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Corporate Social Responsibility and Its Impact on Brand Loyalty Among Millennial Consumers

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ABSTRACT

Corporate Social Responsibility (CSR) has become essential for businesses aiming to connect with millennial consumers, who value transparency, ethics, and sustainability in brand practices. This study investigates the impact of CSR on brand loyalty within the millennial demographic, focusing on three primary CSR dimensions: environmental responsibility, ethical labor practices, and community involvement. Using a quantitative survey of 100 millennial consumers, this research explores how each CSR aspect influences brand loyalty indicators, such as willingness to repurchase, brand advocacy, and emotional connection. Findings indicate that millennials exhibit the highest loyalty toward brands with strong environmental commitments, followed closely by those upholding ethical labor practices. Community involvement also contributes to loyalty, reinforcing the value of CSR as a multi-faceted approach to brand loyalty. The study underscores the importance of integrating genuine, transparent CSR efforts into corporate strategies to foster long-term loyalty and strengthen brand relationships with millennial consumers.

1. Introduction

Corporate Social Responsibility (CSR) has evolved from a peripheral concept to a fundamental component of corporate strategy, especially as businesses strive to align themselves with evolving consumer expectations. Traditionally, CSR was often seen as a voluntary effort or a public relations tool. However, as consumers become increasingly aware of social, environmental, and ethical issues, CSR has gained prominence as a critical driver of brand value and customer loyalty. This shift is especially evident among millennial consumers, a demographic that places high importance on ethical practices, sustainability, and corporate transparency. Millennials, those born between 1981 and 1996,

now represent a large and influential segment of the consumer population, and their values significantly shape market dynamics. Unlike previous generations, millennials are more willing to support brands that demonstrate a commitment to CSR initiatives, even if it means paying a premium. As a result, companies are compelled to adopt socially responsible practices to not only meet these expectations but also to remain competitive and relevant in a fast-evolving market landscape (Auger, 2018). Millennials, often referred to as the "ethical generation," place immense value on social causes, such as environmental sustainability, fair labor practices, and community engagement. This demographic has grown up in a digital world with unprecedented access to information, leading to heightened awareness and scrutiny of corporate actions. Social media platforms, online reviews, and real-time news coverage have created a new level of accountability for companies, as consumers can easily access and share information about a brand's social and environmental practices. A brand's CSR initiatives—or lack thereof—can influence consumer perceptions, affecting loyalty, trust, and long-term engagement. For millennials, brand loyalty extends beyond product quality and price; it is deeply intertwined with a brand's ethical stance. In fact, studies indicate that 70% of millennials are willing to pay more for brands that demonstrate social responsibility, and over 85% expect companies to prioritize these issues alongside profit-making (Cone Communications, 2019; Kotler & Keller, 2016).

The relationship between CSR and brand loyalty is complex and multidimensional, encompassing various aspects such as environmental responsibility, ethical labor practices, and community engagement. Environmental responsibility, which includes efforts to reduce carbon emissions, minimize waste, and promote sustainable sourcing, is particularly significant for millennials, who are highly concerned about the effects of climate change. Ethical labor practices, including fair wages, safe working conditions, and non-exploitative practices across the supply chain, are also essential to millennial consumers. They tend to favor brands that ensure the welfare of employees and partners, aligning with their values of social justice and equity. Community involvement, such as charitable donations, local partnerships, and volunteer programs, also plays a role in enhancing brand loyalty, as millennials often view brands as active contributors to societal well-being. These aspects of CSR serve not only to improve brand perception but also to foster a deeper emotional connection with consumers (Kim & Lee, 2020).

This study seeks to explore the impact of CSR on brand loyalty among millennial consumers by examining the following research questions:

- I. How does CSR influence brand loyalty among millennial consumers?

- II. Which aspects of CSR—environmental responsibility, ethical labor practices, or community involvement—are most valued by millennials?
- III. How can companies effectively communicate their CSR initiatives to enhance brand loyalty among millennial consumers?

Understanding the answers to these questions is crucial for companies that aim to develop a strong brand loyalty base within this demographic. As millennials continue to wield substantial influence over consumer markets, aligning corporate practices with their values becomes increasingly important. In addition, the findings from this study can guide companies in building authentic, lasting relationships with millennial consumers, ultimately supporting long-term business sustainability. By recognizing CSR as more than a marketing tool and incorporating it as a strategic component of brand identity, companies can differentiate themselves in a crowded marketplace while meeting millennial expectations for transparency, integrity, and responsibility (Sen & Bhattacharya, 2018).

This research contributes to the existing literature on CSR and consumer behavior by focusing on the unique values and preferences of millennial consumers. Unlike previous studies, which often treat CSR as a monolithic concept, this study breaks down CSR into its specific dimensions, allowing for a more nuanced understanding of how each component influences brand loyalty. The findings underscore the need for brands to adopt a holistic approach to CSR, integrating environmental, social, and ethical considerations into their business models. Moreover, as CSR continues to evolve and adapt to societal changes, this study provides timely insights that can help companies navigate the expectations of millennial consumers in a post-pandemic world, where social and environmental issues have taken on renewed urgency (Leonidou et al., 2017).

2. Literature Review

2.1 CSR and Brand Loyalty

Corporate Social Responsibility (CSR) has emerged as a significant driver of brand loyalty, with research showing that socially responsible companies tend to foster higher levels of consumer trust and emotional attachment (Sen & Bhattacharya, 2018). Brands that actively engage in CSR initiatives can cultivate a strong, positive image, which resonates with consumers' ethical beliefs. Studies have shown that consumers are increasingly considering a company's CSR record before making purchase decisions, as CSR is seen as a reflection of corporate values and integrity. This trend indicates that brands with a clear and consistent CSR strategy can build long-term loyalty by aligning with consumer expectations for ethical and responsible practices (Kim & Lee, 2020). CSR initiatives communicate a

commitment to societal welfare, which not only enhances brand perception but also creates a sense of shared values between the brand and its consumers.

Furthermore, CSR initiatives offer a unique avenue for brands to differentiate themselves in a crowded marketplace. In a highly competitive environment, where product features and prices are often similar, CSR can serve as a distinctive aspect that sets a brand apart. By addressing social and environmental issues, companies demonstrate a willingness to prioritize public good over pure profit-making, which consumers increasingly appreciate. This alignment with consumer values can foster brand loyalty, as consumers are more likely to support companies that demonstrate ethical leadership. For instance, companies that engage in CSR initiatives focusing on sustainability, such as using eco-friendly packaging or reducing carbon emissions, appeal to environmentally conscious consumers who prioritize these aspects in their purchasing decisions (Leonidou et al., 2017). Such efforts underscore the brand's commitment to social responsibility, building loyalty that extends beyond traditional brand-consumer interactions. CSR also fosters a deeper, emotional connection between brands and consumers. When consumers perceive that a brand genuinely cares about social causes, it can lead to an emotional bond that strengthens brand loyalty. This emotional connection is particularly important for millennial consumers, who are often motivated by values and beliefs rather than mere brand functionality. For instance, brands that contribute to social causes, support local communities, or promote fair labor practices are often viewed more favorably, fostering an emotional attachment that encourages repeat purchases and brand advocacy. The emotional bond fostered by CSR is especially potent because it taps into consumers' intrinsic motivations, leading to loyalty that is based not just on satisfaction but on shared ethical principles and values (Auger, 2018).

Lastly, CSR can contribute to brand loyalty by reducing customer churn. Companies that invest in CSR create a positive brand image that serves as a buffer against negative perceptions during crises or market downturns. A well-established CSR reputation can enhance customer retention, as loyal consumers are more forgiving of occasional shortcomings. Research suggests that consumers are more willing to overlook minor product issues if the brand is known for its CSR efforts, as the perceived goodwill extends to the company's products and services (Kotler & Keller, 2016). By establishing a strong CSR reputation, brands can build a reservoir of goodwill that enhances loyalty, even in challenging times.

2.2 Millennial Consumers and CSR Expectations

Millennials, often termed the "ethical generation," have unique expectations for CSR, viewing corporate responsibility as essential rather than optional. This generation, shaped by access to digital

information and social media, holds companies to higher ethical standards and expects transparency in corporate practices. Millennials are highly aware of issues like climate change, fair labor practices, and social justice, and these values play a significant role in their purchasing decisions (Cone Communications, 2019). A brand's CSR strategy can significantly impact millennials' loyalty, as they tend to favor brands that align with their ethical beliefs. This generation is known for prioritizing experiences and values over material possessions, meaning that a brand's social responsibility record can carry more weight than traditional brand attributes like price or quality (Kim & Lee, 2020). Millennials are also more likely to research a brand's CSR efforts before making purchases, as they prioritize brands that act in alignment with their own values. With the prevalence of digital platforms, millennials can easily access information about a brand's CSR activities, and they are more likely to support brands that are transparent about their impact. Brands that disclose information about their environmental impact, ethical sourcing, or community involvement are seen as more trustworthy by millennials, who value transparency as part of responsible corporate behavior. This transparency is crucial because millennials are not only inclined to reward positive CSR efforts but are also quick to penalize brands that fall short of these standards, often using social media to express dissatisfaction or to hold companies accountable (Leonidou et al., 2017).

The importance of CSR to millennials is also evident in their preference for brands that practice sustainability. Many millennials are concerned about climate change and prefer companies that adopt environmentally friendly practices. This emphasis on sustainability has led companies to integrate sustainable sourcing, waste reduction, and eco-friendly packaging into their CSR strategies. Millennials perceive these initiatives as a reflection of a brand's commitment to the planet, which enhances brand loyalty. Furthermore, millennials are drawn to brands that actively contribute to their local communities. Community involvement, such as supporting local organizations, contributes to a positive brand image that resonates with millennial consumers. For millennials, a brand's community engagement efforts are indicative of its dedication to social responsibility, adding an emotional layer to their loyalty (Auger, 2018). Millennials also expect brands to go beyond surface-level CSR initiatives; they are critical of companies that engage in "greenwashing" or superficial efforts that do not contribute to meaningful change. They expect brands to demonstrate genuine, long-term commitment to social and environmental issues, not just in marketing messages but in core business practices. Companies that incorporate CSR into their business model, rather than treating it as a marketing tool, are more likely to build lasting loyalty among millennials. Authenticity is key, as millennials are quick to discern whether a brand's CSR efforts are genuine or performative. In summary, millennials' high expectations for CSR reflect a generational shift in consumer behavior,

emphasizing authenticity, transparency, and accountability as foundations of brand loyalty (Sen & Bhattacharya, 2018).

2.3 Dimensions of CSR Impacting Brand Loyalty

CSR encompasses several dimensions that can individually and collectively influence brand loyalty. Among the most impactful are environmental responsibility, ethical labor practices, and community involvement, each of which appeals to specific values within the millennial consumer base. Environmental responsibility, including efforts to reduce waste, carbon emissions, and reliance on non-renewable resources, is especially important to millennials who are highly concerned about the planet's health. Brands that demonstrate leadership in sustainability are perceived as forward-thinking and ethical, aligning with millennials' environmental values and fostering loyalty. For instance, companies that incorporate recyclable materials or implement carbon offset programs are more likely to retain millennial customers who prioritize sustainability in their purchasing decisions (Leonidou et al., 2017). Ethical labor practices are another crucial dimension, as millennials value brands that treat their employees and supply chain workers fairly. This includes fair wages, safe working conditions, and non-discriminatory practices, which millennials perceive as basic ethical standards for modern corporations. Brands known for ethical labor practices build a strong foundation of trust with millennial consumers, who often see these practices as a reflection of a brand's integrity. Research suggests that millennials are more loyal to brands that actively support worker rights and engage in transparent labor practices, making ethical labor a significant driver of brand loyalty. Moreover, millennials are likely to advocate for brands that exemplify fair labor practices, further strengthening the brand's reputation and consumer loyalty (Auger, 2018).

Community involvement is the third dimension of CSR that influences brand loyalty, as millennials value brands that actively contribute to societal well-being. This can range from charitable donations to volunteer programs and partnerships with local organizations. Millennials are drawn to brands that they perceive as making a positive impact in communities, whether through financial contributions or direct involvement in social initiatives. Community involvement humanizes brands, enabling millennials to feel a sense of shared purpose with the companies they support. This connection fosters an emotional attachment that contributes to brand loyalty, as millennials are more likely to support brands that visibly care about societal welfare beyond profit-making motives (Cone Communications, 2019).

Finally, the combined effect of these CSR dimensions creates a robust foundation for brand loyalty. When companies integrate environmental, ethical, and community-focused CSR initiatives into their

core strategies, they appeal to a broad spectrum of millennial values, creating a multi-faceted approach to brand loyalty. Brands that excel across multiple dimensions of CSR are not only seen as ethical leaders but also as holistic brands that genuinely care about societal impact. This holistic approach to CSR aligns with millennials' values-driven consumerism, reinforcing brand loyalty through a blend of ethical and emotional appeal. Ultimately, CSR's multi-dimensional impact on brand loyalty highlights the importance of a comprehensive, authentic approach to social responsibility in securing millennial loyalty in a competitive marketplace (Kim & Lee, 2020).

3. Methodology

This study employs a quantitative approach through structured surveys to examine the impact of Corporate Social Responsibility (CSR) on brand loyalty among millennial consumers. The survey design, sample selection, and data analysis methods are detailed below.

3.1 Survey Design

A structured questionnaire was developed to gather quantitative data on millennial consumers' perceptions of CSR and its influence on their brand loyalty. The survey consisted of closed-ended questions, allowing for standardized responses that enable quantitative analysis. Questions focused on three key dimensions of CSR: environmental responsibility, ethical labor practices, and community involvement. Each section included Likert-scale questions (ranging from 1 = Strongly Disagree to 5 = Strongly Agree) to assess respondents' views on the importance of CSR initiatives, their perception of brands' CSR efforts, and the influence of these factors on their loyalty toward brands.

Key sections in the survey included:

1. **Demographic Information:** Basic demographic data, including age, gender, and employment status.
2. **CSR Perceptions:** Questions assessing the respondent's level of importance placed on CSR practices, such as sustainable sourcing, fair wages, and local community support.
3. **Brand Loyalty Indicators:** Items measuring loyalty indicators, including willingness to repurchase, advocacy (recommendation to others), and emotional attachment to brands with high CSR involvement.

3.2 Sample Selection

The study targeted millennial consumers aged 25-40, given their demonstrated interest in CSR and ethical consumerism. A sample size of 100 participants was selected to provide insights into trends within this demographic. Participants were recruited through online platforms, including social media and consumer survey panels, to ensure a diverse sample representative of the broader millennial population.

3.3 Data Collection

The survey was distributed online to ensure accessibility and ease of completion for participants. Respondents completed the questionnaire anonymously to encourage honest and unbiased answers. Data collection was conducted over a period of two weeks, with 100 completed surveys received, ensuring a 100% response rate from the targeted sample size.

3.4 Data Analysis

The data collected from the surveys were analyzed using descriptive and inferential statistics. Descriptive statistics, such as mean scores and standard deviations, were calculated to summarize the general attitudes of millennials toward CSR and its impact on brand loyalty. To further analyze the relationship between CSR dimensions and brand loyalty indicators, correlation analysis was conducted to assess the strength and direction of the association between variables. The results provide quantitative insights into which CSR factors (environmental responsibility, ethical labor practices, or community involvement) are most influential on brand loyalty among millennials. This approach allows for the identification of trends and preferences, offering a clear view of the CSR practices that resonate most with millennial consumers.

4. Results and Discussion

The results from the survey provide insights into the relationship between Corporate Social Responsibility (CSR) and brand loyalty among millennial consumers. This section presents and discusses the findings, focusing on how different dimensions of CSR—environmental responsibility, ethical labor practices, and community involvement—affect brand loyalty indicators, including willingness to repurchase, brand advocacy, and emotional connection with brands.

4.1 Quantitative Findings

Table-01 Quantitative Findings

CSR Dimension	Mean Score (Out of 5)	Influence on Brand Loyalty (%)
Environmental Responsibility	4.3	83%
Ethical Labor Practices	4.1	78%
Community Involvement	3.8	72%

The quantitative results reveal that environmental responsibility has the strongest impact on brand loyalty among millennials, with an average score of 4.3 out of 5. A significant 83% of respondents indicated that they are more likely to remain loyal to brands that demonstrate a commitment to environmental sustainability, such as reducing carbon emissions, minimizing plastic waste, and adopting recyclable packaging. Ethical labor practices followed closely, with a mean score of 4.1, influencing 78% of respondents' loyalty decisions. This dimension is highly valued by millennials, who appreciate brands that promote fair wages, safe working conditions, and equitable treatment of employees. Community involvement, although rated slightly lower, still scored a respectable 3.8, with 72% of respondents favoring brands that engage in charitable activities, partnerships, or volunteer programs supporting local communities.

4.2 Discussion of Findings

4.2.1 Environmental Responsibility as a Loyalty Driver

The high score for environmental responsibility underscores millennials' concerns about sustainability and environmental impact. Millennials, more than any previous generation, have been exposed to environmental issues such as climate change, pollution, and resource depletion, which has shaped their values and purchasing behaviors. The results suggest that brands that actively promote environmental initiatives and communicate these efforts effectively can build stronger loyalty among millennials. This aligns with previous studies indicating that millennials prefer brands that are transparent about their environmental impact and are committed to sustainability (Luo & Bhattacharya, 2006).

The findings also highlight the importance of authenticity in environmental claims. Millennials are highly sensitive to "greenwashing," where brands exaggerate or falsify environmental benefits for marketing purposes. Brands that incorporate sustainability authentically into their core business model rather than as a peripheral activity are more likely to establish trust and, consequently, loyalty. Companies should ensure that environmental initiatives are verifiable, consistent, and integrated into their brand identity, as millennials are quick to identify and respond negatively to insincere efforts.

4.2.2 Ethical Labor Practices and Consumer Trust

Ethical labor practices emerged as the second most influential CSR dimension, with a high score reflecting millennials' concerns about fair treatment of employees and ethical sourcing. This dimension of CSR resonates with millennials' values of social justice and equality, and brands known for supporting fair wages, worker safety, and equitable treatment in the supply chain are likely to gain their loyalty. Ethical labor practices are viewed as a reflection of a brand's integrity, as millennials perceive companies that respect workers' rights as more trustworthy and principled.

This finding suggests that brands seeking to build long-term loyalty among millennials should prioritize ethical labor standards, not only within their operations but throughout their supply chains. Transparency about labor practices and certifications (e.g., Fair Trade, B-Corp) can further strengthen consumer trust, as millennials tend to value verified ethical standards. For brands aiming to target millennial consumers, publicly disclosing labor practices and establishing strong, ethical sourcing policies can be an effective strategy to enhance loyalty.

4.2.3 Community Involvement and Emotional Connection

Community involvement was also an influential factor, though slightly lower in impact than environmental and labor-related CSR initiatives. The results show that community support programs resonate positively with millennials, who appreciate brands that invest in local or global communities. Millennials tend to view brands with community engagement as having a deeper purpose beyond profit, which fosters an emotional connection that enhances loyalty. Community involvement initiatives such as donations to charities, disaster relief efforts, and partnerships with non-profit organizations strengthen a brand's social image, making it relatable and inspiring to millennial consumers.

The slightly lower score for community involvement may reflect a millennial preference for brands that address broader, more globally impactful issues such as environmental sustainability and fair labor practices. However, community involvement remains significant for establishing a sense of shared values between the brand and the consumer. Companies can leverage community engagement as an opportunity to personalize their CSR approach, aligning with local needs and cultural values. By aligning community programs with millennial causes, brands can create an emotional attachment that encourages both loyalty and advocacy.

4.2.4 Combined Impact of CSR Dimensions

The results indicate that while each CSR dimension individually contributes to brand loyalty, the combined effect of all three—environmental responsibility, ethical labor practices, and community involvement—produces the strongest loyalty outcomes. Millennials prefer brands that address social, environmental, and ethical issues in an integrated way, perceiving them as holistic and trustworthy. A comprehensive CSR strategy that encompasses all these aspects can differentiate brands in the competitive landscape, creating a strong value proposition that appeals to millennial values. Brands that excel across multiple CSR dimensions are likely to foster deeper, long-term loyalty, as they align with the diverse set of values that millennials hold.

5. Conclusion

This study highlights the critical role of Corporate Social Responsibility (CSR) in fostering brand loyalty among millennial consumers. The findings reveal that millennials, as an ethically driven demographic, place considerable value on CSR dimensions such as environmental responsibility, ethical labor practices, and community involvement. Environmental responsibility emerged as the most influential factor, with millennials showing strong loyalty toward brands committed to sustainable practices. Ethical labor practices also play a pivotal role, as millennials are highly sensitive to fair treatment and equity within a brand's operations and supply chain. Community involvement, though slightly less impactful, remains significant, contributing to the emotional connection millennials feel toward socially engaged brands.

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