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RESEARCH ARTICLE

THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER BEHAVIOUR IN THE RESTAURANT INDUSTRY OF INDORE

Dr.Rachanaa Datey¹, Dr.Sopnamayee Acharya² and Dr.Kavita Tiwari³

1. (Asst.Prof), Institute of Business Management & Research, IPS Academy , Indore (India).
2. (Asst.Prof), Institute of Business Management & Research, IPS Academy , Indore (India).
3. Faculty of Management, Birla Institute of Technology Offshore campus, Ras Al Khaimah , UAE .

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*Corresponding Author

Dr.Kavita Tiwari

Abstract

The fundamental purpose of this Study is to examine the influence of Corporate Social Responsibility (CSR) initiatives on customer behaviour in the restaurant field. Moreover, this study gives a general look at current practices of CSR in the restaurant industry of Indore. Three restaurant owners in Indore were interviewed about current practices of CSR at their restaurants. Meanwhile, one hundred random customers at the local restaurants were asked in questionnaires about their reaction to different CSR activities. The analysis of both primary and secondary data indicates that CSR practices do have an impact on customer behaviour in restaurant context. However, not every CSR activity generates the same level of impact on customers. In addition, the study also reveals that restaurateurs in Indore have been doing sufficient practices of CSR at their restaurant even though they are not familiar with the term CSR.

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1. Introduction

Several studies have found that corporate social responsibility have a significant impact on several customer-related outcomes (Bhattacharya & Sen, 2004). Based on lab experiments, CSR is reported to affect, either directly or indirectly, consumer product responses (Brown, 1998), customer-company identification (Bhattacharya & Sen, 2001), and recently customers' product attitude (Berens, Van Riel, & Van Bruggen, 2005). Nevertheless, to this date, there is no agreement on a universal definition for the concept of CSR.

Both theory and recent research evidence suggest that a corporation's socially responsible behaviour can positively affect consumers' attitudes toward the corporation. (Lichtenstein, Drumwright, & Braig, 2004.). The empirical study of Mohr and Webb (2005) indicates that CSR has an important and positive influence on consumers' company evaluations and purchase intention.

1.1 Corporate Social Responsibility

Although only in common usage since the 1960s, CSR has its roots in the Industrial Revolution. There is an impressive history behind the formulation of the concept and definition of corporate social responsibility (CSR). The evolution of the CSR construct began in the 1950s, which marked the modern era of CSR. Innumerable scholars strived to formulate the concept during the 1960s, which lead to a proliferation of CSR definitions during the 1970s. In the 1980s, there were fewer definitions formed, more empirical research conducted, and alternative themes began to mature. These alternative themes included corporate social performance (CSP), stakeholder theory, and business ethics theory. In the 1990s, CSR continued to serve as a core construct in numerous researches but was transformed into alternative thematic frameworks (Carroll, 1991, 268.).

1.2 The Concept of Corporate Social Responsibility

As mentioned before, academics and practitioners have been striving to establish an agreed-upon definition of CSR for 30 years. Since CSR is a broad concept, there is a variety of definitions given to this term. European Commission (2006) has proposed an equivalent definition of CSR as “A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. Both of the concepts emphasize the importance of enterprises’ voluntary contribution, in cooperation with their stakeholders, to social and environmental issues. It is claimed that through CSR, enterprises of all sizes can boost their business in a long-term run since CSR initiatives can help to build (and rebuild) trust in the focal companies, and to meet customers’ sustainable needs and expectations. Since CSR implementation can reconcile economic, social and environmental ambitions, it has gradually become an important concept globally.

Lantos (2001) has argued that CSR is “the organization’s obligation to maximize its positive impact and minimize its negative effects in being a contributing member to society, with concern for society’s long-term needs and wants”.

Above all definitions, Carroll’s pyramid of Corporate Social Responsibility has received the most attention. In his article on Business Horizons (1991) “The pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders”, Carroll suggested that CSR includes four kinds of social responsibilities: economic, legal, ethical, and philanthropic.

These four dimensions might be depicted as a pyramid. It was proposed that all these components have always existed to some extent, but ethical and philanthropic responsibilities have only drawn significant attention in recent years (Carroll, 1991.).

In this article, Carroll states that “business organizations were created as economic entities designed to provide goods and services to societal members”, and profitability is the primary motive for entrepreneurship. As such, all other responsibilities are predicated upon the economic responsibilities of the business organization (Carroll, 1991.). Table 1 summarizes some important aspects concerning economic responsibilities. Legal responsibilities, which will be explained next, are also stated in Table 1.

Table-1: Economic and legal components of CSR (Carroll, 1991).

S.No	Economic Components (Responsibilities)	Legal components (Responsibilities)
1)	Profitability is the first priority	It is important to obey the laws and other local regulations
2)	Maintaining a strong competitive position is an important target	A successful firm is the one that fulfils its legal obligations
3)	Efficient operation is a must	Providing goods and services that meet minimal legal requirements is key to keep the firm operated

Along with economic responsibilities, firms are expected to comply with the laws and regulations imposed by the governments under which the enterprises are operating. In other words, companies are not supposed to engage in illegal practices in order to generate profits, but are expected to fulfill their economic missions within the framework of the law (Carroll, 1991.). The legal component is depicted as the next layer, followed by ethical and philanthropic categories, on the pyramid of CSR. Ethical responsibilities embody those practices that are approved or disapproved by the society even though they are not stated in the law. This ethical aspect of CSR should direct the companies not only to avoid harm but also to do right. Ethics is closely connected to values and norms formed during the development of societies and cultures. Therefore, those ethical standards or expectations are not always defined alike in different societies. Carroll has argued that these ethical responsibilities are more ambiguous than legal requirements and hence more challenging for companies to anticipate and follow because they are not written law promulgated by governments. Though ethical category is depicted as the next layer of the CSR pyramid, it is discussed that there is an inherent link between ethical and legal responsibilities because ethical expectations can be seen to predict the emergence of new laws and regulations (Carroll, 1991.). Table 2 summarizes statements characterizing ethical and philanthropic responsibilities.

Table-2: Ethical and Philanthropic components of CSR (Carroll, 1991).

S.No	Ethical Components (Responsibilities)	Philanthropic Components (Responsibilities)
1)	Ethical norms go beyond laws and regulations	Managers and employees should participate in voluntary and charitable activities in their local communities.
2)	Ethical norms should be recognized and respected	Providing assistance to the local educational institutions is a good practice
3)	Ethical norms must not be compromised in order to achieve corporate goals	Contributing to those projects that improve the community's "quality of life" is important

Finally, philanthropic responsibilities encompass activities in response to the expectations of society that businesses be good corporate citizens. These practices may include volunteer work to promote human welfare, sponsorship to local programs, donations to public and non-profit organizations, etc. Unlike ethical responsibilities, philanthropy is more discretionary and lack of engagement in voluntary actions is not perceived as irresponsible or unethical. However, there is always expectation from the community that the enterprises contribute to former activities. It has been argued that philanthropy is highly desired and appreciated but actually less important than the other three aspects (Carroll, 1991).



Fig 1. Pyramid of CSR, Source: - Carroll (1991)

Carroll (1991) has presented the pyramid of CSR, which depicted four types of responsibilities as shown in Figure 1. However, contrary to popular belief, these layers of responsibilities are not designed in any consecutive way, nor are they mutually exclusive. It is possible, for instance, that a firm satisfies the legal requirements, but fails to meet its economic missions (Griseri & Seppala, 2010, 11.). The aim of the pyramid is to portray that the total CSR embraces distinct components. When these components are assembled together, they constitute the whole CSR concept (Carroll, 1991.).

Although the above definitions appear quite different in level of abstraction, they all emphasize socially responsible companies' concerns, which go beyond short-term profitability. We developed the study based on four components, adapted from the explained definitions, which are economic, environmental, social and ethical factors. Those four aspects were served as the main theme in the empirical research; the voluntary basis was also being taken into account.

1.3 Typical CSR initiatives in Restaurant Industry

Energy consumption is certainly one of the biggest issues in the industry these days. By limiting the use of electricity and gas, the restaurants will undoubtedly have the added benefit of lowering energy bill (Lelic, 2006.). Many leading fast food chains have taken action regarding energy reduction. As an example, Burger King has introduced a new energy-efficient restaurant in Germany that uses renewable energy to supply one-third of the restaurant's energy requirements. Consequently, the restaurant's energy costs are reduced by 45 percent annually ("Burger King Restaurant Cuts Energy Costs by 45%", 2010.). Not standing outside the mainstream of energy reduction, McDonald has also launched a "green" restaurant, which is estimated to use 25 percent less energy than a traditional McDonald's restaurant in Chicago, Illinois. This energy efficient system will probably be replicated in its 14 000 restaurants in America and worldwide. At least, Canada, France, and Brazil are definite countries where such "green" technology will be employed ("McDonald's Green Prototype Uses 25 Percent Less Energy", 2009.).

Ethical sourcing of ingredients is becoming a mainstream among restaurateurs. They are starting to become much more aware of this issue, which refers to the act of supporting local farmers by ordering raw ingredients from them, or at least ensuring that the ingredients come from sustainable sources (Lelic, 2006.). The Crowne Plaza's environmental policy is a representative example.

Only suppliers that meet the hotel's green credentials are accepted. In fact, the hotel's car supplier, Green Tomato Cars, is an environmentally friendly company that uses the greenest cars to ensure the least damage to the environment is done (Mullen, 2008.).

Ethical treatment of employees is another key element of a successful CSR program from which the restaurateurs can benefit. In fact, the industry as a whole often relies on temporary and low-paid workforce. If the staff are trained professionally and receive fair treatment, they can turn into the restaurant's biggest assets. There is no doubt that a happy and well-treated workforce will produce the most amazing food and service (Lelic, 2006.). Some examples of ethical treatment practices are offering equal opportunities to employees, improving work conditions, investing in the vocational and continuous training for the staff, etc.

According to a report by CSR News Europe, food waste management has been a major environmental issue for restaurant operations. Restaurateurs have realized that it would cost them less to manage food waste properly. Some common practices encouraged by environmentalists to reduce food waste are:

- Plan different sized portions properly.
- Order perishable ingredients to meet demand.
- Use first-in, first-out practice to minimize spoilage stocks.
- Try using every edible cuts of meat, such as oxtail and short ribs, and fish since they cost less than popular cuts and might produce interesting new dishes if used creatively.
- Serve vegetables with skin on if it is possible.
- Re-use trimmings for stock, pickles, etc.

1.4 Consumer Behaviour

Consumer behaviour refers to the study of how a person buys products. However, it is only part of the definition. More specifically, the term is defined as "the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services so as to satisfy needs and desires". It involves the purchasing, and other consumption-related activities of people engaging in the exchange process (Hoyer & Macinnis, 2009, 3.). Echoing this, Solomon, Bamossy, Askegaard, and Hogg (2006), in the book "Consumer Behaviour, A European Perspective" formulate the term as "the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas, or experiences to satisfy needs and desires". Adapting the consumption process presented by Solomon and his co-authors (2006), we proposed a consumption process applied for restaurant industry (Table 3).

The restaurant industry embodies different characteristics in comparison to manufacturing industry. In food and beverage operations, the customer is present at both production and service process (Davis, Lockwood, Alcott, Pantelidis, 2008, 23.). The customer is involved in a series of events, or "meal experience", when eating out. The meal experience includes both tangible and intangible aspects. Briefly, food and drink make up the tangible component; meanwhile the intangible component involves service, atmosphere, mood, and so on. Apparently, the meal experience starts when the customer enters the restaurant and ends when they leave. Nonetheless, it is just the main part of the meal

experience because any feelings the customer has when he/ she arrives at the restaurant or when he/she leaves should be also taken into account. In the restaurant industry context, those two components go hand in hand to present a total product to the customer. None of these can work out without the other (Davis et al., 2008, 24.).

Table: 3 Issues that arise during stages in the consumption process (Adapted from Solomon, et al. 2006,7)

S.No	Pre-purchase Issues	Purchase Issues	Post-purchase Issues
1)	How does a consumer decide that he/she needs/ wants to eat out?	How do situational factors, such as time pressure, convenient food and service or daily offers, affect the consumer's purchase decision?	What determines whether a consumer will be satisfied with the food and service offered and whether he/she will visit the restaurant again?
2)	What criteria do consumers use to compare which restaurants are superior to other?	Is dining out a stressful or pleasant experience?	Does the consumer tell others about his/her experiences at the restaurant and affect their purchase decisions?
3)	NA	NA	What does the purchase say about the consumer?

In order to attest if CSR actions have an impact on consumer behaviour, it is essential to understand what factors affect consumer behaviour in general. Consumer buying decisions are subject to be influenced from a variety of sources. Kotler, Armstrong, Saunders, and Wong (2001) suggest four factors that influence consumer behaviour, which are cultural, social, personal, and psychological factors.

1.5 The Impact of CSR Initiatives on Various Customer-Related Outcomes

In their recent study, Lichtenstein et al. (2004) argued that perceived corporate social responsibility has an effect on customer purchase behaviour through customer-corporation identification.

It is noted, "A way that CSR initiatives create benefits for companies appears to be by increasing consumers' identification with the corporation [and] support for the company".

Gupta (2002), with his research results, has provided evidence to support the popular view that when there is parity in price and quality, consumers would prefer the company actively engaging in CSR initiatives and their consumption related decisions are affected by this factor. As a result, he strongly supports corporate investments in CSR activities due to its convincing benefits to the business.

Maignan and Ferrell (2004) have concluded a direct positive relationship between CSR and customer loyalty in a managerial survey. From the retail perspective, CSR activities, for instance support for a non-profit cause or positive ethical practices, lead to "store loyalty, emotional attachment to the store and store interest". Consequently, they result in a positive increase in the percentage of shopping done at the store and the amount of purchases (Lichtenstein et al., 2004.).

Other studies have attested the collective impact of multiple CSR strategies on consumer attitudes. For example, Brown and Dacin (1997) have examined the combined influence of various CSR actions, which are support for causes, contributions to the community, and environmental concern, finding that "CSR associations influence product attitudes through their influence on overall company evaluations". Murray and Vogel (1997) have investigated the effect of associated CSR practices on consumers and presented similar findings.

The CSR activities mentioned in the research are, for instance, environmental protection practices (energy conservation), engagement in acts to promote human welfare, corporate social marketing (electric safety education for schoolchildren), contribution to the economic development of the region, and consumer protection program. Their research found that CSR programs lead to improved customer attitudes towards the firm, including beliefs about the company's honesty, consumer responses, and increased support for the firm in labour or government disputes. Correspondingly,

Bhattacharya and Sen (2001) argued that a company's efforts in multiple CSR domains, for example community involvement, support for ethical involving issues like women, ethnic minorities, gays and lesbians, disabled minorities, and so on had a direct effect on the attractiveness of the company's products, in addition to a positive effect on company evaluations by customers. Bhattacharya and Sen (2004) have noted that consumers engaged in positive word of mouth about firms that were committed to CSR actions. Studies by Barone, Miyazaki, and Taylor (2000), Bhattacharya and Sen (2001), and Creyer and Ross (1997) suggested that consumers are willing to actively support companies committed to cause-related marketing, environmentally friendly practices and that CSR practices have an impact on customer purchase intention.

Overall, these studies provide evidence supporting the suggestion that socially responsible companies are likely to be perceived more favourably by consumers than less socially responsible companies.

2. Objectives:

- To study the implementation of CSR in the Restaurant Industry of Indore.
- To know the customers' expectation regarding social responsibility of a Restaurant.
- To analyze the customers' purchase decision affected by a Restaurant's CSR activities.
- To develop the preconditions under which the CSR effort have an impact on customer behaviour.
- To review the willingness of customers to pay premium prices for the food and services of a restaurant actively engaged in CSR activities.

3. Research Methodology:

In this study, both qualitative and quantitative research methods are employed. For the quantitative research, one hundred respondents were chosen to fill hundred questionnaires, which relates to their basic backgrounds and their possible behavior towards CSR related issues. In order to go deeper in CSR practices in restaurants, three restaurateurs were interviewed about different aspects of CSR in their restaurants.

3.1 Quantitative Methods

Quantitative research method was employed in this research because of following reasons. Firstly, it is one of the most widely used techniques to reach a large population and to identify and describe the variability in different situations (Saunders, Lewis & Thornhill 2009, 361 - 362.). Secondly, the collected data later on can be analyzed effectively through SPSS program.

The target was to get one hundred restaurant customers, who were living in Indore to answer the same set of questions with limited answer options. The questionnaire included fifteen questions. The first three questions were about the respondents' general background. The three next questions were to find out their buying habits and their personal traits. The remaining questions were addressed to CSR related activities and if they have any impact on customer are buying behavior.

The fact that there are numerous factors affecting customer attitude and various ways to implement CSR in the restaurant field makes it problematic for us to design an effective questionnaire to measure the extent of the influence of CSR programs on customer behavior. Therefore, prior to sending out the actual questionnaires, five persons were chosen for a pilot test to assure that the respondents have no misunderstandings about the nature of the questions. After that, the questionnaire was adjusted and implemented within almost one week, in June' 2015.

The survey was conducted at Celebration restaurant because it was most convenient for us to hand out the questionnaires at our workplace. The chosen respondents were asked to fill out the questionnaires while waiting for their food to be ready. Hence, the results collected were all considered in the analysis. The respondents were chosen based on their differences of age, and gender. However, due to the fact that many customers over 50 years old or those under 20 years old do not speak very much English, the research could only gather limited number of answers from those groups.

3.2 Qualitative Methods

In order to find out the answer for our objective about the extent of CSR implementation in Indore, three restaurant owners were asked for personal interviews ranging from fifteen to twenty minutes. The restaurants were chosen based on the differences of their business ideas. The fundamental reason for this is to compare the extent of CSR implementation of those three different restaurants. Qualitative research method was chosen because there is hardly a way to form a questionnaire, which will gather all necessary information the author needed. Besides, as mentioned earlier, there is no agreed-upon definition given for the term CSR and there are a great deal of CSR initiatives in the restaurant industry; therefore, open-ended questions are the most effective method to obtain information about CSR related activities of each restaurant.

Three structured interviews were carried out within one month, June 2015. In structured interviews, guiding questions were prepared beforehand to assure that all essential aspects would be discussed. The interviews started with general questions about the restaurants. Each specific point regarding economic dimensions, environmental dimensions, social dimensions, and ethical dimensions was introduced and discussed respectively. The interviewees were encouraged not only to answer the given questions but also to express their opinions about relevant issues. During the interviews, additional questions were asked to gather as much valuable information for the research as possible. The interviews were recorded properly to serve the later analyzing process.

4. Analysis of Empirical Data

This section will analyze and discuss the research findings to find the answers for the research questions and objectives. The first part of this section discusses the answers from the qualitative research interviews with three restaurant owners. In the second part, SPSS program was utilized to analyze data collected from the quantitative research, which was conducted with one hundred restaurant customers.

4.1 Analysis of the Qualitative Research

4.1.1 Introduction of the Restaurants

Apna Sweets is well located in the centre of Indore. The restaurant is open for breakfast, lunch and dinner. Lunch menus are changed every day from Monday to Friday. Salad, sandwiches, special tea and coffee, different kinds of sweets are their popular items. The seating capacity of the restaurant is 80 inside plus 20 in the outside terrace. Their main customer groups vary between summer and winter season. In the summer, most of their customers are young people and in the winter, they have more elderly coming to eat.

Udipi King is a buffet restaurant, which is located in the centre of Indore and opens for South Indian dishes only. The food is Finnish cuisine. Catering is another part of the business apart from the usual lunch buffet. The total seats are around 40 including 25 inside and 15 seats outside. The main customer groups are workers from surrounding offices.

The third restaurant is a buffet restaurant **Celebration** located in Rajendra Nagar of Indore. The restaurant was opened by a group of graduates who had common interest in restaurant business. The restaurant has 30 seats in total. Shoppers and office workers are their main customer groups.

Not surprisingly, none of the restaurant owners interviewed was familiar with the term Corporate Social Responsibility, and they did not have any obvious CSR programs at the time the interviews were conducted.

4.1.2 Economic factors

Thriving to explore whether a restaurant is generating good profitability through an interview is a challenge in reality.

Apna Sweets has approximately 150 to 250 guests per day, depending on the day. **Udipi King** has round 100 guests per day and the number goes up in the summer time when the terrace is open. In the high seasons, i.e. summer and Christmas holiday, they receive around four catering orders each month. The average number of guests of restaurant **Celebration** is 150 to 200 per day. All of the interviewees claimed that the business is going well. Additionally, by comparing the size of the restaurants and their average number of guests per day, it is possible to say that their business is generating profit to some extent.

4.1.3 Environmental factors

There are numerous ways to attain sustainability development in the restaurant industry, especially when modern technologies are introduced continuously. Therefore, working with a consultant organization brings the restaurant practical and up-to-date advice regarding sustainability issues. Among the three local restaurants, only **Udipi King** is currently working with a consultant company that provides its customers with advice about various issues. The other restaurateurs found it not necessary to employ a consultant company at the moment. To conclude, restaurateurs in Indore have not paid high attention to sustainability issues in general in their restaurants.

Nevertheless, organic food ingredients, a specific aspect of sustainability development, appear to interest the interviewed restaurateurs. Forty per cent of food ingredients used at **Apna Sweets** are organic in nature. At **Udipi King** Restaurant, this figure is thirty per cent. The owner of **Celebration** said that twenty five per cent of their food ingredients are organic. These are positive figures showing that organic food ingredients are gaining more and more interest from restaurateurs in Indore.

Wastage of food is another important issue in restaurant industry in the recent years. This issue was discussed at the interviews. For fresh ingredients, they try to order a minimum amount every time so that nothing gets spoiled. Besides this, the vegetables they are using are from local farmers and too on daily basis; therefore, it stays fresh longer than vegetables from Reliance Fresh, for example, Owner said. At restaurant **Udipi King**, they have to throw away about five

percent of the food every day, because it is difficult to predict exactly how much to cook for a buffet table. What they throw away is the leftover food that cannot be reused the next day. At **Celebration** restaurant, approximately thirty kilos of garbage, including food waste and other kinds of garbage, are disposed off every day.

The owner of restaurants shared the same idea that the only thing they can do to reduce this wastage is to do the planning better because they have done what they could to keep the proportion of food waste as low as possible. However, it is a challenging job because the average number of guest per day sometimes varies with a high margin.

4.1.4 Social factors

Supporting for a non-profit program is one of the most common CSR activities in hospitality industry. The interviewees were asked some questions regarding their possible contribution to the local community.

The results collected were not very surprising. None of the three restaurants has contributed officially to any charity organization so far. The owner of Celebration said he sometimes supported small things for local charity groups, but he did not do it on behalf of the restaurant. It was more like his own action, and he did not think much about it, he said. The other restaurants gave the same response that they had not had a chance yet to contribute to the local community. However, there were two different views about what they will do regarding this matter in the future. They were interested in what they might do to contribute to local charity groups and events. "When there is an opportunity, we will have a look at this. This is something that we have to care about", he excited. The owner of one restaurant was more cautious about what charity groups or events they will sponsor, and they might think about it only when a representative of those groups comes to talk to them. "We will also have to think about what kind of charity group it is", he said. The profitability is their first priority, therefore they might only contribute to the cause if the action brings them some advantages, he added.

4.1.5 Ethical factors

The owner of one restaurant was confident to claim that most of their food ingredients come from local farmers and local bakeries because, he explained, it is one of their main business ideas that the ingredients are fresh and organic. All of the vegetables and herbs are from local farmers. He also explained that ordering from local companies has many advantages. The ingredients last longer even though they are a little more expensive because the transportation is faster and it is possible to order it daily. Meanwhile, the owner of the **Celebration** was not sure whether their vegetables and meats are from local area. He said their supplier was a local company, but he did not know exactly from where they get vegetables and meats. Sixty to sixty five percent of **Udipi King**'s raw ingredients are from local farmers. It is a positive sign that restaurants in Indore are not staying out of the ethical sourcing of ingredients trend.

The current number of employees at **Apna Sweets** was fifteen, including one extra employee. The youngest one is twenty years old and the oldest one is thirty. Some of them are good friends of the owners as they worked at other restaurants together before.

At **Udipi King**, there are currently ten full-time employees, three females and seven males, and four extra employees. The full-time employees are Swedish speakers, while four part-timers come from different parts of India. The age range is from twenty-four to fifty-four years old.

At restaurant **Celebration**, there are almost five to seven employees. The age range is from twenty-four to thirty-five years old.

All three restaurateurs affirmed that they had no racial discrimination when recruiting new employees. They explained that their full-time employees are also their former co-workers. They offered them the job because they know their ability. The extra employee was hired based on her/his professional skills, not her/his nationality.

Communication is taken seriously at these restaurants to make sure that the staffs feel comfortable about the working place and the job. Listening is another important skill to get to know the staff better, pointed by the owners. Besides, they always go on a picnic or travel as a group when there is a convenient occasion. Paying salary on time and according to the laws is assured to keep the staff working enthusiastically, highlighted by the owners.

4.2 Analysis of the Quantitative Research

As mentioned earlier, one hundred respondents participated in the quantitative research. The first six questions are about the respondent's background. In particular, they were meant to gather these specific details: the respondent's age, gender, annual income, how often they buy organic food, their attitude towards the environment, who they think is responsible for the development of society.

Our purpose was to compare how people at different ages react to CSR related activities. Therefore, five age groups were created: under 20 years old, from 21 to 30, from 31 to 40, from 41 to 50, and over 50. As the results was collected, 12 percent of the respondents are under the age of 20, 51 percent belong to the second age group (21-30), 21 percent are from 31 to 40 years old, 10 percent are from 41 to 50, and lastly 6 percent of the respondents are over 50.

The females constitute 58 percent of the respondents. Three annual income groups were less than Rs 30 000, from Rs 30 000 to 60 000, and more than Rs 60 000. About 49 percent of the respondents chose the second alternative (Rs 30 000 – Rs 60 000), 31 percent earned less than Rs 30 000 per year, and 20 percent claimed to earn more than Rs 60 000 yearly. The fourth question asked the respondents how often they buy organic food. Five alternatives to choose from were “more than once a week”, “once a week”, “once a month”, “rarely”, and “never”. Some 35 percent of the respondents answered they rarely buy organic food. About 21 percent of the respondents never buy it. Meanwhile, approximately 26 percent of the respondents buy organic food once a month. Some 15 percent of the respondents buy organic food once a week, and only 3 percent of the respondents answered that they buy organic food more than once a week.

The following question was to find out about the respondent’s personality. The respondents were asked to give their opinion about the statement “a single person can improve the quality of the environment through his/ her daily simple actions”. Five answers were “extremely disagree”, “disagree”, “neutral”, “agree”, and “extremely agree”. The answer “agree” was chosen by 64 percent of the respondents. Some 16 percent of the respondents chose to stay neutral. Exactly 9 percent of the respondents answered that they “extremely agree”, while 11 percent disagreed about this statement.

The sixth question was meant to find out how many respondents think that restaurants are responsible for contributing to the community. Respondents were able to choose multiple answers alternatives. The answer possibility “enterprises” was chosen 25 times.

The empirical study reveals these key findings. First, there is noticeable difference among the respondents in their reactions to CSR related activities in restaurant industry. Secondly, not every CSR initiative can affect customers in an expected manner. However, CSR initiatives do have a positive impact on customer behavior in general.

The question “Do you go to a restaurant that offers much lower price than its competitors?” was meant to find out if customers would avoid a restaurant not fulfilling its economic responsibilities. A large number of respondents (51 percent) remained neutral when being asked this question. The number of respondents supporting a restaurant offering much lower price than its competitors and those avoiding that restaurant were equal. The reason for this was “it depends on the quality of the food and service at that restaurant”, as one respondent explained.

Offering different sized portions is one of the CSR practices to reduce the amount of daily food waste. This practice gained positive reaction from customers.

Indeed, 58 percent of the respondents answered “likely”, and 12 percent answered “extremely likely” when being asked “Would you like to be offered different sized portions of every item available on the menu?”

Another CSR activity related to environmental issues is utilizing organic food ingredients. Although 42 percent of the respondents answered “neutral” to the question “When eating out, how important is it to you that the food is made from organic sources?”, using organic food ingredients does help restaurants to influence customer positively since 36 percent of the respondents answered it is “important” and 4 percent of the respondents answered it is “extremely important”.

To some extent, ethical source of ingredients is a good practice to attract certain customers. Among one-hundred respondents, ten “always” ask about the origin of the food ingredients when eating out, and thirty respondents “sometimes” do this. Most of the respondents (37 percent) “rarely” ask this kind of question, and 31 percent of the respondents “never” do this.

Ethical treatment to the staff is an effective practice to affect customer behaviour. Indeed, 62 percent of respondents said that the staff’s behaviour affects their mood “very much” when dining out, 36 percent said it affects them “moderately”, 2 percent answered their mood is not affected much by the staff’s behaviour. None of the respondents chose the answer alternative “not at all”.

The finding showed that customers have a favourable attitude towards restaurants doing good activities to the community like sponsoring to the local charity groups, donating money to non-profit programs, etc. Approximately 55 percent of the respondents would be “likely” to support that kind of restaurant, and about 5 percent would be “extremely likely” to do so.

Customers tend to pay more for the food and service at a socially responsible restaurant. When it came to the question “Are you willing to pay more for the food and service at that restaurant?”, some 40 percent answered they would be “likely” to pay, and 2 percent would be “extremely likely” to do so. Meanwhile, 34 percent chose to stay “neutral” and 24 percent would be “unlikely” to pay more. Among 40 respondents who would be willing to pay premium price, eight chose to pay “less than 5%”, thirty-one would pay a “5-10%” premium, and one answered that they would pay “more than 10” more.

CSR activities benefit restaurants by gaining customers’ loyalty. If a restaurant stops doing those good activities to the community, customers are more likely to boycott the restaurant. In fact, 20 percent of the respondents answered that they would be “unlikely” to visit the restaurant regularly, one respondent would be “extremely unlikely” to come back to the restaurant. Most of the respondents (60 percent) stayed “neutral” because they also take into account the quality of food and service the restaurant offers.

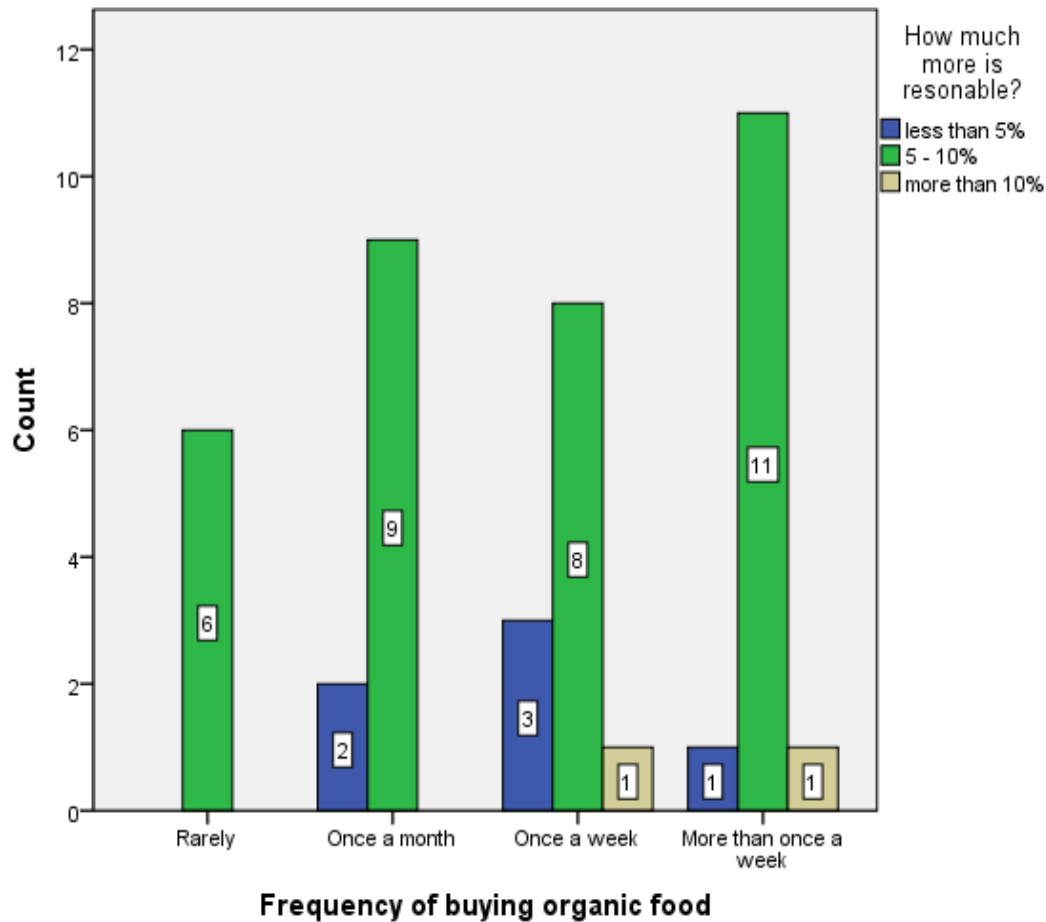
In order to see whether there is a relationship between people's lifestyle and their reactions to different CSR activities, the Pearson correlation statistical test was employed. The Pearson correlation statistical test, a tool in SPSS program, is often used to examine the association between two variables by a correlation (Hinton, Brownlow, McMurray, & Cozens, 2004, 296.).

Table 4. Customers' lifestyle and their reaction about going to a restaurant offering much lower price than its competitors.

	Frequency of buying organic food	Going to a restaurant offering much lower price than its competitors
Frequency of buying organic food	1	-.236*
Sig. (2-tailed)		.017
N	100	100
Going to a restaurant offering much lower price than its competitors	-.236*	1
Pearson Correlation	.017	
Sig. (2-tailed)		
N	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

The Pearson Correlation test statistic in this case is negative (-.237), which means that there is a negative correlation between two variables above (Table 4). In other words, the more often people buy organic food, the less likely they would go to a restaurant that offers much lower price than its competitors do. Similar Pearson Correlation tests are utilized to examine the relationship between customers' frequency of buying organic food and the other CSR related questions. The findings reveal these key correlations. First, the action of offering different sized portions of every item available on the menu is more supported by people who buy organic food regularly. They are more likely to ask about the origin of the food ingredients when eating out and it is important to them that the food is made from organic ingredients. The staff's behavior affects their mood very much when dining out. Importantly, they show higher tendency to support CSR friendly restaurants than those who do not buy organic food regularly do.



Those respondents who buy organic food more often are more likely to pay more for the food and service at a CSR friendly restaurant. The figure above shows that people who buy organic food more regularly tend to pay premium price at a restaurant practicing good CSR activities. Among thirty-four respondents who answered that they would pay a “5-10%” premium, eleven of them buy organic food “more than once a week”, eight buy it “once a week”, nine people buy it “once a month” and six people “rarely” buy organic food. Two respondents would pay “more than 10%”. One of them buys organic food more than once a week, the other buys it once a week. Among six respondents who chose to pay “less than 10%”, one chose the answer “more than once a week”, three chose the answer “once a week” and the other two answered “once a month” they buy organic food.

No significant correlations between customers’ lifestyle and their loyalty towards CSR friendly restaurants were indicated. In other words, people’s lifestyle alone does not decide the extent to which CSR activities affect customer’s loyalty.

The Pearson correlation statistical test continued to serve as a tool to examine the correlation between people’s personality and their reaction to CSR related activities. Except for respondents’ support to a restaurant doing good activities to the society and respondents’ willingness to pay premium price, no correlations between customers’ personality and other CSR related activities were indicated.

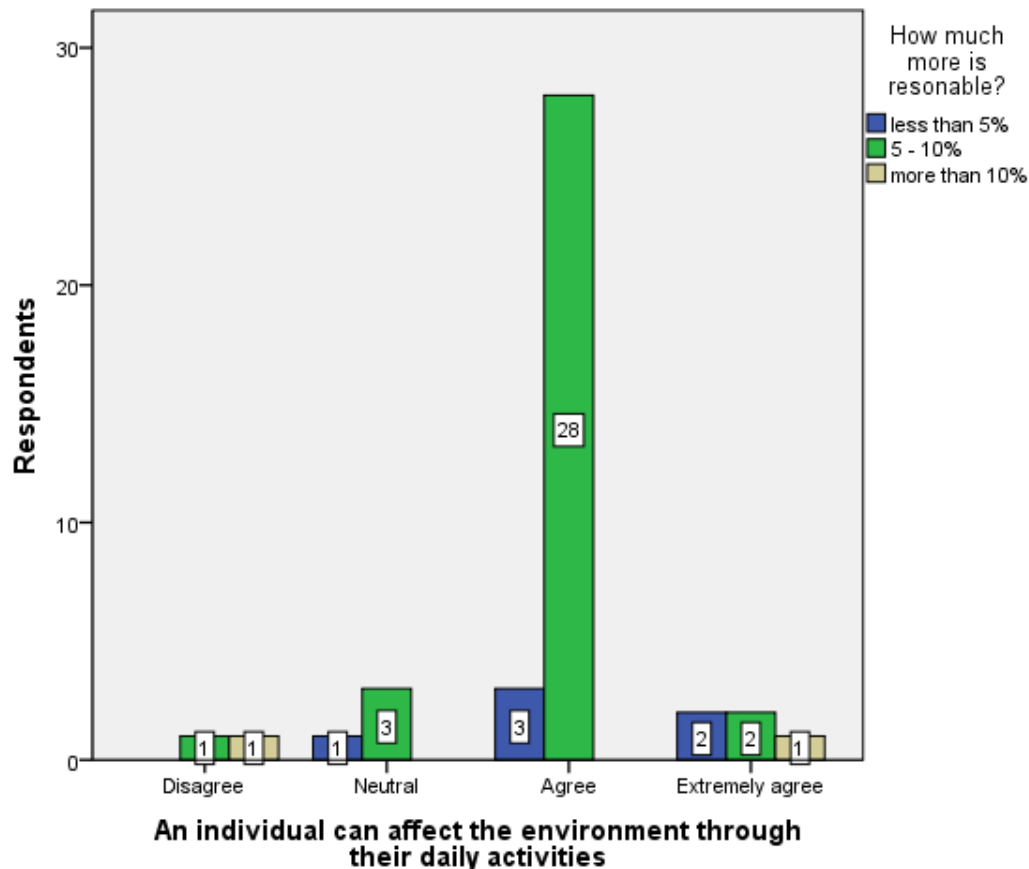
Table 5. Correlation between respondents' personality and their support to a restaurant doing good activities to the community.

	An individual can affect the environment through their daily activities	Supporting restaurants doing good activities
An individual can affect the environment through their daily activities Pearson Correlation	1	.307**
Sig. (2-tailed)		0.001
N	100	100
Supporting restaurants Doing good activities Pearson Correlation	.307**	1
Sig. (2-tailed)	0.001	
N	100	100

Table 5 shows that the Pearson Correlation test value is positive (0.307). This means that people who believe in their ability to improve the quality of the surrounding environment through their daily actions have a tendency to support a restaurant socially responsible. Similarly, those who believe in their power to influence external outcomes would be more willing to pay premium price for the food and service at a CSR friendly restaurant (Table 6).

Table 6. Correlation between respondents' personality and their willingness to pay premium price

	An individual can affect the environment through their daily activities	Willing to pay premium
An individual can affect the environment through their daily activities Pearson Correlation	1	.260**
Sig. (2-tailed)		0.003
N	100	100
Willing to pay Price Pearson Correlation	.260**	1
Sig. (2-tailed)	0.003	
N	100	100



A premium of “5-10%” was the most chosen answer possibility (From above figure). It can be generalized that whether a person has “internal locus of control” or “external locus of control” personality, a raise of “5-10%” is the most reasonable rate that a restaurant can add to the price.

Conclusion

This section gives answers to the research questions and suggests further possible study. The first question was “To what extent has CSR been implemented in the restaurant industry of Indore?” The results collected from three personal interviews reveal that even though restaurateurs in Indore are still unfamiliar with the term CSR, they have been processing CSR related initiatives at their restaurant to some extent. In general, restaurants in Indore have succeeded to fulfil their economic responsibilities. Never the less, small restaurants offering food for a surprisingly cheap price are facing questions regarding taxes payment.

Meanwhile, achievements of environmental and ethical responsibilities could not be generalized to all restaurants in Indore based on three interviews.

Ethical treatment of employees at the three restaurants is practiced at a good level. There is no serious discrimination or labor exploitation happening. The staff is respected and treated well. Three interviewed restaurant owners and their employees have a good relationship because they have been friends or have known each other for a long time. Therefore, it cannot be concluded that ethical treatment of employees is ensured at all restaurants in Indore, especially at those restaurants with a greater number of employees who are very much different in characteristics.

Social responsibilities have not been on the agenda yet. Contributing to the local events or local charity groups is still an uncommon activity to the local restaurateurs. However, there is a high possibility that they will do it when the opportunity comes, i.e. when the local social groups get more active in finding the sponsors.

The figures from the quantitative research analysis indicates that customers do expect restaurants to be socially responsible. Indeed, 27 percent of the respondents agreed that promoting human welfare is the responsibility of enterprises.

For 64 percent of respondents, the idea that the restaurant will offer different sized portions was strongly supported. For 38 percent of respondents, organic sources of ingredients are important. Ethical treatment of employees will indirectly affect the mood of 60 percent of respondents. Besides, 52 percent of customers would support a socially responsible restaurant by coming there to eat. In conclusion, customers' buying decision is certainly affected by CSR related activities of the restaurant. Forty-two customers said they would be willing to pay more for the food and service at the mentioned restaurant. The most reasonable rate chosen by customers is "5-10%".

CSR efforts alone do not have an impact on customer behavior entirely. In fact, the respondents chose to stay neutral in several questions like "Do you go to a restaurant that offers much lower price than its competitors?", or "Would you come back to the restaurant regularly if the restaurant stops doing those good activities?" It can be explained that CSR efforts must go along with good quality of food and service to have the most impact on customer behavior. By understanding customer reactions to CSR, restaurants can develop optimal CSR strategies, which will result in customer satisfaction and financial rewards. Taken in isolation, any CSR policy can reap benefits for restaurant which already offer good quality of food and service, but as a package, they become an effective means to attract customers and gain customers' loyalty.

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