



**Exploring Perceptions of Customer Value: The Role of Corporate Social Responsibility Initiatives in the European Telecommunications Industry**

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## Exploring Perceptions of Customer Value: The Role of Abstract Corporate Social Responsibility Initiatives in the European Telecommunications Industry

**Purpose** - This paper develops a framework that describes and explains how corporate social responsibility (CSR) initiatives are perceived by customers and links customer perception to the notion of customer value perception. In order to explore customer value conception firstly, the perception of CSR initiatives is investigated; secondly, indications for the value enhancing effects of CSR initiatives are studied, and finally, the varying effects which different value categories can have on customer attitudes and behaviour are extracted.

**Design/methodology/approach** - The data consists of twelve semi-structured interviews with customers of European telecommunication companies.

**Findings** - The results suggest that CSR initiatives, when communicated efficiently and considered as relevant by customers, will in the main enhance two customer value categories: (1) the extrinsic self-oriented value defined as efficiency and excellence and (2) the intrinsic other-oriented value pertaining to ethics or spirituality. Enhancement of extrinsic self-oriented value imbeds the potential of CSR initiatives to affect customers' purchase behaviour and thus strengthen ethical consumerism within the telecommunications industry.

**Research limitations/implications** - The main implication for research is a better understanding of the relationship between customer perception and customer value perception in the field of ethical consumerism. Focusing on one industry for the study can be named as a limitation.

**Practical implications** - As indicated by the research results by customers prioritised CSR initiative can affect the customer value perception, mainly the extrinsic/self-oriented value. If the company is aiming to change customer behaviour and to strengthen ethical consumerism, it is important that the customer experience of CSR initiatives improve excellence (quality) and/or efficiency of the product/service.

**Originality/value** - This paper fulfils an identified need of research on how CSR initiatives can influence consumer behaviour.

**Keywords:** Ethical consumerism, Customer value perception, Corporate social responsibility, Customer perception, Prioritisation of CSR initiatives

**Article Type:** research paper

## Introduction

Ethical consumerism has become an important topic in both the popular press and academic literature. High visibility issues such as the use of child labour in developing countries or the global environmental impact of production and consumption appear increasingly to affect the purchasing decisions of consumers around the world. The question of how CSR affects the perceptions of customers and other stakeholders and how it influences a company's reputation, corporate identity, image, and organisational success has become one of the key topics at the intersection of sustainability and marketing research (Bhattacharya *et al.*, 2009; Sen *et al.*, 2006; Smith, 2003). Thus, CSR has become an important element in the business strategy of a growing number of companies worldwide as well as an increasingly important construct in academia (Runhaar and Lafferty, 2009). And this trend continues to grow within the multinational sector - between 2010 and 2013 the total CSR contribution of the world's largest companies increased by 15% to 17.55 billion dollars. The majority of the reporting companies (64%) increased their total giving within this period (CECP, 2014).

Following the results of the Accenture CEO Study on sustainability in 2010 and 2013, the surveyed CEOs showed growing awareness and commitment to sustainability. However, those surveyed were increasingly frustrated about their own inability to measure, track and communicate the bottom-line business benefits of sustainability and the mixed signals from consumers, demanding that companies do more to promote sustainability but unwilling to reward them at the till (Accenture, 2013).

The majority of academic research relating to CSR focuses on decision making processes within companies, whereas very little research has been carried out on how the public perceives different CSR initiatives, leaving the consumer side still in need of further in-depth exploration (Mohr *et al.*, 2001; Newholm and Shaw, 2007; Sen and Bhattacharya, 2001). Consumer studies mainly focus on the company's CSR conduct and the customer response. Findings by Deng (2012) suggest that in general only 44% of consumers will generate a positive response to an enterprise's ethical behaviour and only 12% will really show an ethical purchasing behaviour. Limited research has also been undertaken to examine what creates customer CSR perception and how such perception is translated into customer behavioural changes, that is, purchase behaviour. To shed light on customer perception of CSR initiatives, studies conducted by Du *et al.* (2007) examine customer awareness and attribution as drivers for customer perceptions of CSR initiatives. Lee *et al.* (2012) researched the perceived fit between consumers' lifestyle, values, and CSR initiatives offered by the companies as an important variable in consumer perception of CSR activities with an effect on consumer-company (C-C) identification and loyalty. However, these studies do not explain how or whether favourable CSR initiatives can create customer value as a precondition for change in consumer ethical behaviour.

Kotler (1991) expresses a clear view on value. For Kotler, marketing is a social and managerial process based on transaction exchanges involving two agents in which each agent gives up something of value for something of greater value. Two implications follow: firstly, marketing activities are generally socially justified, because customers are generally better off after the exchange than before. Secondly, marketing exchanges depend on customer value as a fundamental basis. Thus far, research shows that customer value created by CSR initiatives is implicitly assumed, but not explicitly measured and therefore it is not clear whether CSR initiatives generate value at all and if so, what kind of value (Peloza and Shang, 2011). There is a gap in the academic literature regarding customer value perception that is generated by different CSR initiatives (Peloza and Shang, 2011).

In the face of growing worldwide interest in CSR, the theoretical contribution of this study sets out to explore customer value perception by increasing the understanding of customer perception of CSR initiatives and its effect on customers' attitude and behaviour. If a mediation factor linking customer perception to customer value perception can be extracted, only then can CSR initiatives be utilised to influence customer behaviour and therewith improve the business.

Therefore, in order to address the literature gap and to support future theory building for ethical consumerism, the key objective of this research is to explore whether selected CSR initiatives can be used to link customer perception and customer value perception.

## Theoretical background

### *CSR Concepts*

There are numerous CSR concepts within the current literature, but a general definition of frameworks, measurements and empirical methods is still missing (McWilliams, 2006).

Following the empirical work on CSR during the past 50 years, the main elements included are: the environment, human rights, treatment of people/employees, the community/society as well as the economic perspective. Figure 1 provides CSR definitions from the literature that ranges from purely economic (i.e., CSR as maximizing returns to shareholders (Friedman, 1970; Zenisek, 1979) to an understanding of CSR as a social obligation (e.g. Carroll's model 1979, 1991), and the more recent societal view of CSR adopted by Brown and Dacin (1997, p.68) defining the company's "status and activities with respect to [i.e., responsiveness to] its perceived societal obligations"(Sen and Bhattacharya, 2001).

Description	Responsibilities	Author/source
The social responsibility of a company should be purely economic striving for maximum for its shareholders while acting within the law	Economic	Friedman 1970; Zenisek 1979
Integrated approach of defining CSR as including four types of corporate responsibilities: economic, legal, ethical and philanthropic	Economic Legal Philanthropic Ethical	Carroll 1979, 1991
The company has obligations to its stakeholders. Stakeholder is an individual or group which benefits from or is harmed by and whose rights are violated or respected by corporate actions.	Stakeholder focus Social	Freeman 1984; Evan and Freeman 1993, Campbell 2007
The social responsibility of a company should be to take action in order to "protect and improve both the welfare of the society as a whole and the interest of the organisation"	Societal perspective	Brown and Dacin 1997; Sen and Bhattacharya 2001

**Figure 1: CSR conceptualisation (adapted from Brunk, 2010)**

Davis and Blomstrom (1975) view CSR as "the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organisations" (p.5). In 2011 the EU Commission changed its definition of CSR to a definition in line with internationally recognised CSR principles and guidelines. The EU defines CSR as the responsibility of enterprises for their impact on society and outlines what an enterprise should do to meet that responsibility. The EU Commission requires companies to have a process in place to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy. This is working in close cooperation with their stakeholders to maximise the creation of shared value and identify, to prevent and mitigate possible adverse impacts which enterprises may have on society (EU, 2011).

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3 CSR theories based on Freeman's (1984) stakeholder theory were put forward to facilitate a  
4 more effective CSR management focused view on those who are affected by the company  
5 directly or indirectly (e.g. Wood, 1991). Today stakeholder management is viewed as a moral  
6 duty of the organisation towards its stakeholders (Greenwood 2007, p. 321; Greenwood and  
7 van Buren, 2010), not only focussing on profit orientation. Accordingly, the social nature of  
8 value creation is more explicitly acknowledged as it advocates focusing management  
9 attention on 'the best that can be created together rather than avoiding the worst' (Freeman *et*  
10 *al.* 2007, p. 313). Based on numerous reported scandals involving well-known companies  
11 including banks, telecom operators, energy companies and the increasing media attention of  
12 the firm's responsibility, managers are forced to manage their companies' obligations  
13 towards the different stakeholders (O'Riordan and Fairbrass, 2014) in new ways (Ferrell *et*  
14 *al.*, 2010).  
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18 An important stakeholder group for CSR involvement is the consumer group. Consumers are  
19 predicted to choose products which are offered by companies associated with positive CSR  
20 initiatives (Irwin, 1999). But based on media attention of CSR, consumers tend to be more  
21 sceptical about CSR involvement and question companies' contribution to the social well-  
22 being (Forehand and Grier, 2003; Vanhamme and Grobben, 2009). In relation to customer  
23 purchase decision making, there is no clear indication whether CSR activities have an effect  
24 on customer purchase behaviour. Brown and Dacin (1997) report a positive influence in  
25 consumer behaviour, whereas others conclude that CSR is not relevant for consumer decision  
26 making (Carrigan and Attalla, 2001; Uusitalo and Osanen, 2004). One explanation may be  
27 that company CSR communication is often limited to create consumer trust and loyalty  
28 (Brunk, 2010; Golob *et al.*, 2013; Öberseder *et al.*, 2013; Sen and Bhattacharya, 2001) and  
29 focusses on positioning and differentiation in the market place (Dowling, 2004; Due *et al.*,  
30 2007; Gurau, 2013), whilst not expecting an active response from customers. Another  
31 argument is that consumers receive more and more conflicting information and it becomes  
32 difficult for them to decide between responsible and irresponsible acting companies  
33 (Bernstein, 2009; Parguel *et al.*, 2011). This unclear picture makes research critical into  
34 customers' perception of CSR activities and how it links to positive outcomes of CSR by  
35 moving more reactive customers to active customers (Roos and Gustafsson, 2011) in order to  
36 further the understanding of CSR and customer behaviour. Anselmsson and Johansson (2007)  
37 developed three attitude-based CSR dimensions from the customer perspective – human,  
38 environmental and product responsibility - which will guide the operationalisation of CSR for  
39 the purpose of this research.  
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45 One interesting CSR research stream regarding customer behaviour is the effect of CSR  
46 initiatives on the customer-company (C-C) identification. Following Due *et al.* (2007) C-C  
47 identification is an intense, psychological link which perfectly aligns consumer behaviour  
48 with organisation objectives and is used for self-definition needs of the customer through the  
49 relationship with a responsible company (Sen and Bhattacharya, 2001). Another interesting  
50 perspective deals with brand reputation and customer behaviour. Companies with strong  
51 social and environmental commitments increased their profits and share prices (EIU, 2008)  
52 whereby 991 multinational corporations reported enhancing their brand reputation based on  
53 CSR as an important competitive advantage (EIU, 2008). This clearly shows that consumers  
54 are becoming more and more conscious about their consumption choices and the impact on  
55 society, as well as their general sensibility towards corporate behaviour which has increased  
56 (Harrison and Freeman, 1999), but does not link it to consumer behaviour. There are studies  
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3 showing that consumers are willing to pay more for responsibly produced products (Trudel  
4 and Cotte, 2008), building trust (Pivato *et al.*, 2008) and responding negatively when  
5 companies act irresponsibly (Trudel and Cotte, 2008). At corporate level, attention to  
6 customer response to company CSR strategies has increased (Marin *et al.*, 2009; Podnar and  
7 Golop, 2007) in line with consumer consciousness. The academic literature, however, still  
8 lacks studies on how CSR initiatives influence consumer behaviour through CSR concepts in  
9 the market, but a general definition of frameworks, measurements and empirical methods is  
10 still missing (McWilliams, 2006) (Berman *et al.*, 1999; Colonomos and Santiso, 2005).  
11 Therefore this research sets out to tie customer perception of CSR initiatives to customer  
12 value perception in order to identify a possible mediator which influences customers'  
13 behaviour.  
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## 16 **Conceptualisation**

### 17 ***Customer perception of CSR initiatives – CSR beliefs***

18 According to Du *et al.* (2007), CSR beliefs are defined by two interactive determinants of  
19 CSR – the customer awareness of CSR initiatives of the company or a brand and the  
20 customer attributions of the company/brand to engage in CSR initiatives.  
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23 Awareness is a precondition of benefits relating to CSR such as identification or purchase  
24 intentions (Sen *et al.*, 2006). Awareness alone will not lead to favourable CSR beliefs –  
25 favourability is dependent on the attributions that consumers make about the motives  
26 underlying a company's CSR initiatives (Forehand and Grier, 2003). In order to be able to  
27 work on CSR beliefs, it is important to understand CSR attribution and differentiate between  
28 extrinsic (business-serving) and intrinsic (society-serving) company motives for CSR.  
29 Extrinsic motives are the motives whereby the company is attempting to increase its profit  
30 and business practice and are solely focused on the needs of the firm, whereas intrinsic  
31 motives are based on genuine concerns for a focal issue (Du *et al.*, 2010; Forehand and Grier,  
32 2003). Early research shows that extrinsic motives have a negative effect on the consumer's  
33 evaluation of the company. Forehand and Grier (2003) defined the intrinsic motive more  
34 widely, calling it society-serving and including both the attention to the wellbeing of  
35 individuals outside the company as well as the attention to business interests. Their research  
36 confirmed that it is important to combine both intrinsic and extrinsic motives, when  
37 communicating CSR initiatives.  
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40 Moreover, to achieve credibility, it is of great importance that the company's motives for  
41 social activities are obvious and linked to the core corporate activities (Du *et al.*, 2010). A  
42 perceived fit between the cause and the firm can have a positive effect on the consumer  
43 (Forehand and Grier, 2003). Porter and Kramer (2006) acknowledge Forehand and Grier's  
44 findings and point out that companies should implement CSR initiatives strategically by  
45 making the 'right' choices and build proactive, focused and integrated social initiatives in  
46 concert with their corporate strategy.  
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49 Porter and Kramer go a step further in later research and name three distinct ways for  
50 companies to create economic value by societal value: 1. reconceiving products and markets,  
51 2. redefining productivity in the value chain, and 3. building supportive industry clusters at  
52 company locations (Porter and Kramer, 2011). CSR today follows their model in that it is  
53 more focused on a company's reputation with a limited connection to the business. Their  
54 newly discussed concept of CSV (creating shared value) is integral to the company's  
55 profitability and competitive position by leveraging the unique resources and expertise of the  
56 company to create economic value by creating societal value (Porter and Kramer, 2011).  
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### ***Customers' perceived fit between customers' lifestyle and values and CSR initiatives***

Lee *et al.* (2012) examined the influence of the perceived fit between the consumer's lifestyle and values and the company's CSR initiatives based round the consumer's loyalty through consumer perception of the CSR initiatives and consumer-company (C-C) identification as the main mediation variables. In their research, Lee *et al.* (2012) found that the consumer's value and lifestyle<sup>1</sup> fit with the implemented CSR initiatives shows a positive effect on the perception of CSR initiatives. Furthermore, the favourable perception of CSR initiatives by the consumer can increase the C-C identification defined as the overlap in a consumer's self-concept and his/her perception of the corporation. In this case, the mediation effect of the consumer's perception connects to C-C identification (Dutton *et al.*, 1994), strengthening the customer-company relationship.

Based on their findings, Lee *et al.* (2012) recommend implementing customised CSR initiatives centred on consumer values and lifestyles to increase the capability and effectiveness of CSR programmes. This will lead to the implementation of a more targeted approach of CSR initiatives towards clearly defined consumer groups by matching consumer and corporate values and customer lifestyles in order to harness the positive effect on consumer response (Lee, 2008; Sen and Bhattacharya, 2001).

Following on from the findings of Du *et al.* (2010) and Lee *et al.* (2012) this research seeks to develop a deeper understanding of linking customer perception of CSR initiatives to customer value perception. It is important that customer perception of CSR initiatives mediates C-C identification and plays an important role in relationship management between customers and companies. As Lee *et al.* (2012) state, it is therefore vital to implement a more targeted CSR approach. In order to define a more targeted approach, this research will examine the possibility of creating customer value perception by concentrating on consumer relevant CSR initiatives (prioritisation).

### ***Customer value perception***

According to Holbrook, customer value provides the foundation of all marketing activities. Holbrook's theory is based on Kotler's (1991) definition of marketing as a transaction of exchange of something of value for something of greater value, which makes value the fundamental basis of all marketing activities (Holbrook, 1994). Following Holbrook (2006), value is defined as an interactive relativistic preference experience. Value is interactive because it can be created only when a business and a stakeholder come together. Value is based on preferences because people judge corporate actions as good/bad, positive/negative, or favourable/unfavourable. Finally, value is relativistic because individuals evaluate it differently (Pelozo and Shang, 2011). Holbrook's model (2006) uncovers four customer value types with eight separate categories: *economic*: efficiency, excellence (quality); *hedonistic*: play, aesthetics; *social*: esteem, status and *altruistic*: ethics and spirituality. The different value types and categories are determined by the three dimensions: extrinsic/intrinsic, self-oriented/other-oriented and active/reactive as seen in Figure 2.

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<sup>1</sup> Lifestyle in this context following the AIO approach: activities (behaving ethically), interests in CSR initiatives and ethical behaviour and opinions on CSR

Multi-faceted customer value	Extrinsic value	Intrinsic value
Self-oriented value <i>Active</i> <i>Reactive</i>	<i>Quadrant 1</i> Efficiency and Excellence	<i>Quadrant 2</i> Joy and Aesthetics
Other-oriented value <i>Active</i> <i>Reactive</i>	<i>Quadrant 3</i> Status and Esteem	<i>Quadrant 4</i> Ethics or Spirituality

Figure 2: Multi-faceted customer value CSR initiatives (based on Holbrook, 1994 and 1999)

For the purpose of this research, the customer value created by CSR activities will be classified in the named categories with the clear assumption that any consumption behaviour can contribute to one, multiple or even all types of value (Holbrook, 2006).

The role of altruistic values in CSR is exemplified by research on ethical<sup>2</sup> consumerism. It shows that a customer's ethical perception of a company or the company's activities plays an important role when forming the customer's attitude or reputation of the company or the offered products/services (Brunk, 2012). CSR initiatives manifest a company's ethical<sup>3</sup> and corporate responsible behaviour and can have an effect on customers' attitudes, which in turn can lead to customer value enhancement as a basis for behavioural changes towards ethical consumerism. Nevertheless, it is important to state that the company's perspective of ethical behaviour may not be congruent with consumer perceptions (Brunk, 2010).

Customer value creation by CSR activities is covered by the literature, but not explicitly measured and a tendency towards other-oriented value is assumed such as by Holbrook (1999). However, many product-related CSR initiatives also embed the potential for self-oriented value, but there is no empirical research available. Considering that self-oriented value is more important for customer attitudes and behaviour, this is becoming even more critical (Mohr and Webb, 2005).

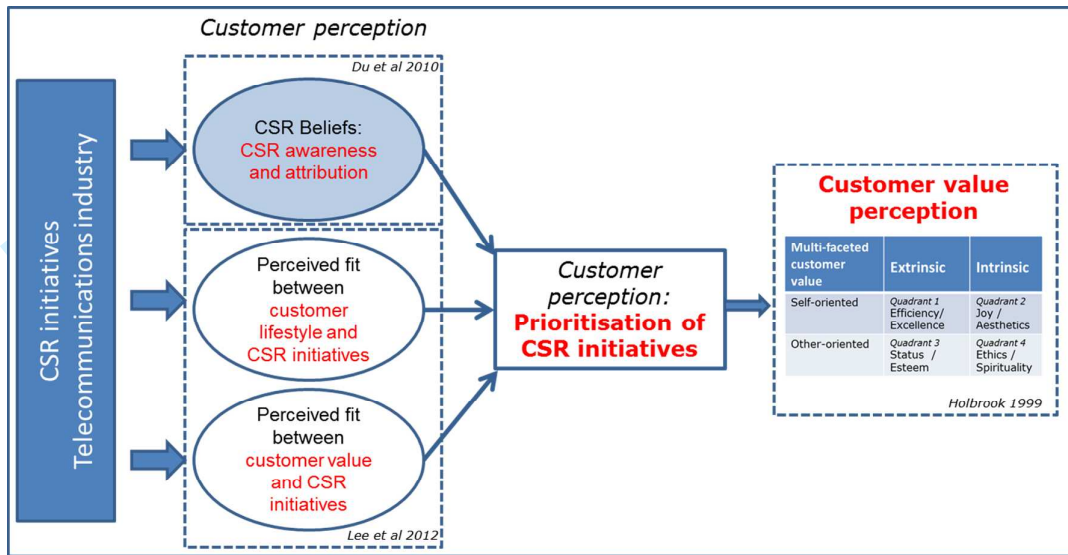
### Research Framework: Link between CSR Perception and Value Perception

When researching ethical consumerism it becomes important to understand the customer perception of CSR initiatives in connection with the effect these initiatives have on variables affecting customer attitudes and behaviour. No framework in the literature could be found combining the different perspectives - therefore a new framework has been designed for this research.

<sup>2</sup> Ethics refers to a set of moral norms, principles and values that guide people's behaviour (Sherwin, 1983). The terms unethical or ethical describe an individual's subjective moral judgement of right/wrong or good/bad. (Brunk, 2012)

<sup>3</sup> Company ethics to be understood as a guiding principle of CSR. (Brunk, 2010)





**Figure 3: Research framework (based on Lee *et al.* (2012); Du *et al.* (2010) and Holbrook (1999) in red: areas of research within this study**

Within the developed framework (shown in Figure 3), the company-driven side of customer CSR beliefs examined by Du *et al.* (2007) was combined with the customer-driven side of customer lifestyle and values researched by Lee *et al.* (2012) to shed light on customer perception of CSR initiatives. These perspectives provide the basis for developing a marketing approach for CSR initiatives, which become important, if CSR initiatives aim to effect ethical consumerism.

The main question to be answered within this part of the framework is whether there are certain CSR initiatives prioritised by customers and to develop an understanding of how customers come up with their preferences for certain CSR initiatives.

However, developing an understanding for the perception of CSR initiatives is not sufficient to explain ethical consumerism. To uncover whether relevant CSR initiatives affect customer ethical purchase behaviour, it is important to introduce a variable into the model which can explain customer behaviour. In this context, the multidimensional value model of Holbrook (1994) was chosen. The reasoning behind this was the differentiation between customer self-oriented and other-oriented value perception, which makes it possible to shed light on self-oriented value especially, which is considered more important for determining customer attitudes and behaviour (Mohr and Webb, 2005). The author presupposes that a change in customer behaviour is possible, if CSR initiatives can enhance customer value perception and therefore integrate customer value perception into the framework. The integration of customer value perception created by responsible initiatives and its effect on customer behaviour represents the author's contribution to academic research.

Based on the theoretical background, the framework presented in figure 2 was developed to shed light on CSR initiatives in telecommunications and the effect on customer value perception. The main question to be answered is: Does focussing on consumer relevant CSR initiatives show a mediating effect on customer value perception and therewith have potential to lead to behavioural changes.

## Method

The main purpose of this research is to understand complex human issues and behaviour (Ghauri and Gronhaug, 2002), and to capture in-depth consumer attitudes and manners (Bryman and Bell, 2011). The overall aim is to extract the meaning people attribute to their experience with CSR topics and initiatives through their personal circumstances and situations, as well as understanding meanings they interpret from CSR initiatives which companies communicate (Hesse-Biber and Leavy, 2010). Given this aim and the sensibility of the topic, a qualitative methodology will be used.

Qualitative research emphasises words rather than quantification in the collection and analysis of data, which embodies the dynamic of social reality (Bryman and Bell, 2011). Qualitative methods will provide more genuine and opinionated answers when compared with a quantitative method, where responses given in a sensitive area like ethical issues may be more politically correct or socially desirable rather than truthful, especially when studying consumer opinions, attitudes and perceptions (Joergens, 2006; Lea-Greenwood, 1999). Moreover, qualitative methods are considered most helpful to examine situations where claimed attitudes and actual behaviour diverge (Belk *et al.*, 2005) and where a real-life context is important (Sinkovics *et al.*, 2005; Sykes, 1990).

Considering the arguments above and that this research focusses on exploring and understanding perceptions, beliefs and values – a complex and dynamic area of CSR and consumer behaviour research - a qualitative approach with semi-structured interviews seems to be most appropriate (Diamond *et al.*, 2009). Conducting semi-structured interviews with consumers seem to be most advisable, as this enable researchers to gain “a more accurate and clear picture of an interviewee’s position or behavior” (Ghauri and Gronhaug, 2002). Moreover, using semi-structured interviews fosters open discussion and flexibility in the research process, which is very important when the research focuses on exploring and understanding the perceptions and meanings of a complex and dynamic topic like CSR (Saunders *et al.*, 2016). This being said, the number of 10-15 semi-structures interviews are undertaken for the purpose of this research. Based on Guest’s (2006) findings theoretical saturation can occur after reaching 10 to 12 interviews.

The semi-structured interviews consisted of different parts – the order was adapted to each participant depending on the individual dynamics of the conversation:

- Warm-up and general questions about CSR, lifestyle and values when purchasing different products/services,
- Detailed discussion on CSR initiatives within the telecommunications industry based on a Powerpoint slide as stimulus, showing the CSR initiatives which the respective telecommunications companies (multinational telecommunications companies) use today.
- Additional information on CSR provided by the interviewees after the detailed discussion concerning telecommunications as well as other industries,

## Sample

For the purpose of this research 12 semi-structured interviews with highly educated female customers aged 25 – 55 years in three European countries – UK (5), Germany (3) and Denmark (4) - were conducted seven face-to face interviews ~~and~~ five over the telephone interviews. The researchers decided to choose a purposive sample focusing on females as the main target group for CSR initiatives within different countries to cover the key constituencies of perception of CSR whilst ensuring to cover enough diversity within each key criteria (Ritchie *et al.*, 2014).

The reasoning for the chosen sampling frame is as follows:

1. *Due to the multinational nature of CSR, the researchers have chosen to strengthen the research breadth by focusing on interviewees from three different European countries.*

*Explanation:* For this research multinational telecommunication companies with headquarters and main business activities in European Countries and similarities in their implemented CSR approaches – BT, Deutsche Telekom and Telenor - are chosen (Runhaar and Lafferty, 2009). All three companies are members of sustainability indices like the Dow Jones Sustainability indices. This fact led the researchers to choose the UK, Germany and Denmark for the study to evaluate the more or less constant basis of CSR approaches with different cultural opinions and attitudes.

2. *Research shows that women are more in favour of stakeholder business models and, as consumers, display a higher interest in ethical, environmental and social topics.*

*Explanation:* Results of different studies show that women, especially highly educated women, can be seen as the preferred target market for CSR initiatives. People with higher-level education tend to be more ethical because they have more resources in hand to make judgements about ethical behaviour (Giacalone *et al.*, 1988; Kraft and Singhapakdi, 1991). Lamsa *et al.* (2008) discovered that female business students were more in favour of the stakeholder model and of ethical, environmental and societal responsibility of businesses compared to male students. Mainieri *et al.* (1997) observed that female consumers are more concerned than men about environmental matters. Bueble (2008) suggests that focus should be placed on female consumers in CSR communication due to their support and interest in social and ethical initiatives.

For the above chosen countries, the education level of women is high. Tertiary education (education level 5-8) of 25-64 years old females comprises 23,4% in Germany, 42,6% in Denmark and 43,1% in the UK (Eurostat, 2017).

3. *The researchers preferred to focus on the group of interviewees with the highest affinity to the topic to increase the likelihood of obtaining as much information as possible. This is due to low awareness of CSR initiatives in the telecommunications industry and the nature of the chosen qualitative approach.*

*Explanation:* Lee (2008) suggest that CSR awareness is still low, which was exemplified by Lee *et al.* (2012) by testing the awareness of popular CSR initiatives compiled from a review of a diverse set of company websites. Sen *et al.* (2006) showed in an experimental set-up that even though a CSR initiative was well communicated and close to the interviewees, the awareness was extremely low. Furthermore, Runhaar and Lafferty (2009) revealed that the analysed European telecommunications companies employ CSR as a defensive strategy to satisfy employees and other stakeholders and do not approach the customer base offensively, which will have an impact on overall awareness.

Interviewees were recruited via convenience and multiplicity (snowball) sampling (Bryman and Bell, 2011).

### Telecommunications Industry

This research examines customers of multinational telecommunications companies represented in the Dow Jones Sustainability and/or FTSE4Good index, with headquarters in Europe and operations in developed and developing countries. The reasoning for this choice was that these companies have CSR strategies in place and show a high involvement in CSR reporting. Companies fulfilling the criteria included inter alia British Telecom (UK-based), Deutsche Telekom (German-based), Vodafone (UK-based), Telefonica (Spain-based), Telekom Italia (Italian-based) and Telenor (Norway-based).

When researching CSR initiatives of multinational European telecommunications companies, the ethical and philanthropic part of Carroll's model is especially well represented (Carroll, 1979, 1991). All surveyed telecommunications companies offer ethical initiatives concerning environmental, human rights, labour conditions as well as active engagement in initiatives promoting human welfare and goodwill. Based on Runhaar and Lafferty's (2009) research, the engagement in CSR of multinational telecommunications companies includes all general CSR issues. Runhaar and Lafferty (2009) differentiate between direct CSR issues on the one hand, issues relating to production and distribution of telecommunication services and products, i.e. health risk related to electromagnetic fields, and on the other hand, indirect CSR issues relating to usage, such as loss of consumer privacy.

Following van de Ven (2008) multinational telecommunications companies make an 'explicit promise to the stakeholders and the general public that the corporation excels with respect to their CSR endeavours' by using corporate communication instruments such as, CSR reporting, websites and marketing communication in the form of advertising, sponsorship, direct marketing and promotions as well as public relations.

One active form of CSR communication of multinational telecommunications companies takes place in connection with indices providing indicators of information on economic, environmental and social conditions - the Dow Jones Sustainability Index (DJSI)<sup>4</sup>, FTSE4Good Index, and Ethical Sustainability Index (ESI). Being part of the indices, companies gain an increased respect and legitimacy, and thereby access is provided to more socially and environmentally conscious investors (SEB, 2014).

Telecommunications is a highly competitive and continuously innovative industry faced with a demand for premium services with a high impact on productivity and competitiveness of entire economies as well as on work habits and lifestyles. Telecommunications as an industry is interesting for CSR research from two different perspectives: on the one hand, telecommunication companies develop products and services which contribute to solve sustainability issues faced by consumers, businesses and governments, for example. reduction of travel costs, increase work flexibility, reduce digital divide (RobecoSAM, 2014). On the other hand, the short life cycles of equipment as well as the social and environmental impact caused by the fast moving industry influences CSR engagement of the companies (Runhaar and Lafferty, 2009).

In summary, the motivation for the researchers to choose the telecommunications industry as an example is based on the following criteria: 1. the telecommunications industry deals with CSR topics following the production as well as the use of the services and products and therefore each customer is considered to be able to relate to CSR issues within the industry;

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<sup>4</sup> The DJSI for example, invites over 3,000 publicly traded companies, 800 in emerging markets, to report their sustainability practices annually, including over 100 multinational telecommunications companies. RobecoSAM (2014)

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3 2. high attention of this innovative and fast moving industry by customers; 3. main  
4 communication of the companies via website, indices and reports, limited communication via  
5 third parties and therefore no external influence expected; 4. an industry actively seeking  
6 differentiation factors within the marketplace where CSR issues can be an interesting  
7 opportunity.  
8

### 9 10 **Data Collection**

11 Due to the very personal and subjective nature of this sensitive topic, the one-to-one  
12 interviews were conducted in the home of the interviewee, in meeting rooms or over the  
13 telephone at times of convenience for the interviewee in a wider time window to avoid stress,  
14 and to create a relaxed atmosphere and avoid socially desirable bias. All interviews with the  
15 exception of one were conducted in English, and all were taped and transcribed. The first two  
16 interviews were conducted to optimise the interview guide, but only minor adaptations were  
17 necessary.  
18

19 The interview guideline was developed based on the secondary research and long-time  
20 working experience of the researchers in the telecommunications industry in different  
21 European countries as well as consulting work in the telecommunication industry. The  
22 interviews were semi-structured providing a focused and open form of dialogue and  
23 discussion. The developed guideline was adapted in each interview depending on the flow.  
24 The personal interests in CSR topics were evaluated within different industries and  
25 specifically referred to the telecommunication industry during the interview. To overcome the  
26 problem of low awareness of CSR initiatives in the telecommunications industry, the  
27 researchers presented the CSR initiatives of telecommunication companies in a structured  
28 way.  
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30  
31 The question format was open and all interviewees covered the same topics starting with  
32 general awareness and attribution of CSR in different industries, personal lifestyle and values  
33 in connection with CSR and the telecommunications industry, and concluding with specific  
34 information concerning possible customer value perception of CSR initiatives within the  
35 telecommunications industry. Probing questions helped to get deeper insights and further  
36 information from the interviewees.  
37

38 The questions regarding customers' values when buying telecommunication products and  
39 services were based on the PERVAL questionnaire. Each interview lasted between 30 and 50  
40 minutes. After the 12 interviews the researcher observed repetitively emerging patterns and  
41 researched theoretical saturation. Continuous comparison of the study results, with findings  
42 and discussions within the literature proved the plausibility and credibility of the data.  
43 Possible representations of reality were developed by applying the findings to previous  
44 research discussed within the literature.  
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### 48 **Data Analysis**

49 NVivo was used as a computer-aided qualitative data analysis software, and analytical  
50 support. The interviews were uploaded as sources and were given a case. The coding and  
51 indexing of the data was done by selecting relevant parts of the text, highlighting them and  
52 organising these under developed categories ('nodes') by common themes and statements.  
53 The data were arranged and rearranged several times by checking the content within the  
54 different categories over all cases to assure the consistency of each node and tree node. The  
55 list of categories were revised and reviewed during the entire analytical process, firstly to  
56 remain more focused on the research question, and secondly, to make room for additional  
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3 and relevant information provided by the interviewees. Easy access to the original data has  
4 been assured during the whole process to ensure the data supports the concepts and ideas  
5 developed within the process of analysis. The data was explored in interactive fashion,  
6 constantly comparing and reviewing the qualitative data and the developed framework. The  
7 data was coded according to common themes and common statements which formed the  
8 developed categories. Ongoing reviews of the data were conducted and categories were  
9 revised, renamed and abandoned, as necessary. The main changes made were merging  
10 different codes because of overlapping information or deleting nodes because of minor  
11 relevance for the interviewees.  
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14 A final review of the data extracts was undertaken to see whether the data within a category  
15 is consistent.  
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### 17 **Findings**

18 In the following section the findings will be discussed in accordance with the three parts of  
19 the framework  
20

### 21 **Customer Perception of CSR Initiatives – CSR Awareness and Attribution, Lifestyle 22 and Value**

#### 23 *Customer awareness of CSR initiatives*

24 The interview results reveal that the interviewees show limited customer awareness of CSR  
25 initiatives in the telecommunications industry. Awareness of CSR initiatives among the  
26 interviewees is only created when a disaster or something striking happens with regard to any  
27 human rights or labour condition issues, which is beyond the acceptable norms for European  
28 customers. This finding supports the general awareness measurements in other industries  
29 such as the apparel industry (Perry and Towers, 2009). In such industries continuous  
30 communication on TV and in newspapers is feeding the high awareness of these topics.  
31 Furthermore, only CSR initiatives with a direct effect on customers (societal or monetary),  
32 employees, or on the environment combined with continuous and accessible information  
33 attached to the product, create awareness among the interviewees.  
34

35 The communication of CSR in the telecommunications industry is driven via companies'  
36 websites and sustainability reports, making an explicit promise to all stakeholders (van de  
37 Ven, 2008). However, the interviewed telecommunications customers do not actively look for  
38 CSR information and do not refer to company websites to search for this kind of information.  
39 Apart from sustainability indices, objective information on CSR from third parties is limited.  
40 Furthermore, besides mobile manufacturers' involvement in negative CSR, no other socially  
41 irresponsible behaviour within the industry has been reported by the interviewees affecting  
42 the customer-company relationship; moreover, even the press relatively seldom picks up on  
43 stories around CSR in the telecommunications industry. Based on interviewees' answers,  
44 communication within the industry does not seem to reach all customers. This finding is in  
45 line with other academic research with real stakeholders which shows that the awareness of  
46 CSR initiatives among its external stakeholders is still low (Du *et al.*, 2007; Bhattacharya *et*  
47 *al.*, 2009).  
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#### 51 *Customer attribution of CSR initiatives*

52 From a customer perspective based on the interviews, there is a clear differentiation between  
53 CSR initiatives and 'business practice'. Initiatives perceived by the interviewed customer as  
54 'business practice' or 'codes of conduct' are not accepted as CSR initiatives.  
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(about anti-corruption) "...I think it is actually one of those subjects when it comes to CSR which I actually have a bit difficult putting it under CSR." (interview 10)  
 "... Human rights, labour conditions: I would definitely expect, that the big companies I know and use, hat they do it right." (interview 3)

Furthermore, from the participants' perspective CSR initiatives have to combine intrinsic and extrinsic motivations such as having an altruistic component beyond the self-interest (i.e. saving money) of the company, dealing for example with the environment or being advantageous for customers or the workforce, to be able to promote favourable CSR beliefs. Whether and how the development of CSR in direction of CSV as an integral part of the company's profitability proposed by Porter and Kramer (2011) can improve customers' attribution has to be proved by conducting more detailed research.

"...I would think, it is a matter of cost saving some of the initiatives" (interview 6)  
 (about donations) "...they do it that they get free marketing, because they give money to whoever." (interview 8)

### **Customer lifestyle and values**

There is generally high interest in environmental and human CSR initiatives among the interviewees.

"...I am interested in environmental issues, but it is more the things about people, that interest me ..."  
 (interview 1)  
 "Recycling is important for me." (interview 3)  
 "CSR and consumer behaviour is pretty much determined by your lifestyle, what you believe yourself, and if you don't believe in CSR, you are probably less primed to look at CSR issues, when you go out and buy products." (interview 4)

Human-oriented CSR initiatives are defined as initiatives concerning labour conditions and human rights. A telecommunications company which is actively engaging in topics relating to such CSR initiatives would be highly appreciated by the interviewees and could lead to a positive effect on their loyalty. However, the missing awareness of CSR initiatives of European telecommunications companies caused by the lack of communication with customers as a stakeholder group made it impossible for interviewees to link their lifestyle with the companies' CSR initiatives.

In this category, the main value named when deciding on telecommunications products/services is quality. Engaging in relevant CSR initiatives was considered to have the potential to increase interviewees' 'feel-good' factor as well as social value.

(about labour conditions in developing countries when winning the raw materials for mobile phones) "... So of course, if they could finance it or do something about labour conditions for those people, I think that would be – if they communicate that – that would be something, that I would really like." (interview 7)

### **Prioritisation of CSR Initiatives**

In terms of prioritisation of the different CSR initiatives in the telecommunications industry the preferences are in line with personal interests and attitudes towards CSR of the interviewees, and two such groups emerged: 1) a group focussing on environment and 2) a group focussing on human responsibilities (human rights, labour conditions). However,

besides clearly prioritising environmental initiatives, the second category was equally of high importance for the interviewees. Furthermore, it is crucial for all the interviewees that CSR initiatives have a clear product or business relation. Figure 4 shows customers' prioritised CSR initiatives within the telecommunications industry.

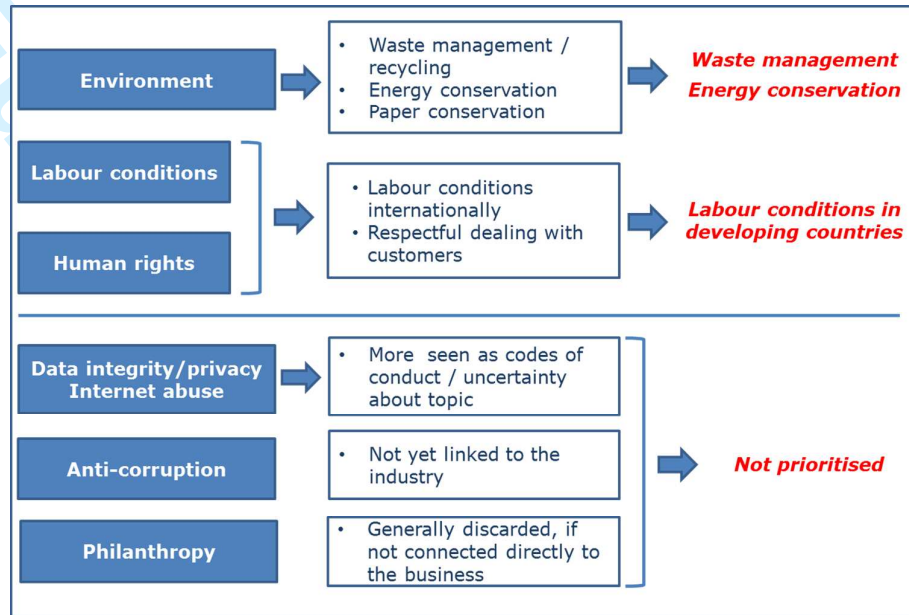


Figure 4: Prioritisation of CSR initiatives in telecommunications industry

Within the environment category, waste management – recycling of batteries and packaging, – paper conservation in connection with paperless customer contact including bills, materials used for producing mobile phones (mining industry), as well as energy conservation in connection with the storage of immense and increasing amounts of data were mentioned as important. The main focus with potential to make a difference was placed on waste management and energy conservation. The interviewees considered environmental initiatives as very important, and some of them placed environment ahead of human responsibilities.

Within the labour conditions and human rights category, the main focus was put on employees in developing countries. The interviewees focused on labour conditions with a clear differentiation between international and national initiatives. For example, good and safe working conditions were emphasized as high on the agenda and not ‘normal’ in developing countries. Especially within European countries, there was a fine balance between the evaluation as CSR initiatives and codes of conduct.

Specifically in relation to the category of human rights, interviewees focused on respectful dealing with employee issues, especially in developing countries, which are reported under labour conditions. Respectful dealing with customers was named as well, but seen more as a business practice. Some interviewees evaluated it as a CSR initiative.

Relating also to human rights, telecommunications companies name data integrity/privacy and internet abuse. However, analysing the data, the impression emerged that data integrity and privacy as well as internet abuse were quite abstract for the interviewees and they did not have a clear picture of their consequences for the customer. The interviewees placed these



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3 topics under general business practice within the industry, even though it is an intensely  
4 discussed issue in the literature as well as within society generally.  
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6 The anti-corruption category, a major topic for example, for the finance industry as well as in  
7 selected countries, was not considered a CSR category which the interviewees would  
8 prioritise, despite the multinational presence of telecommunications companies in the survey.  
9

10 Within the category of philanthropy, customers became more sceptical referring to charitable  
11 donations and did not consider companies giving donations as acting responsibly. The  
12 reasoning being that the interviewees experienced an 'inflation of donations' and evaluated  
13 that 'everyone is doing it'.  
14

15 As discussed under attribution, the interviewees only value 'real' CSR initiatives as relevant,  
16 which does not include initiatives with a high self-evidence like 'business practice and 'code  
17 of conduct'. Furthermore, the prioritisation of CS initiatives is clearly linked with customers'  
18 lifestyle – interest in environment and people - as well as that for a functional product and  
19 important values as quality/performance. These findings indicate that the considered models  
20 of Du *et al.* (2010) and Lee *et al.* (2012) together determine customers' prioritisation of CSR  
21 initiatives.  
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#### 24 **Customer Value Perception of CSR Initiatives**

##### 25 *Focus on extrinsic self-oriented value*

26 The interviewees considered telecommunications products and services as functional  
27 products and their purchase decisions are mainly based on rational thoughts and functional  
28 attributes. As expected for functional products, extrinsic/self-oriented values are in focus – all  
29 interviewees (self-enhanced and self-transcendent) considered quality/performance  
30 (tangibles, reliability, responsiveness, assurance, empathy) as the most important value in the  
31 purchase process. When confronted with CSR initiatives by telecommunications companies,  
32 the interviewees stated clearly that CSR initiatives have to be related to products/service to be  
33 relevant for them.  
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#### 38 **P1: CSR initiatives need to be related to the company's products and service to be** 39 **valued by the customers.**

40 This research shows that CSR initiatives have the potential to create extrinsic/self-oriented  
41 value for the interviewees. Some participants focused on environmental initiatives improving  
42 the environmentally friendly production and usage of telecommunications products/services,  
43 whilst the self-enhancement participants concentrated on respectful dealing with customers  
44 and employees which is seen as having a positive effect on themselves as a customer.  
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47 CSR initiatives supporting an optimisation of products/services typically require a stronger  
48 commitment by the company manifested for example in the need to change business  
49 processes. In some instances, it was difficult for the interviewees to understand and compare  
50 CSR efforts by telecommunications companies. For example, in the computer and phone  
51 industry controversially discussed labour conditions of the mining process of coltan<sup>5</sup>, a  
52 mineral used in production is not generally known and understood by customers. To make a  
53 related CSR activity visible, it should be directly named on the product/package or clearly  
54 communicated in the company's strategy.  
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58 <sup>5</sup> Coltan is a metallic ore used for producing conductors for electronic products, such as mobile phones and  
59 computers.  
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Examples of quality improvement named by interviewees were R&D investment in the development of environmentally friendly products (interview 3), products produced in a more environmentally friendly way (interview 10) and paperless communication for all 'written' contact with the customer (interview 8). However, it is important that customers are made aware of CSR engagement directly when deciding on the products/services.

The more self-enhancing interviewees also focused on the customer experience perspective of product-related CSR initiatives. For example, a company offering better customer service (excellence) based on the CSR initiative "respectful dealing with the workforce" will enhance their extrinsic/self-oriented value perception.

**P2: Extrinsic/self-oriented value can be created by CSR initiatives focussing on environmentally friendly production and/or respectful dealing with customers and employees depending on consumer values.**

In line with the findings of Auger *et al.* (2008) and Bhattacharya and Sen (2004), the interviewees stressed that they generally will not sacrifice quality for CSR initiatives, which means that CSR initiatives supporting experience/excellence would have the strongest effect on customers.

These findings considering extrinsic/self-oriented value add to Holbrook's (2006) assumption that ethical behaviour is grounded in other-oriented value by clearly stating that ethical/corporate responsible behaviour when defining product-related CSR initiatives have a potential to enhance extrinsic self-oriented value.

"...As a consumer, the most difficult part is to compare information, you actually have to look into all the different kinds of mobile phone, .... I know, that I would never be able to compare it .... I don't know. I would never make a comparison. But if they say, that it is something they do and they put a lot of investment research into it, how i.e. to store data to reduce energy consumption, that is something I would regard as a goal. I would appreciate that..." (interview 3)

"... CSR is not an overwriting aspect, but the whole topic whether a company is ethical or not feeds into the decision I make." (interview 4)

"..... Human right especially, because they affect often customers, ..." (interview 4)

(regarding labour conditions) "... then actually you get a better service, their quality improves, their productivity improves, their loyalty to the company improves." (interview 5)

***Focus on intrinsic other-oriented value***

Environmental and human-oriented CSR initiatives were most relevant for the interviewees and interviewees saw an intrinsic/other-oriented value in CSR initiatives dealing with these topics.

As mentioned above, the preference was connected with personal interests (lifestyle). Especially for more self-transcendent interviewees, the initiatives evaluated as relevant will enhance the emotional 'feel-good' factor based on their personal concern for the value experience of others.

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“...Only really that I think it is a great thing that these companies do put effort into it but don't leverage it enough. But that is not just about marketing and profile it is also about doing something really good and having a feel good factor.” (interview 11)

**P3: Customers see philanthropic initiatives as value enhancing if they are clearly linked to the company's business.**

The interviewees, even the self-transcendent, did not feel that telecommunications companies were doing enough to feed the other-oriented value perception. The majority of interviewees discarded philanthropy in the form of donations. This was considered a case of companies “paying themselves through it instead of taking responsibility” (interview 10). Philanthropy in connection with telecommunications products could have a value-enhancing effect if, for example, the telecommunications company combined the donation with a project matching their business, i.e. building a new telecommunications network after a disaster, as happened in the Philippines (interview 9) or donating phones to people in an area where there is bad communication (interview 1). However, donations given in a disaster without a link to the business were evaluated critically and do not enhance the value perception at all.

“... I think, it is always important with philanthropy to make sure it has a link to the business you are in.”  
(interview 5)  
(about 'general' donations) “... I see it more they pay their way through it instead of taking responsibility.”  
(interview 10)

The three interviewees with a self-enhancement focus were very sceptical toward other-oriented CSR initiatives and were clearly prioritising CSR initiatives with a direct effect on them as a customer.

**P4: Intrinsic other-oriented value can be enhanced by CSR initiatives in developing countries.**

Especially in developing countries, where appropriate labour conditions are not self-evident, CSR initiatives had an enhancing effect on the intrinsic/other-oriented value.

(about labour conditions/human rights in developing countries) “...they have to deal with child labour and things like that ... I would call their basics ...and of course I would say they are more important first at all.”  
(interview 12)

But there was a fine balance regarding human rights and labour conditions – most of the initiatives named by the telecommunications companies were considered as part of codes of conduct and not CSR initiatives, and thus as general good business behaviour, which did not enhance the customer's value perception.

CSR initiatives had the strongest effect on interviewees interested in environmental and human rights responsibilities. For them, CSR initiatives would enhance extrinsic/self-oriented and intrinsic/other-oriented value and they would change their contract immediately, if they heard about CSR engagement of a telecommunications company in the market or if their telecommunications supplier was not behaving ethically.

“... offering a similar to ‘fair trade’ situation with their staff for all parts of the process, that would make me look more favourable on the mother company. When comparing phones that would definitely be a factor for my decision.” (interview 1)  
*(more environmental friendly production)* “.....I would definitely change the company, especially if it is a trustworthy company.” (interview 10)

### **Other value categories**

Extrinsic/other-oriented value is linked with the customer’s social acceptance when buying or using a product or service. The interviewees considered social value when purchasing telecommunications products/services as very low priority, which is in accordance with the perception of a functional product. Even though the interviewees were highly interested in CSR, the social value perception would not change, if the company engaged in CSR initiatives relevant for the customer.

Intrinsic/self-oriented value enhancement could not be observed within the group of interviewees and was not expected due to the other-oriented focus of ethical initiatives.

### **Discussion on Ethical Consumerism**

The research taps into consumers’ CSR-related lifestyle and values leading to the prioritisation of certain CSR initiatives as a determinate of customers’ value creation. Overall, the findings indicate that CSR initiatives evaluated as relevant for customers can enhance customer value and may lead to ethical consumerism.

As shown in figure 5, the data research indicates that telecommunications companies can use CSR initiatives to enhance customers’ extrinsic/self-oriented and intrinsic/other-oriented value perception.

Multi-faceted customer value	Extrinsic value	Intrinsic value
<b>Self-oriented value</b>	<p>P1: CSR initiatives need to be related to the company’s products and service to be valued by the customers.</p> <p>P2: Extrinsic/self-oriented value can be created by CSR initiatives focussing on environmentally friendly production and/or respectful dealing with customers and employees depending on consumer values.</p>	
<b>Other-oriented value</b>		<p>P3: Customers see philanthropic initiatives as value enhancing if they are clearly linked to the company’s business.</p> <p>P4: Intrinsic other-oriented value can be enhanced by CSR initiatives in developing countries.</p>

Figure 5: Research propositions

### Indication for a mediation effect of prioritisation of CSR initiatives

Based on the research results, the authors observed a connection between the customer's lifestyle and values and CSR initiatives. The results show that only if customers consider the CSR initiatives as 'real' CSR initiatives (attribution) and the initiatives clearly fit to customers' lifestyle and values that the customers will show a preference for these initiatives. Personal interest and affinity to environmental, human and product responsibilities build the grounds for value creation of CSR initiatives. If, for example, interviewees presented themselves with a special interest in environmental topics, a clear preference of environmental initiatives was observed.

Following the results of the research prioritisation of certain CSR initiatives based on attribution and customers' lifestyle and values it is recommended that this be defined as a mediation variable linking customer perception and customer value perception and shall be tested in further research.

The findings of this research are in line with Lee *et al.* (2012) who showed that customers' lifestyle and values which fit with the CSR initiatives of the company have a positive effect on customers' perception of CSR initiatives. This research however goes a step further and observes that customer values are strong enough grounds to effect changes in customer behaviour and can only be created by CSR initiatives which are of interest to customers and evaluated 'real' CSR involvement clearly linked to the company's business. Only if CSR initiatives fulfilling these preconditions apply, enhancement of customer value is possible. Our findings indicate that companies' CSR strategy based on a deeper understanding of customers' lifestyle and values can improve customers' perception. However, if companies want to affect customers' behaviour it becomes crucial to enhance customer value.

Following the research path of customer value creation by CSR activities a focus on other-oriented value is covered partly by the literature. Considering that self-oriented value is more important for customers' attitudes and behaviour (Mohr and Webb, 2005) this research has focused on self-oriented value. Our results show that purchase decisions for a functional product like telecommunications products and services is based on rational thoughts and attributes and therewith the value type efficiency/excellence was in focus for customers. CSR initiatives improving the product/service for the customer (self-oriented) indicate the potential to change consumers' behaviour towards improved customer loyalty or/and purchase decision.

### Value perception of CSR initiatives

#### Proposition 1 and 2:

This research finds that product-related CSR initiatives, which support the environment or people, can enhance self-oriented value in two ways. Either by improving the product/service in a more ethical/responsible way (i.e. R&D investment by defining more environmentally friendly ways to store data and produce hardware) or by increasing the customer service performance level by respectful dealing with employees. In the researched industry, CSR, if used as an indicator for product/service quality can influence the change of customer behaviour towards ethical consumerism. Pelozo and Shang (2011) state in their systematic review of CSR and value for stakeholders that value from product-related features i.e. product quality is not explicit measured, but is considered as having the potential to provide value to customers, especially self-oriented value.

**Proposition 3 and 4:**

Philanthropy is a potential source for intrinsic other-oriented value (Peloza and Shang, 2011). Yoon *et al.* (2006) found out that by gaining status when supporting companies with philanthropic involvement this also enhances extrinsic/other-oriented value. In the researched industry, philanthropic initiatives are just accepted by the interviewees if they are clearly linked to the company's business and not 'just' donations. Furthermore, by assuring that human rights and labour conditions in developing countries are respected (i.e. production of hardware and mining, driving telecommunications businesses in these countries), the telecommunications company can create intrinsic/other-oriented value as a new value dimension. This can again affect customer behaviour and strengthen the perception of the responsibility of the company.

It is expected that CSR initiatives creating extrinsic/self-oriented value perception can be strong enough grounds to change purchase behaviour, whereas intrinsic/other-oriented value perception can affect customer loyalty, which is also very important in the researched industry. These results are in line with Auger *et al.* (2008) who found that customers will not trade quality for more traditional, other-oriented value (Auger *et al.*, 2008).

Furthermore, CSR initiatives seen by the interviewees as 'neutral' or 'business as usual' do not have any effect on the customer's value perception and customer's behaviour.

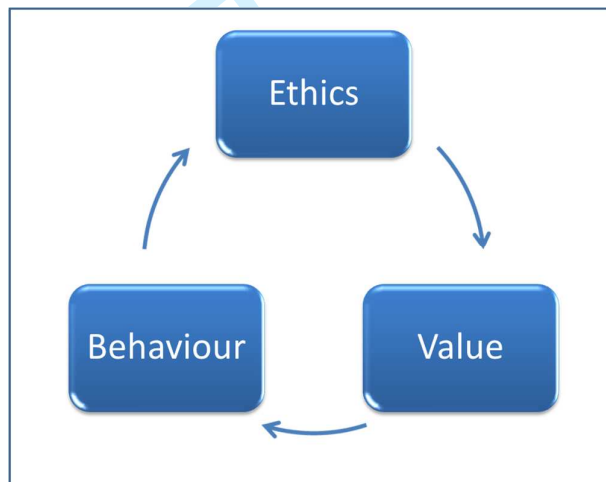


Figure 6: Strengthening ethical consumerism by creating customer value

**Conclusions and implications**

Ethical consumerism research is an important area for academics and management practice. The question of how CSR affects the perceptions of customers and how it influences the customer-company relationship and customer behaviour is an increasingly emerging topic within marketing and CSR research.

Regardless of the investment which telecommunication companies make in CSR initiatives, they seldom reach customers and affect their purchase behaviour. Therefore research should investigate and figure out not only how companies can improve customer awareness, perception and attribution of the initiatives, but also whether there are selected CSR initiatives that can have an impact on customers' purchase behaviour.

This research offers theoretical and managerial implications for CSR initiatives. Studies of Lee *et al.* (2012) have perceived consumer fit of CSR initiatives. The findings of this research

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3 are in line with Lee *et al.* (2012) and show that customers prioritise CSR initiatives which fit  
4 with their personal interests and are clearly related to the company's business. Understanding  
5 customers' lifestyle and values can help companies to establish a CSR strategy, which has the  
6 potential to improve customer perception. By linking positive customer perception and  
7 attribution of CSR initiatives to customer value perception, with the mediation variable of  
8 prioritisation of CSR initiatives to customer purchase behaviour, opens a new and interesting  
9 research area of ethical consumerism.  
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11 As indicated by the research, customers' prioritised CSR initiative can affect customer value  
12 perception, mainly the extrinsic/self-oriented value. If the company is aiming to change  
13 customer behaviour and to strengthen ethical consumerism, it is important that customer  
14 experience of CSR initiatives improves excellence (quality) and/or efficiency of the  
15 product/service. It will need for example, a clear and visible commitment to R&D investment  
16 to promote more environmentally friendly products and processes. Another example would  
17 be in the area of promoting recognisable improvement in respectful dealing with customers'  
18 needs, by using CSR initiatives to improve employee satisfaction of customer service  
19 personnel leading to a greater sense of responsibility of those employees in direct contact  
20 with the customer.  
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23 Due to the fact that telecommunication products/services are functional products, it has been  
24 no surprise that 'quality' was named at the most important customer value. However, a focus  
25 on self-oriented value for customers as an opportunity for marketers to change customer  
26 behaviour could add to the emphasis on other-oriented value in CSR research. Furthermore, it  
27 can strengthen the company's CSR strategy.  
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### 30 **Limitations and directions for further research**

31 The research revealed that prioritisation of CSR initiatives is a possible mediator between  
32 customers' perception of CSR initiatives and customer value perception. These are early  
33 findings, which should be confirmed by quantitative research in different industries - as well  
34 in industries with higher awareness of companies' CSR engagement.  
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36 The use of a small convenience sample of females with a high interest in ethical behaviour  
37 was helpful to generate additional insights into customers' perception of CSR initiatives and  
38 value perception and can be strengthened by using a more diverse and extended set of  
39 samples in future research. Further studies should 1) test the evident close link between  
40 lifestyle and values and the prioritised CSR initiatives including more in-depth research in  
41 evaluating how the ethical perception emerges in customers' minds, 2) strengthen the  
42 analytical generalisation in the developed framework by using a quantitative approach.  
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45 As shown within the research, CSR initiatives linked to the actual product or service offer the  
46 chance to support the extrinsic/self-oriented value. An interesting topic for further research  
47 would be how CSR initiatives could enhance the self-oriented value perception to such a  
48 degree that it actually drives the customer decision. This is of special interest considering that  
49 self-oriented value is likely to be more important for attitudes and behaviour (Mohr and  
50 Webb, 2005). The question is how much commitment from the company is needed to  
51 enhance the value perception so that it really matters to the customer? More detailed  
52 qualitative research will be needed to develop a framework to measure the value enhancing  
53 effect of product-related CSR initiatives, followed by a quantitative survey to validate the  
54 findings.  
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Description	Responsibilities	Author/source
The social responsibility of a company should be purely economic striving for maximum for its shareholders while acting within the law	Economic	Friedman 1970; Zenisek 1979
Integrated approach of defining CSR as including four types of corporate responsibilities: economic, legal, ethical and philanthropic	Economic Legal Philanthropic Ethical	Carroll 1979, 1991
The company has obligations to its stakeholders. Stakeholder is an individual or group which benefits from or is harmed by and whose rights are violated or respected by corporate actions.	Stakeholder focus	Freeman 1984; Evan and Freeman 1993, Campbell 2007
The social responsibility of a company should be to take action in order to "protect and improve both the welfare of the society as a whole and the interest of the organisation"	Societal perspective	Brown and Dacin 1997; Sen and Bhattacharya 2001

Figure 1: CSR conceptualisations (adapted from Brunk, 2010) `

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Multi-faceted customer value	Extrinsic value	Intrinsic value
Self-oriented value <i>Active</i> <i>Reactive</i>	<i>Quadrant 1</i> Efficiency and Excellence	<i>Quadrant 2</i> Joy and Aesthetics
Other-oriented value <i>Active</i> <i>Reactive</i>	<i>Quadrant 3</i> Status and Esteem	<i>Quadrant 4</i> Ethics or Spirituality

Figure 2: Multi-faceted customer value of CSR initiatives (based on Holbrook 1994, 1999)

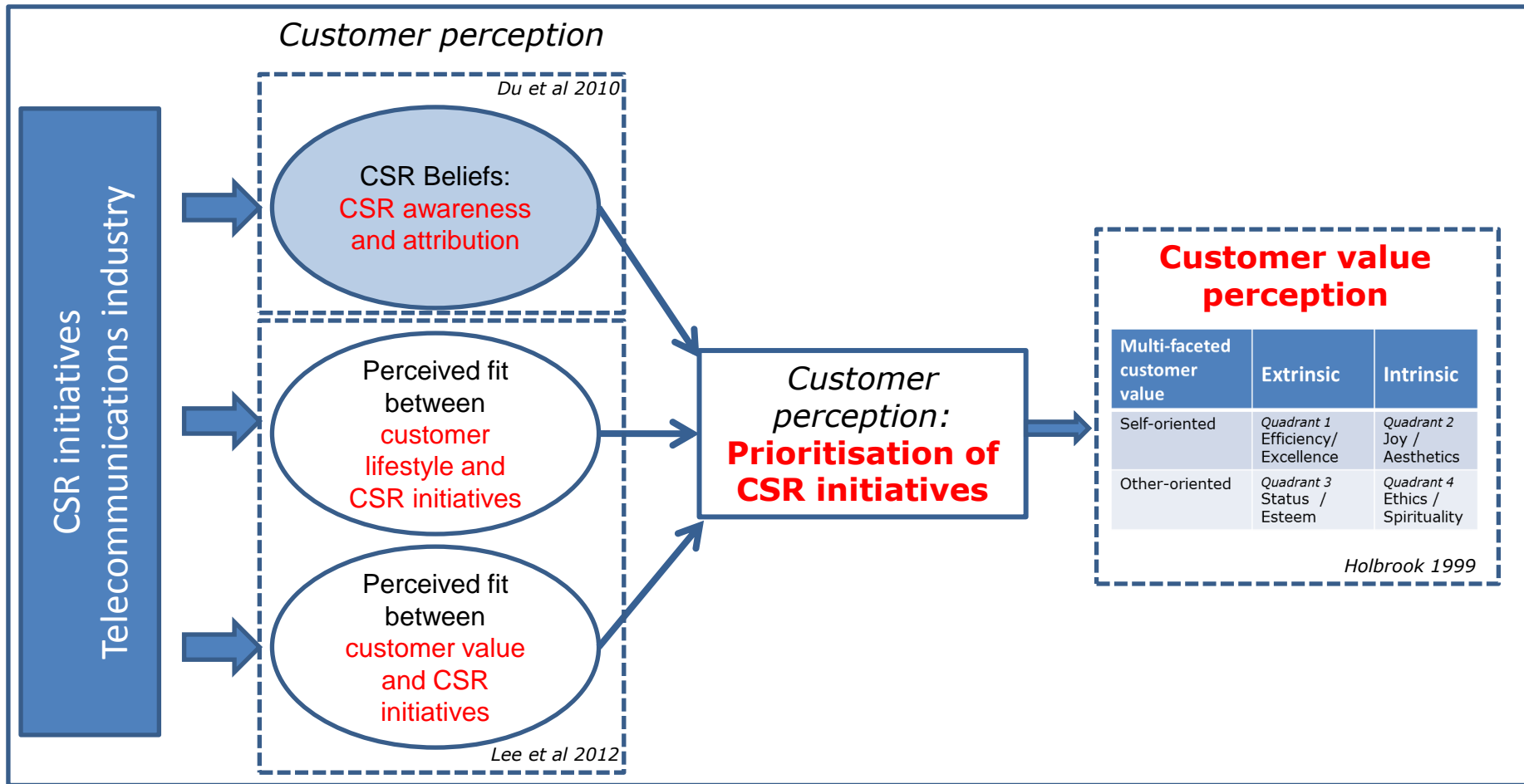


Figure 3: Research framework (based on Lee et al. (2012); Du et al. (2010) and Holbrook 1999) in red: areas of research within this study

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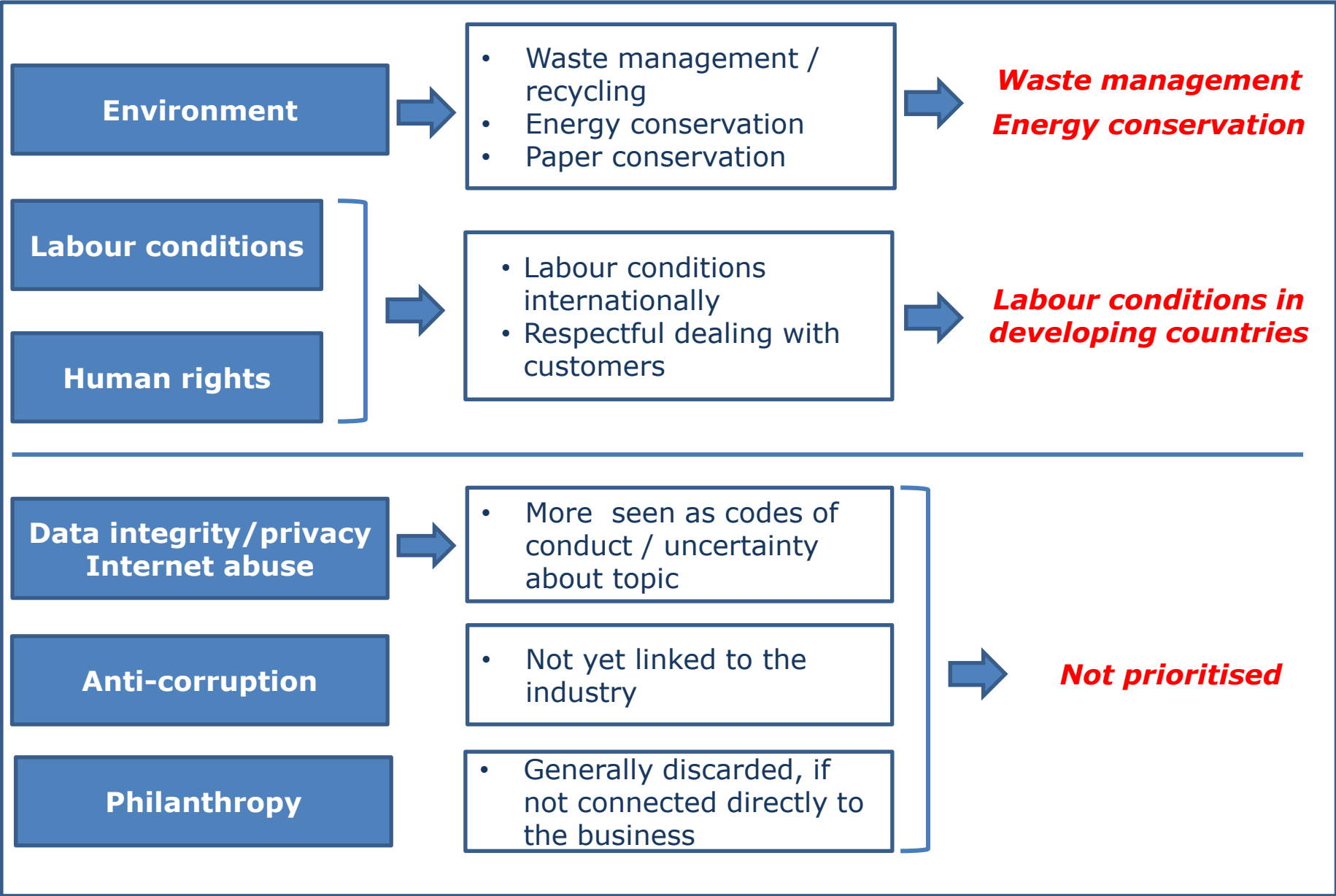


Figure 4: Prioritisation of CSR initiatives in telecommunications industry



Multi-faceted customer value	Extrinsic value	Intrinsic value
<b>Self-oriented value</b>	<p><b>P1:</b> CSR initiatives need to be related to the company's products and service to be valued by the customers.</p> <p><b>P2:</b> Extrinsic/self-oriented value can be created by CSR initiatives focussing on environmentally friendly production and/or respectful dealing with customers and employees depending on consumer values.</p>	
<b>Other-oriented value</b>		<p><b>P3:</b> Customers see philanthropic initiatives as value enhancing if they are clearly linked to the company's business.</p> <p><b>P4:</b> Intrinsic other-oriented value can be enhanced by CSR initiatives in developing countries.</p>

Figure 5: Research propositions

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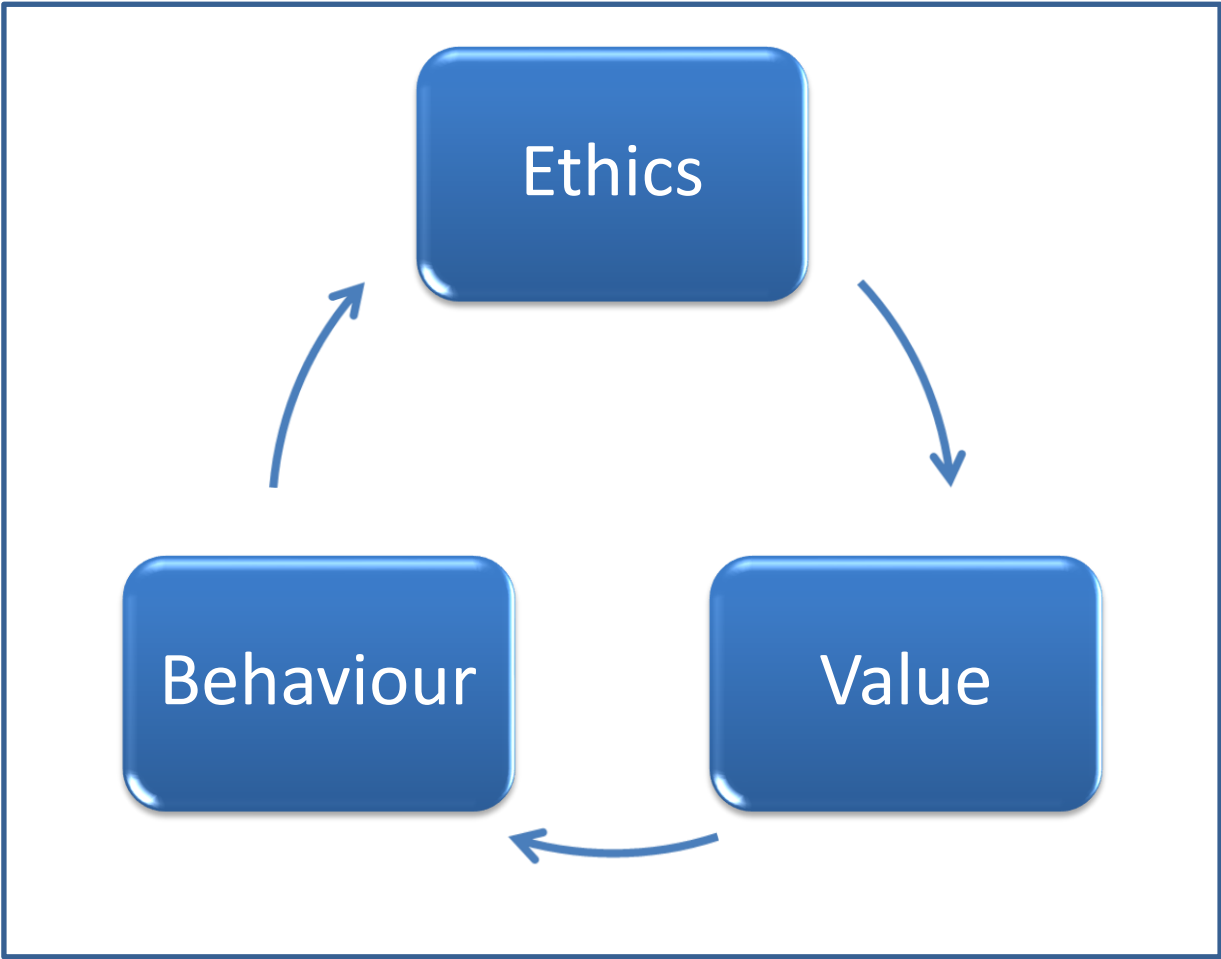


Figure 6: Strengthening ethical consumerism by creating customer value

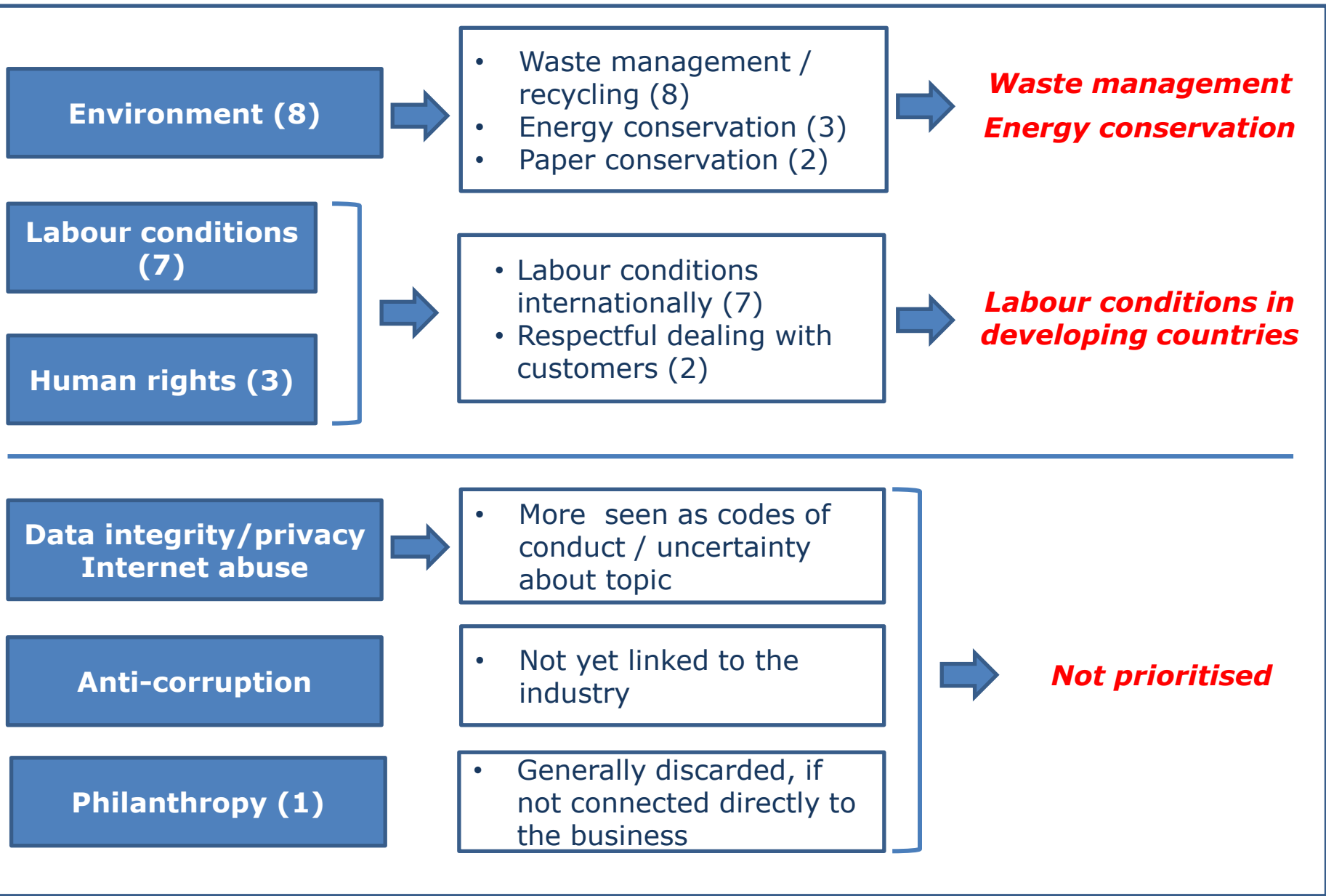


Figure 4: Prioritisation of CSR initiatives in telecommunications industry