketing colleagues and students will say madam that may not always be the case I agree with you, but then there are confounding factors. But research has shown that if an organization is perceived in a positive light the sales go up the public they spend. So, much of you know organization spend so much of money on PR - public relations public image building. Now, how do you build your public image by doing good things by looking after the community that you are in and

once you do that then the intention of people to purchase from you goes up and that reflects in the highest sales of your organization. So, there is a measurable outcome.

Single activity tests involving business practices, proximity of environmental damage positively impacts purchase intentions those some moderators exist. So, some environmental damage I mean if the environmental damage or the damage that an organization does to its environment is not within close proximity then you know if it is far away if it is in a place where it is not affecting a lot of people there is no direct impact on the people who are going to buy the product. Then they are more likely to buy from them so that is one more aspect of this.

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**Tests of the effectiveness of CSR**  
(Contd.) (Pelozo & Shang, 2011)

- Single activity tests involving products/ services:
  - "Environmental appeals improve purchase intentions & attitudes toward the ad for those who are less involved with the environment" (Schuhwerk & Leikoff Hagijs, 1995, in Pelozo & Shang, 2011)

Single activity tests involving products or services environmental appeals improve purchase intentions and attitudes towards the advertisement for those who are less involved with the environment. So, the appeals that are made again you know this is a onetime activity these appeals do have a positive impact and that is why people make these an appeals.

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**Tests of the effectiveness of CSR (Contd.)** (Pelozo & Shang, 2011)

- Focused activity tests involving philanthropy
  - Licensing associations – Improvement of attitudes towards the firm
  - Cause related marketing/ Non-specific charity support – Improvement of attitudes towards the firm
  - Cash donations – Improvement of attitudes toward the firm
  - Employee volunteerism – Improvement of attitudes toward the firm

Then focus activity tests involving philanthropy. Licensing associations, cause related marketing or non specific charity support, cash donations, employee volunteerism all of these are have been proven to lead to improved perception about the organization and ultimately an increase in the revenue that is generated by the sale of goods and services.

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**Tests of the effectiveness of CSR (Contd.)** (Pelozo & Shang, 2011)

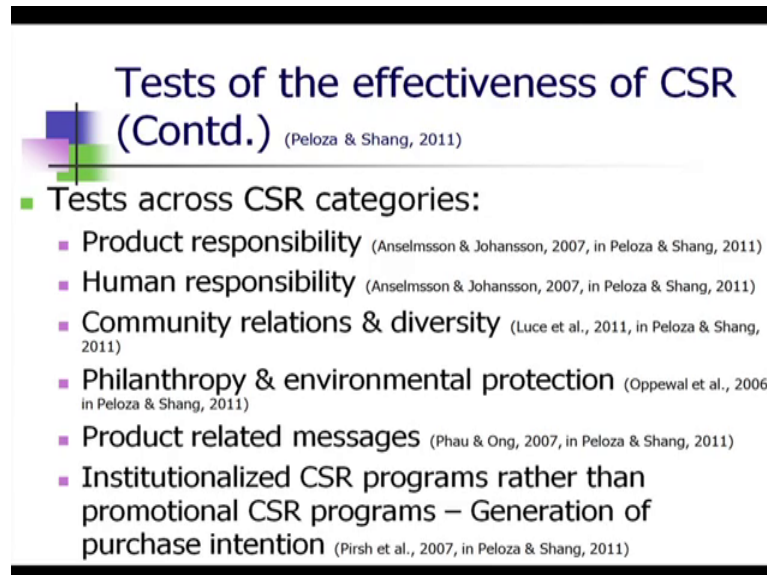
- Focused activity tests involving business practices:
  - Environmental indicators
  - Customer relations

Improvement of customer attitudes

Focused activity tests involving business practices, environmental indicators, and customer relations leads to improvement of customer attitudes, these are the business

practices on the left side, these investment in these business practices is likely to improve customer attitudes and eventually sales of the product or service.

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**Tests of the effectiveness of CSR  
(Contd.)** (Peloza & Shang, 2011)

- **Tests across CSR categories:**
  - **Product responsibility** (Anselmsson & Johansson, 2007, in Peloza & Shang, 2011)
  - **Human responsibility** (Anselmsson & Johansson, 2007, in Peloza & Shang, 2011)
  - **Community relations & diversity** (Luce et al., 2011, in Peloza & Shang, 2011)
  - **Philanthropy & environmental protection** (Oppewal et al., 2006, in Peloza & Shang, 2011)
  - **Product related messages** (Phau & Ong, 2007, in Peloza & Shang, 2011)
  - **Institutionalized CSR programs rather than promotional CSR programs – Generation of purchase intention** (Pirsh et al., 2007, in Peloza & Shang, 2011)

Tests across CSR activities, product responsibilities human responsibility the organization takes responsibility for the product is put it produces it takes responsibility for the for the people who are involved in producing those products. It invests in community relations and diversity. It invests in philanthropy and environmental protection. It sends out the accurate product related messages. It institutionalizes CSR programs other than promotes CSR programs all of these lead to a generation of purchase intention, improvement of cons customer attitudes and eventually an increase in sales.

So, this is a very good measure of how these things lead to improvement of purchase decisions. Again these are categories you will say spending a lot of time giving you these nuts and bolts these examples are important why because we talk in thinner, CSR let us do CSR how do you do CSR. So, we have these different categories that will help you identify exactly what you want to do and how it is going to help your organization.

Now, this is pretty much what I wanted to cover here. This is one this is the very, very basis of how we start evaluating CSR programs. We will talk more about the specifics of how we evaluate CSR activities, how we how we measure them and how we go about a finding out the quantum of impact of what we have done vis-v-vis, what the organize



what the community needs, and how it affects are survival in the community. And we will have more discussion on that in the upcoming lectures.

Thank you very much for listening.