

PREREQUISITES FOR EVALUATING THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY EXPRESSION ON CONSUMERS

Dalia Susnienė^a, Gediminas Sargūnas^a, Lütfi Atay^b

^a Panevėžio kolegija/Panevėžys University of Applied Sciences, Lithuania

^b Çanakkale Onsekiz Mart University, Turkey

Abstract. Consumer behavior is increasingly based not only on the price index, but also on knowledge about the responsibility of the company's activities. In order to become competitive in the market, it is not enough to just declare the components of your business as a socially responsible ones, but it is important to focus social responsibility initiatives according to the meaning given by consumers and thus form their loyalty to the company.

With this research, we aim to create a framework that would allow us to create prerequisites to assess the importance of corporate social responsibility from the point of view of consumers. As a result, it is important to review the concept of corporate social responsibility, to identify the significance of corporate social responsibility initiatives for consumers, and to analyze consumer behavior and its determinants in the context of social responsibility.

Keywords: consumers, corporate social responsibility, triple bottom-line, environment, stakeholders

INTRODUCTION

In the rapidly changing global world, which is caused by changes in various technologies, innovations, trends in economic development, and the accelerating development of the knowledge-based economy, business faces not only various opportunities, but also challenges. In order to remain competitive in such a dynamic environment, it is important for businesses to develop a long-term competitive advantage. Society's attitude and values towards the quality of work and life are changing, and at the same time, the value orientations of suppliers and consumers are also changing. In the developed and advanced countries of the world, consumers and the whole society are described as the main factors that cause business companies to implement social responsibility initiatives in their activities. Consumer behavior is increasingly based not only on the price index, but also on knowledge about the responsibility of the company's activities. In order to become competitive in the market, it is not enough to just declare the components of your business as a socially responsible ones, but it is important to focus social responsibility initiatives according to the meaning given by consumers and thus form their loyalty to the company.

In today's market, a competitive business must be interested in contributing to the solution of environmental and social problems, because to a certain extent, business also contributes to the emergence of these problems. As social responsibility initiatives become more and more popular in companies, it is significant to identify what importance consumers attach to corporate social responsibility, which aspects of social responsibility consumers are the most important and get most attention.

Corporate social responsibility has been studied globally for several decades: Freeman and Reed (1983), Carroll (1991), Bronn, Vrioni (2001), Choi, La (2013), Oberseder, Schlegelmilch, Murphy (2013) and others. It is noticeable that many authors in their works concentrate on the conceptualization of CSR, the possible means to promote it, CSR as a sustainable development, evaluation of the development of theories. Currently, the importance of the CSR concept in the activities organized by companies, both at the state level and in the business environment, is being increasingly discussed and emphasized. First, the interface between business representatives and consumers' attitude towards social responsibility. Second, the appropriate broadcasting of the components of the company's socially responsible business and the justification of their activities that respond to the perception of CSR by one of the company's main stakeholders - consumers - and the importance attached to it, thus contributing to the formation of loyalty to the company.

With this research, we aim to create a framework that would allow us to create prerequisites to assess the importance of corporate social responsibility from the point of view of consumers. As a result, it is important to review the concept of corporate social responsibility, to identify the significance of corporate social responsibility initiatives for consumers, and to analyze consumer behavior and its determinants in the context of social responsibility.

ISSUES AND CONTEXT OF CSR IMPLEMENTATION

Considering the global trends in the field of business, the implementation of CSR is becoming more and more significant, more and more attention is paid to it, bearing in mind that CSR is one of the main elements of a sustainable economy. When declaring their activities, companies are increasingly declaring their activities as socially responsible, environmentally friendly and conserving it, responding to the needs of the community and society and taking into account their interests. Business companies in Lithuania, with the exception of companies with foreign capital, although they declare their activities as CSR initiatives, they are usually episodic philanthropy or more declarative initiatives. This situation is influenced by such factors as the opinion that the implementation of CSR gives too little financial return, the lack of information about the opportunities provided by CSR, and the limited financial resources of companies, especially small and medium ones (Žak; 2015; Willard, 2012).

In general, one of the problematic areas of CSR implementation is the multiplicity of the concept of social responsibility itself. Both in the academic community and in the business environment, this concept is understood differently. Consumers, government representatives also interpret it based on their experience, given meaning and attitude. Among them, there are many areas of implementation and manifestation of CSR, and its evaluation is based on the subjective evaluation factor.

THEORETICAL AND PRACTICAL ASPECTS OF CSR IMPLEMENTATION

When implementing CSR, it is first of all important to understand the very concept of CSR, the level and areas of its manifestation. Analysis and detailing of CSR models is a suitable tool for planning and implementing CSR initiatives. Therefore, CSR models, principles of implementation and determining factors will be reviewed.

Although there are many theories defining and explaining CSR in the scientific literature, many researchers recognize that the main and fundamental model explaining CSR, which includes four areas: economic, legal, ethical and philanthropic. These areas are interconnected by a hierarchical relationship, which is shown in Fig. 2. In this model, the basis of CSR is precisely the economic responsibility of the company, but at the same time it is the lowest level of social responsibility in terms of the hierarchy. Legal and ethical social responsibility are intermediate levels, and the highest level of social responsibility is philanthropic responsibility, which is depicted at the top of the pyramid.



Figure 1. Carroll's pyramid of CSR (1991; 1999)

The directions of the business entity's activities are also manifested in different areas of social responsibility (Carroll, 1991; 1999) (Table 1):

CSR areas and main activities

CSR AREAS	CSR MAIN ACTIVITIES
Economic Responsibilities	<ul style="list-style-type: none"> ▪ Maximizing profit; ▪ To strive for the stability of the company's profitability and profitability stability; ▪ Maintaining and strengthening the position in competition; ▪ High operational efficiency.
Legal Responsibilities	<ul style="list-style-type: none"> ▪ Compliance with laws and meeting government expectations; ▪ Regulation of activities according to rules; ▪ Fulfillment of legal obligations; ▪ Compliance of product or service specifications with regulatory rules.
Ethic Responsibilities	<ul style="list-style-type: none"> ▪ Recognition of new and changed ethical and moral attitudes of society; ▪ Performance of activities in response to the expectations of society and community; ▪ Recognition of voluntary ethical and integrated business process activities.
Philanthropic Responsibilities	<ul style="list-style-type: none"> ▪ Voluntary investment of company resources in the quality of society and community life; ▪ Cooperation; ▪ Encouraging employee volunteering and involvement in charitable activities; ▪ Supporting culture; ▪ Attention is paid to the expectations of society and the community.

This model makes it possible to systematize the concept of corporate social responsibility, identifying the main levels of CSR and their interrelationship, as well as presenting the main directions of activity.

Elkington (1998) presented another model of CSR – triple bottom line model (fig. 2).

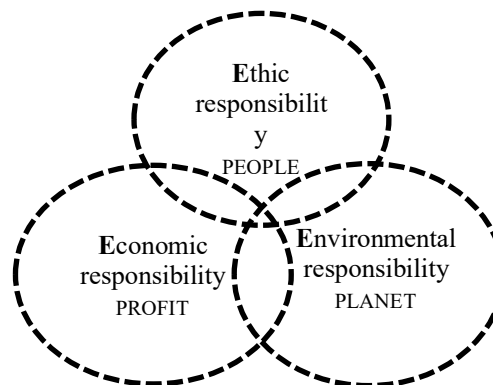


Figure 2. Elkington (1998) CSR model

In this model, CSR is understood as a three-dimensional minimum of activity, which consists of three elements: ethical responsibility (People), economic responsibility (Profit) and environmental responsibility (Planet).

Elkington (1998) components of the three-bottom line operating minimum of corporate social responsibility (see Table 2).

The three-bottom line from CSR perspective

CSR DIMENSIONS	COMPONENTS
Ethic responsibility	<ul style="list-style-type: none"> ▪ Ensuring occupational safety and employee well-being; ▪ Improving and motivating employees' competencies; ▪ Promoting involvement in the decision-making process; ▪ And maintaining relationships with stakeholders; ▪ Consumer information; ▪ Cooperation; ▪ Meeting the needs of society.
Economic responsibility	<ul style="list-style-type: none"> ▪ Profitability of the company; ▪ Maintaining a competitive position;

	<ul style="list-style-type: none"> ▪ Efficient management; ▪ Non-shifting of operational costs towards stakeholders; ▪ Efficient use of energy and resources; ▪ Reliable supply; ▪ Financial risk management.
Environmental responsibility	<ul style="list-style-type: none"> ▪ Justification of business activities in compliance with laws and regulations governing environmental protection; ▪ Identification of the impact of the company's activities; ▪ Ecological risk identification and management, pollution reduction; ▪ Continuous monitoring of nature-saving indicators and improvement of activities and processes; ▪ Implementation of innovations and necessary changes.

These three components are interrelated and unambiguous, so their improvement and implementation should take place in parallel and equally. The implementation of social responsibility in these areas forms the prerequisites for realizing the concept of sustainable development.

A MODEL FOR THE STUDY OF THE IMPACT OF CSR ACTIVITIES ON CONSUMERS

The integration of social responsibility into the company's activities has a positive effect on the relationship between the company and one of its main stakeholders - consumers. In order to remain competitive and ensure the stable efficiency of our activities, it is appropriate to delve deeper, identify and respond to consumer expectations, identify the meanings given to their social responsibility and the influence exerted.

Analyzing the scientific literature, it can be seen that although consumers are aware of CSR and are interested in it, the knowledge and attitude towards CSR when choosing goods or services is not the main factor determining the decision to buy (Bray et al., 2011; Kozar, Connell, 2013; Adamavičiūtė, 2013). In a consumption-promoting socio-environment, the main factor determining the choice of a product or service is price and quality.

Also, often, when making a decision to purchase a product, consumers rely on their experience and choose proven and well-known brands. CSR can be used by business companies as an effective tool for creating a brand that consumers can recognize and for strengthening brand awareness. It is worth noting that CSR can help meet the expectations and needs of consumers who like to express themselves through consumption culture (Golob, Lah, Jančič, 2008). According to Fatma et al., associations arising from CSR activities form the basis and strengthen the consumer's positive attitude, loyalty to the company and its brand, due to the fact that these activities reflect the company's behavior with the consumer, its image (Fatma et al., 2016).

It can be said that when companies and consumers interact with each other, value is created for both the company and the consumer (Hosta & Zabkar, 2021; Vaitkienė, Pilibaitytė, 2008). The value creation process is reciprocal, sequential and cyclical. In this process, the company tries to create value for consumers by making various business process decisions, the adoption of which requires identifying the perceived value of those decisions by consumers. In order for the decisions made to be optimal and effective, it is necessary to create greater value for consumers. This leads to the need to determine the value t. i.e. find out how consumers perceive value, create value t. i.e. offer a product or service that meets consumer expectations, communicate value, i.e. i.e. highlight the competitive advantages of the received value, and evaluate the value t. i.e. identify consumer satisfaction. Therefore, SA initiatives of companies and their expression become important in this process of value determination, creation, communication and evaluation.

T. Green and J. Pelozo (2011) identified that consumers consider three main factors when evaluating the value of CSR activities:

- Emotional value (can be defined as the satisfaction received);
- Social value (is related to accepted social norms);
- Functional value (related to directly received benefits from the purchased product).

One of the SA activities that influence the consumer's purchase decision is the production of organic goods. It is one of the most popular and best developed social responsibility activities. Consumers, especially supporters of socially responsible consumption, usually choose such products not only because of quality, but also because of the low negative impact on nature, the consumer himself, and the welfare of society.

In order to influence the consumer's decision to purchase a product, the company should invest in innovation so that the manufactured product is of high quality, requires fewer resources to produce, and is also energy-saving, reusable or recyclable.

Another CSR activity that consumers attach importance to is "green procurement", which is understood as a company's efforts to acquire the necessary resources only from companies that implement CSR. In general, this business chain - from supply to sale - involves companies that base their activities on corporate social responsibility.

It is significant that the values created by CSR activities for consumers interact with each other, creating a dual effect that can be both positive and negative, and influence other sources of value creation (associations with lower product quality, inadequate value for money, negative image, etc.). This effect may occur because consumers are also involved in value creation (Green, 2011; Troye, 2012; Ramasamy et al., 2020). It is only through the interaction of the various priority areas that manifest themselves in the end-use process that value for the consumer is obtained (Kelleher, 2011; Fatma et al., 2016; Currás-Pérez, et al., 2018).

In order to identify and evaluate what importance consumers attach to corporate social responsibility, it is important to select appropriate evaluation criteria and methods to achieve the goal. In this study, after summarizing the above-mentioned contributions of researchers, a model is created, with the help of which the impact of CSR expression on consumers is analyzed (Fig. 3).

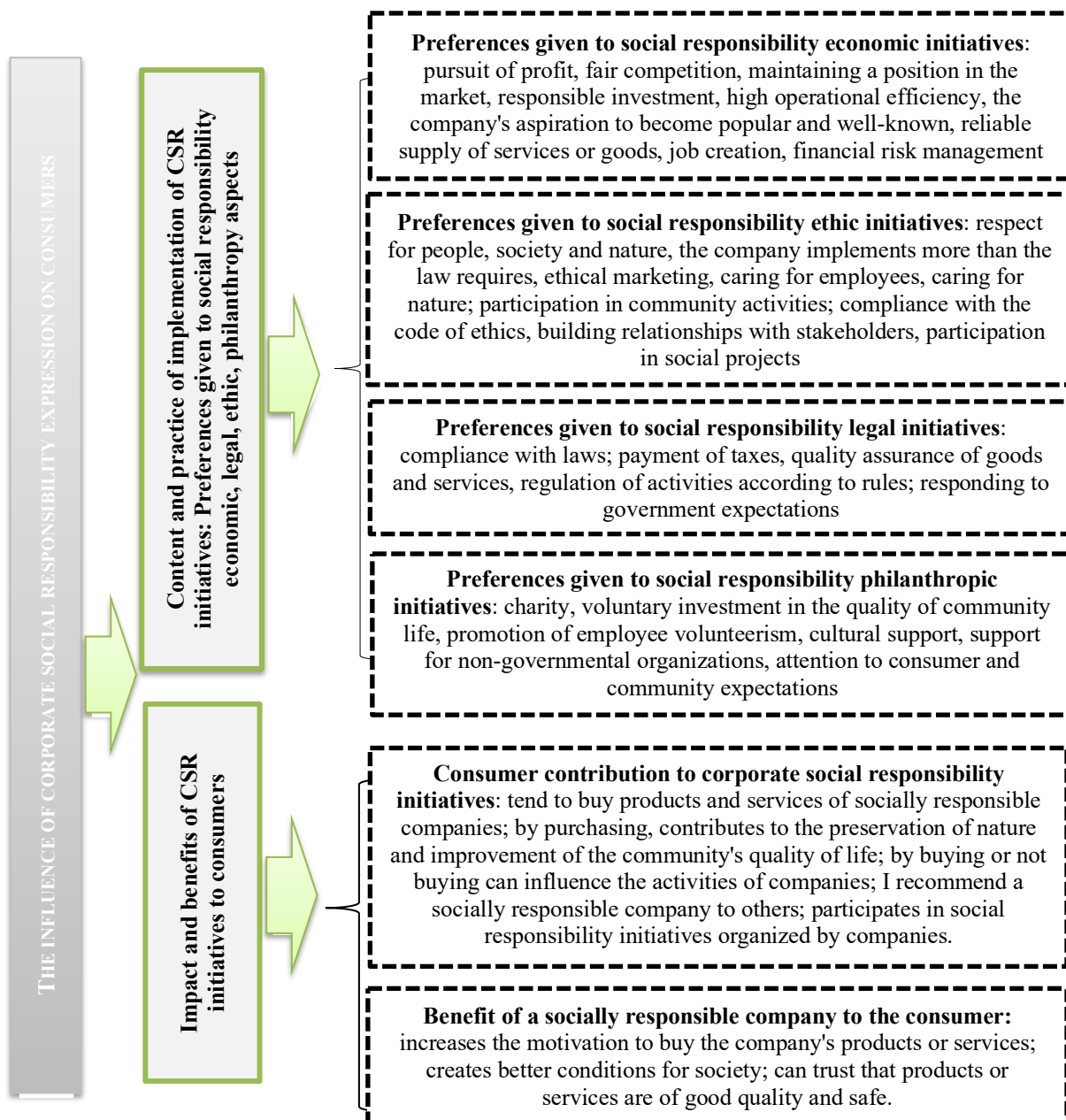


Figure 3. Framework for investigation CSR from the consumers perspective

The first diagnostic block is consumers' perception of CSR. This part of the block aims to find out whether the respondent knows what CSR is and how he could describe it, i.e. i.e. which aspects of the CSR concept the respondent considers to be the most important and significant.

The second diagnostic block is the definition of CSR and the evaluation of the implementation of initiatives from the point of view of consumers. This block aims to reveal which corporate social responsibility initiatives the respondent considers to be the most important, their evaluation, disclosure of the attitude towards CSR, and his importance as a consumer to CSR initiatives.

CONCLUSIONS

When a business company operates in a modern dynamic environment, it is particularly important to consider the importance of CSR to its stakeholders when organizing its activities. By discovering the essential priorities of consumers and responding to them, there is an opportunity to consolidate social responsibility initiatives in the company's activities, which contribute to the formation of consumer loyalty and create prerequisites for gaining a competitive advantage. Appropriate response in this area consists of the awareness of consumer preferences in the company's social responsibility, the quality of implementation of social responsibility initiatives, development and more effective management of stakeholders. The changing business environment, in which the need to achieve sustainability, faster economic growth and the stability and expansion of market share, means that companies must look for ways to remain competitive not only at the national level, but also at the international level.

Changing society also poses challenges, and one of the biggest influences is changing consumer needs and consumption behavior, increasing awareness and requirements for business companies and organizations. Companies are under increasing pressure to integrate social responsibility initiatives into their activities. Such a need arises from the consumer's attitude that a business company, while performing its activities and receiving benefits, is responsible for its actions and impact on the environment - community, society, nature. CSR actions are always a two-way street:

- companies implement social responsibility initiatives in their activities, the expression of which is observed in all areas of social responsibility - workplace, environment, market and society;
- consumer choice is often influenced by the assessment of corporate social responsibility, which reflects the added value the consumer received in the emotional, social and functional area;
- consumer activity and involvement in social responsibility initiatives implemented by companies, their assessment provides opportunities for companies to identify consumer needs and accurately respond to them.

REFERENCES

- Currás-Pérez, R., Dolz-Dolz, C., Miquel-Romero, M. J., & Sánchez-García, I. (2018). How social, environmental, and economic CSR affects consumer-perceived value: Does perceived consumer effectiveness make a difference? *Corporate Social Responsibility and Environmental Management*, 25(5), 733-747.
- Ramasamy, S., Dara Singh, K. S., Amran, A., & Nejati, M. (2020). Linking human values to consumer CSR perception: The moderating role of consumer scepticism. *Corporate Social Responsibility and Environmental Management*, 27(4), 1958-1971.
- Bray, J., Johns, N., Kilburn, D. (2011). An exploratory study into the factors impeding ethical consumption. *Journal of business ethics*, 98(4), 597-608.
- Bronn, P.S., Vrioni, A.B. (2001). Corporate Social Responsibility and Cause-Related Marketing: An Overview. *International Journal of Advertising*, 20, 207-222.
- Carroll, A. B. (1991). The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*, 34(4), 39-48.
- Carroll, A. B. (1999). Corporate social responsibility: evolution of a definitional construct. *Business & Society*, 38(3), 268-295.
- Choi, B., La, S. (2013). The impact of corporate social responsibility (CSR) and customer trust on the restoration of loyalty after service failure and recovery. *Journal of Services Marketing*, 27(3), 223-233.
- Elkington, J. (1998). Partnerships from cannibals with forks: The triple bottom line of 21st-century business. *Environmental quality management*, 8(1), 37-51.
- Fatma, M., Khan, I., Rahman, Z. (2016). How does corporate association influence consumer brand loyalty? Mediating role of brand identification. *Journal of Product & Brand Management*, 25(7).

- Freeman, E. R., Reed, E. R. (1983). Stockholders and stakeholders: A new perspective on corporate governance. *California Management Review*, 25, 88-106.
- Green, T., Peloza, J. (2011). How does corporate social responsibility create value for consumers. *Journal of consumer marketing*. 28 (1), 48–56.
- Hosta, M., & Zabkar, V. (2021). Antecedents of environmentally and socially responsible sustainable consumer behavior. *Journal of Business Ethics*, 171(2), 273-293.
- Kelleher, C., Peppard, J. (2011). Consumer experience of value creation: a phenomenological perspective. *European advances in consumer research*. 9, 325–332.
- Kozar, J.M., Connell, K.Y.H. (2013). Socially and environmentally responsible apparel consumption: knowledge, attitudes and behaviors. *Social responsibility journal*, 9(2), 315–324.
- Oberseder, M., Schlegelmilch, B., Murphy, P. (2013). The role of corporate social responsibility in strengthening multiple stakeholder relationships: a field experiment. *Journal of Business Research* 66(10), 1839-1851.
- Troye, S. V., Supphellen, M. (2012). Consumer participation in coproduction: „I made it myself“ effects on consumer‘ sensory perceptions and evaluations of outcome and input product. *Journal of Marketing*. 76 (2), 33–46.
- Vaitkienė, R., Pilibaitytė, V. (2009). Vertės vartotojui kūrimo ir santykių su vartotojais vystymo procesų integravimo galimybių tyrimas. *Organizacijų vadyba: sisteminiai tyrimai*. 50, 1392–1142.
- Willard, B. (2012). *The new sustainability advantage: seven business case benefits of a triple bottom line*. New Society Publishers.
- Žak, A. (2015). Triple bottom line concept in theory and practice. *Social Responsibility of Organizations Directions of Changes*, 387, 251-264.