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DIMENSIONS OF PERCEIVED CSR AND THEIR EFFECT ON BRAND LOYALTY IN THE COSMETICS INDUSTRY

A comparison between Finnish and Polish customers

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<div align="right">ABSTRACT OF
BACHELOR'S THESIS</div>

Author: Juulia Kämäräinen

Title of thesis: Dimensions of perceived CSR and their effect on brand loyalty in the cosmetics industry – a comparison between Finnish and Polish customers

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Supervisor: Mirjaliisa Charles

Objectives

The main objective of this study was to explore whether perceived CSR dimensions could influence brand loyalty among Finnish and Polish cosmetics customers. Other objectives included the exploration of the importance of each perceived CSR dimension and the identification of meaningful differences among Finnish and Polish male and female customers and the relationship between perceived CSR dimensions and brand loyalty.

Summary

This thesis explored the potential influence of perceived CSR dimensions on brand loyalty in the cosmetics industry, focusing on Finnish and Polish customers. The relationship between perceived CSR dimensions and brand loyalty was studied using quantitative data from an online questionnaire. The results were then analyzed and discussed with a focus on comparing Finnish and Polish male and female customers.

Conclusions

Perceived customer CSR was found to positively influence brand loyalty in almost every case. In addition, perceived environmental CSR was found to positively influence brand loyalty among female customers. Customer CSR also appeared to be more important than environmental CSR to female customers. All in all, the results suggested that engaging in customer and environmental CSR, and making customers aware of it, may, in some cases, help cosmetics brands increase the brand loyalty of their Finnish and Polish customers.

Key words: corporate social responsibility, brand loyalty, cosmetics industry, consumer behavior

Language: English

Grade:

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1. INTRODUCTION

1.1. Background Information

Corporate social responsibility (CSR) has become increasingly important for businesses globally due to the fact that companies are now better held accountable for their actions by parties such as the government and the media (Porter & Kramer, 2006). In addition, the fact that some customers prefer socially reputable brands has made CSR more appealing to companies (He & Lai, 2014). Engaging in CSR may indeed be beneficial for companies since it can provide an opportunity to gain competitive advantages (Porter & Kramer, 2006).

The relationship between CSR and brand loyalty has been researched to some extent in the cosmetics industry. This is understandable since multiple benefits have been associated with loyal customers. For example, loyal customers appear to be less affected by price changes or mistakes than non-loyal customers (Dragolea et al., 2010). In addition, these customers can benefit firms through positive word-of-mouth as well as cost reductions since the firms do not need to spend as much money to acquire new customers (ibid). No consensus exists, however, on whether CSR has an influence on brand loyalty.

Current research regarding CSR and brand loyalty in the cosmetics industry has focused on a limited number of countries. In addition, the role of nationality and gender has not received adequate attention. This thesis will seek to address these gaps by focusing on male and female cosmetics customers in two countries, Finland and Poland. All in all, this thesis will seek to understand the customers of cosmetics brands better in these two countries.

After the introduction, a literature review including proposed hypotheses and a conceptual framework is provided. Then, the applied methodology is discussed before the findings are presented and analyzed. Lastly, main findings, implications for international business and suggestions for further research are discussed.

1.2. Research Problems

Since the potential influence of different CSR dimensions on brand loyalty in the cosmetics industry has not been researched much, there is still not enough information to draw any conclusions about the topic. In addition, there is a lack of knowledge regarding the potential role of nationality. Therefore, the main problems are whether and how much do CSR dimensions impact brand loyalty among cosmetics customers of different nationalities. Furthermore, this paper focuses on the general problem of the extent to which brands' marketing efforts should be focused on different CSR dimensions internationally. More specifically, this paper focuses on Finnish and Polish cosmetics customers because they have not received much attention. Finland and Poland are also both European countries which are, however, economically somewhat different. This also influenced the decision to focus on the two countries. Furthermore, this paper will focus on the role of gender since it is uncertain whether the impact of CSR is similar among males and females. In addition, since there can be a gap between reality and customer awareness, this thesis will focus on customers' perceptions of CSR.

1.3. Research Questions

This thesis will aim to explore the following questions:

1. Do different dimensions of perceived CSR influence brand loyalty among Finnish and Polish cosmetics customers?

2. Which dimension of perceived CSR is considered the most important by these customers?

3. Are there differences among Polish and Finnish male and female customers when it comes to the existence and the extent of the relationship between perceived CSR dimensions and brand loyalty?

1.4. Research Objectives

The research objectives of this thesis are:

1. To explore whether different dimensions of perceived CSR can predict brand loyalty among Finnish males and females and among Polish males and females in the cosmetics industry.

2. To examine whether the perceived CSR dimensions have differing impacts on brand loyalty among these customer groups.

3. To explore potential differences in the existence and the importance of the relationship between perceived CSR dimensions and brand loyalty by comparing nationalities and males and females.

2. LITERATURE REVIEW

2.1. Introduction

The purpose of this literature review is to understand the phenomenon of corporate social responsibility (CSR) and brand loyalty and their possible relationship in the cosmetics industry through examining previous literature and research on the topics. Firstly, the constructs of CSR and brand loyalty will be discussed. Secondly, research regarding CSR and its possible effects on purchase intentions and brand loyalty will be presented. Thirdly, an overview of the cosmetics industry will be provided after which CSR and brand loyalty in the cosmetics industry will be covered in more detail. The section regarding current research in the field will provide the basis for most of the hypotheses. Fourthly, the role of nationality will be discussed as brief overviews of the cosmetics industries in Finland and Poland will be provided and customer responses to CSR in these countries will be

examined. The remaining hypotheses will be proposed in this section before the final part of this literature review, the conceptual framework, is presented.

2.2.   Understanding CSR – Definitions and Dimensions

There are multiple definitions of CSR which frequently consist of different dimensions. Therefore, there is no one clear consensus of what the definition of CSR is (Dahlsrud, 2008). Next, some conceptualizations and definitions of CSR will be examined.

One of the earliest works in the pursuit of a basic definition of CSR is the Carroll's (1979) article "Three-Dimensional Conceptual Model of Corporate Performance". In the paper, Carroll examines previously presented definitions and views of social responsibility. These views varied, and some were focused, for instance, strictly on the economic or the discretionary responsibilities of firms (Carroll, 1979). Carroll then suggested that the total social responsibility of a firm consists of four dimensions which include economic, legal, ethical and discretionary responsibilities. Later, Carroll (1991) has also used the term philanthropic to describe the discretionary responsibilities. This four-dimensional definition provided by Carroll is well-known, and it has been often used in research regarding CSR (Maignan, 2001; He & Lai, 2014; Kim et al., 2017).

Later, CSR has also been described to be "a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment" (European Commission, 2001, p. 4). Another example of how CSR has been defined, is, that it is "a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders" (UNIDO, n.d.). It is, therefore, clear that there are various definitions of CSR which have been used even after the creation of the widely-used definition by Carroll.

The fact that there is an abundance of CSR definitions is not necessarily that problematic since the definitions seem to be quite congruent (Dahlsrud, 2008). In his paper, Dahlsrud (2008) studied 37 CSR definitions and identified five dimensions with a content analysis.

The five dimensions were named as environmental, social, economic, stakeholder and voluntariness dimensions. The analysis of the frequency counts from Google showed that each of the five dimensions were likely to be in a random definition, although some dimensions occurred more frequently than others. Therefore, the study concluded that "the definitions are predominantly congruent, making the lack of one universally accepted definition less problematic than it might seem at first glance." (Dahlsrud, 2008, p. 6).

A newer approach used in CSR research (Pérez & Rodríguez del Bosque, 2015; Moisescu, 2015) is the stakeholder approach, which is based on the stakeholder theory. The stakeholder theory is "a management theory based on moral treatment of stakeholders" (Harrison et al., 2015, p. 860). According to a wider perspective of the stakeholder theory, "a stakeholder can be any person, group, organization, institution, society, and even the natural environment" (Öberseder et al., 2013, p. 1840). The theory emphasizes that every stakeholder should be treated fairly and with honesty (Harrison et al., 2015). According to the stakeholder approach, the dimensions of CSR consist of different stakeholders (Pérez & Rodríguez del Bosque, 2013).

Although the stakeholder theory does not equal CSR theory, it has been used in CSR literature (Harrison et al., 2015). The stakeholder approach has, for instance, been used to understand customers' perceptions of CSR (Öberseder et al., 2014; Pérez & Rodríguez del Bosque, 2013). Understanding customers' perceptions of CSR is important since firms and customers appear to perceive CSR differently (Öberseder et al., 2013). For example, firms seem to place a higher importance on the responsibility towards their shareholders while customers seem to place a higher importance on the responsibility towards the environment (ibid). It is also suggested that the concept of CSR might be too broad for customers to process while dividing CSR into multiple areas of responsibility through stakeholders appears to be more understandable for them (ibid). These points highlight the benefits of the stakeholder approach.

Perceptions of CSR have also been found to vary between countries (Maignan, 2001; Ramasamy & Yeung, 2009). Therefore, it seems that understanding CSR is a more

complex attempt and the construct might be impossible to be fully depicted in one definition. For the purposes of this thesis, CSR will be defined as a multi-dimensional construct which consists of multiple dimensions including the economic, social, voluntariness and environmental dimensions. Special attention will be given to the stakeholder approach since it seems to be useful when assessing customers' perceptions of CSR.

2.3.   Brand Loyalty

One of the most known definitions of brand loyalty was developed by Jacoby & Kyner (1973). According to them, "Loyalty is a biased, behavioral response, expressed over time, by some decision making unit, with respect to one or more alternative brands out of a set of such brands, and is a function of psychological processes" (Jacoby & Kyner, 1973, p. 2). This definition maintains that loyalty is not just repeat purchase behaviour but that it involves an attitudinal component as well. However, there have been various definitions of brand and customer loyalty overtime.

All in all, there have been three main approaches to loyalty. These approaches are the behavioral, attitudinal and the mixed approach (Lichtlé & Pichon, 2008). The behavioral approach to loyalty focuses on the repeat purchase behavior of customers, but it has been found to inadequately model brand loyalty by itself (Jacoby & Kyner, 1973). According to the attitudinal approach to loyalty, a customer must have a favorable attitude towards the brand in order to be considered loyal (Lichtlé & Pichon, 2008). In order to measure this attitudinal aspect, researchers have used different methods including assessing the antecedents of loyalty such as customer commitment and attachment as well as studying the consequences of loyalty including customer recommendations and positive word-of-mouth (ibid). However, the mixed approach which acknowledges that loyalty has both behavioral and attitudinal aspects has been widely accepted (Dragolea et al., 2010). This can also be seen from the fact that the approach has been used in multiple studies (He & Lai, 2014; Fatma et al., 2016; Gürlek et al., 2017). Therefore, for the purposes of this thesis, brand loyalty will be defined according to the mixed approach, which emphasizes

that the construct consists of both repeat purchase behavior and a favorable attitude towards the brand.

2.4. CSR and its Impact on Purchase Intentions and Brand Loyalty

2.4.1. The Influence of CSR on Purchase Intentions

Earlier studies have shown that CSR affects the purchase intentions of customers positively and directly (Mohr & Webb 2005; Sen & Bhattacharya, 2001). However, these studies created the awareness of firms' CSR activities under artificial conditions by using hypothetical firms, and therefore, the findings have less practical influence. In addition, the studies focused on a limited number of CSR dimensions. However, Lee & Lee (2015) researched the impact of economic, legal, ethical and philanthropic responsibilities on the purchase intentions of customers and found all the dimensions to have an impact on purchase intentions either directly or indirectly. Moreover, when a more real-life setting was used to study CSR, Grimmer & Bingham (2013) found that customers were more likely to purchase products from firms which were perceived to have high environmental performance. Therefore, on the basis of these studies, it seems that CSR may affect purchase intentions.

In contrast, Öberseder et al. (2014) did not find CSR to have a significant impact on the purchase intentions of customers. The awareness of the respondents was also not manipulated since they were asked about their perceptions of the CSR activities of actual real-life firms. However, Öberseder et al. (2014) used an aggregate measure of CSR, which consisted of seven different stakeholder groups. Analyzing these CSR dimensions one by one could have revealed other insights in the direct relationship between CSR and brand loyalty. Anyhow, the study did find that the aggregate measure of CSR perceptions indirectly and positively influenced the purchase intentions through the mediating variable of consumer-company identification. This indicates that the potential relationship between CSR and purchase intentions can be more complicated.

The idea that the relationship between CSR and customer behavior is complicated is demonstrated well by other studies as well. Becker-Olsen et al. (2006), for instance, suggest that CSR initiatives have to be socially motivated and the fit between the social initiative and the mission of the firm high in order for the initiative to increase customers' purchase intentions. In addition, a higher customer awareness of CSR activities appears to result in increased purchase intentions (Lee & Shin, 2010; Wigley, 2008). Therefore, other elements in the relationship between CSR and purchase intentions may partially help explain the various findings in the field.

2.4.2. The Influence of CSR on Brand Loyalty

The possible influence of CSR on brand loyalty has been researched by exploring both the direct and indirect paths. In some studies, CSR has been showed to impact the loyalty of customers indirectly via variables such as brand identification, satisfaction, consumer-company connection and corporate ability associations (Fatma et al., 2016; Pérez & Rodríguez del Bosque, 2015; Moon et al., 2015; Crespo & Inacio, 2018). This indicates that the relationship between CSR and brand loyalty can also be complicated. Nevertheless, this thesis will focus on the potential direct effect of CSR and its dimensions on brand loyalty.

When it comes to the direct relationship between aggregate CSR and brand loyalty, the results have been diverse. Some researchers have found a direct and positive impact of aggregate CSR on customer loyalty (Gürlek et al., 2017). In addition, Mandhachitara and Poolthong (2011) found a positive association between CSR and attitudinal loyalty. In contrast, García de los Salmones et al. (2005) did not find aggregate CSR, which consisted of perceived legal, ethical and philanthropic responsibilities, to have a significant direct influence on brand loyalty. However, the authors of the study acknowledged the need for understanding how customers perceive CSR since it might be different than that offered by the definition provided by Carroll (ibid). In addition, possible moderating variables were not examined, and the CSR dimensions were not studied separately, which could have been beneficial.

Indeed, research shows that different dimensions of CSR can have differing effects on brand loyalty. For instance, in the Indian banking industry, economic, legal and ethical CSR were found to have a significant and positive impact on brand loyalty, with ethical CSR having the biggest influence (Pratihari & Uzma, 2018). Interestingly, philanthropic CSR, which included items such as making donations and sponsoring cultural and social events, did not have a significant impact. In addition, philanthropic CSR was the only dimension that directly impacted behavioural loyalty in the gaming industry whereas legal CSR was not found to have any kind of impact (Kim et al., 2017). These results also suggest that the impact of CSR and its dimensions may be different depending on the industry. CSR and its impact on brand loyalty in the cosmetics industry may also be different when compared to other industries. However, this potential connection between CSR and brand loyalty in the cosmetics industry will be discussed in greater detail later in this study.

2.5.   An Overview of the Cosmetics Industry

The global cosmetics market is valued at over 200 billion euros. The market has been growing rather steadily, experiencing growth even in financially difficult times. In 2017, for example, the market grew by an estimated of 4 to 5 percent when compared to the previous year. When it comes to geographic zones, the Asia-Pacific region seems to be the biggest market for cosmetics currently, accounting for 37 percent of the global cosmetics market followed by North America (25 %) and Western Europe (18 %). (L'Oréal, 2017)

The cosmetics industry has some unique features. The market is, for example, widely dominated by a relatively small number of multi-national corporations (Statista, n.d.). L'Oréal, Unilever and Procter & Gamble Co. are examples of some of the leading beauty manufacturers worldwide (Women's Wear Daily, n.d.). L'Oréal, for instance, has a wide international presence and it considers the differences between regions and countries in its strategy (L'Oréal, 2017). Therefore, it could be said that the cosmetics industry has a very international nature. The cosmetics industry is also unique in a way that it combines

both hedonic and utilitarian products (He & Lai, 2014). The product categories of the cosmetics market include skincare, haircare, make-up, perfumes and hygiene products, with skincare being the largest category with 37 percent of the global cosmetic market in 2017 (L'Oréal, 2017).

There are various trends in the cosmetics industry. Customers are, for example, increasingly interested in sustainability, ingredients and quality (Statista, 2018). This might partially explain the growing demand for natural and organic beauty products. In fact, the market value for organic and natural personal care products is forecasted to almost double from 2016 to 2024 to just under 22 billion US dollars with a compound annual growth rate of 8,8% (Persistence market research, 2016). Other current trends include, for instance, Asian beauty products as well as smart beauty in which technology is used to offer customized products and services (Statista, 2018). To conclude, various trends in the cosmetics industry appear to be related, for instance, to eco-friendliness, product quality, ingredients and innovations.

2.6. CSR and Brand Loyalty in the Cosmetics Industry

Research regarding the extent to which brand loyalty exists in the cosmetics industry is very limited. Alhedhaif et al. (2016) studied brand loyalty among women in the cosmetics industry by measuring how often customers bought a certain product. In every product category, at least 80 percent of the respondents demonstrated a preference towards one or more brands, which indicates a rather high behavioral loyalty. This would suggest that brand loyalty is a very important phenomenon that should get attention by managers in the cosmetics industry. However, the study was conducted in one country only, which is why generalizations on the matter are difficult to make.

When it comes to CSR initiatives in the cosmetics industry, there appears to be some variety. Many initiatives, for example, focus on decreasing the environmental impact of products by reducing and avoiding packaging as well as by using recycled materials (Ecovia Intelligence, 2010). In addition, many multinationals are focusing on providing

greener formulations, reducing waste, greenhouse gas emissions and the amount of water and energy consumed (ibid). Some beauty companies also focus on initiatives such as ethical supply chains and corporate philanthropy (ibid). Animal testing is also considered unethical in the cosmetics industry (ibid), which is why avoiding its use can be considered as a CSR initiative. Anyhow, the use of animal testing has long been disliked and many companies have already shifted away from it (Kumar, 2005). In addition, animal testing has been fully banned in the EU since 2013 (European Commission, n.d.), which is why it does not appear to be as relevant anymore in Europe. All in all, CSR expressed towards the environment appears to be widely adopted by firms in the industry.

Based on the previous section, one of the most relevant forms of CSR for the purposes of this thesis is CSR expressed towards the environment. This CSR type includes actions such as recycling and preventing waste (Öberseder et al., 2014). In addition, using fewer resources as well as eco-friendly materials in products are examples of CSR actions related to the environment (Moisescu, 2015). From a broader perspective, this type of CSR, which will be referred to as environmental CSR in the following sections, is about protecting the natural environment as well as reducing the negative impact a company may cause to it (Turker, 2009). The environment has also been found to be one of the most important CSR domains for customers across multiple industries (Öberseder et al., 2014), which is also why environmental CSR will be one of the CSR dimensions focused on in this paper.

CSR expressed towards the customers is also one of the most important CSR domains for customers (Öberseder et al., 2014). The perceived importance of each domain is an important consideration when choosing which CSR dimensions to study. This is because customers could be more aware of those CSR domains which they consider to be the most important. The CSR domain related to customers includes aspects such as meeting quality standards and providing safe products (ibid). In addition, fair prices and sales practices as well as understandable labeling can be related to the construct (ibid). This CSR dimension will be referred to as customer CSR and it is another dimension that will be focused on in this paper.

The third CSR domain which customers consider to be quite important across multiple industries is employees (ibid). CSR related to employees includes aspects such as offering good working conditions and fair pay as well as respecting employees and their rights (Moisescu, 2015). The equal treatment of employees and offering them support and training are also examples of this CSR domain (Öberseder et al., 2014). However, current research in the cosmetics industry, which will be discussed in detail in the next section, suggests, that CSR related to employees is potentially not that important when it comes to loyalty (Moisescu, 2015). In addition, employees do not appear to be the focus of most CSR initiatives in the cosmetics industry (Ecovia Intelligence, 2010), and therefore, CSR expressed towards the employees or employee CSR, will not be studied in this paper.

2.6.1. Current Research

Research regarding customers' perceptions of CSR and its influence on brand or customer loyalty in the cosmetics industry is limited. He and Lai (2014) as well as Suh and Yoo (2014), cited in Moisescu (2015), studied the indirect effect of perceived CSR on loyalty through the mediating variables of brand image (He & Lai, 2014) and brand authenticity (Suh & Yoo, 2014). Moisescu (2015), however, has been the only one to examine the possible direct effect of perceived CSR on customer loyalty in the personal care industry, in which they included beautification and hygiene products. Therefore, the industry is very similar to the cosmetics industry and it will be used to help form the hypotheses in this thesis. Overall, research has mainly focused on South-East Asia with the exception of Romania (Moisescu, 2015). In addition, Vázquez-Burguete et al. (2017) studied CSR and customers' behavior in different stages of the consumer decision-making process in Spain. However, due to the methodology, no impact of CSR on loyalty can be shown, since the constructs were not measured separately. Furthermore, Shabib and Ganguli (2017) investigated CSR and its potential influence on purchase decision among Bahraini women. Although the research did not focus on the broader construct of brand loyalty, factors affecting purchase decisions are an important consideration and hence, the study will be included in this section.

Findings suggest that perceived customer CSR has a significant positive influence on customer loyalty regardless of demographic category (Moisescu, 2015). In addition, Shabib and Ganguli (2017) found that even though CSR is not that important in purchase decisions among Bahraini women, the CSR initiative "uses safe and natural ingredients" still appears to have a significant influence on purchase decisions. A potential reason why CSR is not considered to be important among the participants could be the fact that they were found to have low awareness of CSR activities of cosmetics firms (ibid). However, since providing safe products is one aspect of customer CSR, the finding that safe and natural ingredients may have an impact on purchase decisions, even when compared with low CSR awareness, gives support to the importance of the construct.

Perceived environmental CSR also appears to have a positive impact on loyalty, but only in some categories such as women and younger customers (Moisescu, 2015). In addition, He and Lai (2014) found that ethical CSR, which included environmental aspects, has a positive but indirect influence on brand loyalty through brand image. The study did not, however, investigate a possible direct effect. Anyhow, since over 88 percent of the respondents in the study are female, this further supports the idea that environmental CSR may impact brand loyalty, especially in the case of women.

Based on the previous literature, the following hypotheses about the cosmetics industry in Finland and Poland are drawn:

H1: Perceived customer CSR will positively and significantly influence brand loyalty in the case of Finnish men as well as in the case of Finnish women.

H2: Perceived environmental CSR will positively and significantly influence brand loyalty in the case of Finnish women but not in the case of Finnish men.

H3: Perceived customer CSR will positively and significantly influence brand loyalty in the case of Polish men as well as in the case of Polish women.

H4: Perceived environmental CSR will positively and significantly influence brand loyalty in the case of Polish women but not in the case of Polish men.

When it comes to the potentially different impacts of CSR domains on loyalty in the cosmetics industry, results indicate that perceived customer CSR is the most influential one (Moisescu, 2015). This might be the case since customers likely have some idea of how the firm or brand behaves towards its customers from their own experience and thus have a higher awareness of aspects related to customer CSR. Furthermore, according to the Chief Sustainability Officer at L'Oréal, there is not enough communication about the environmental impact of products (Sustainable Brands, 2017). This suggests that there might be a lack of awareness regarding environmental initiatives of brands among customers, which might partially explain why it indeed has been found to have a smaller impact on loyalty among customers. In addition, price and quality appear to be very important in purchase decisions (Shabib & Ganguli, 2017) and when comparing products (Vázquez-Burguete et al., 2017). In fact, Shabib and Ganguli (2017) suggest that they are much more important than CSR initiatives to customers. Since the construct of customer CSR includes aspects such as product quality and fair prices, it may, therefore, be more important to customers than other CSR domains and hence have a higher impact on brand loyalty.

Based on the previous literature, the following hypotheses about the cosmetics industry in Finland and Poland are proposed:

H5: Perceived customer CSR will have a higher influence on brand loyalty than perceived environmental CSR among Finnish women.

H6: Perceived customer CSR will have a higher influence on brand loyalty than perceived environmental CSR among Polish women.

Two studies have looked at the role of gender (Moisescu, 2015; Vázquez-Burguete et al., 2017). Overall, the results suggest that an aggregate measure of CSR impacts women

more (Moisescu, 2015). Other findings such as women having a higher desire to buy cosmetics from responsible firms, showing more interest towards CSR and having more knowledge of responsible firms and products (Vázquez-Burguete et al., 2017) also likely contribute to women showing more loyalty. However, irrespective of gender, customers appear to moderately agree that they prefer to buy from responsible firms and are willing to take the trouble to buy their products (ibid). In addition, when it comes to customer CSR, the results of the study by Moisescu (2015) indicate that customer CSR could have a slightly bigger impact on brand loyalty among men. Since the study by Moisescu (2015) is the only one that has studied the role of different CSR dimensions from the stakeholder perspective in the cosmetics industry, more emphasis will be put on it and hence the following hypotheses are proposed:

H7: Perceived customer CSR in the cosmetics industry will have a higher influence on brand loyalty in the case of Finnish men than in the case of Finnish women.

H8: Perceived customer CSR in the cosmetics industry will have a higher influence on brand loyalty in the case of Polish men than in the case of Polish women.

2.7.   The Role of Nationality

This thesis will explore the potentially moderating role of nationality in the relationship between perceived CSR and brand loyalty in the cosmetics industry. More specifically, the thesis will compare customers in Finland and Poland. Since customer research regarding CSR in these countries appears to be rather non-existent (Fatma & Rahman, 2015), in order to form the hypotheses on the role of nationality, findings and theories that are close to the subjects of CSR, customer behavior and nationality will be used. Before discussing literature on customer responses in Finland and Poland, a short overview of the cosmetics industries in each country is provided.

2.7.1. The Cosmetics Industry in Finland and Poland

The Finnish cosmetics and personal care industry had a consumption value of 911 million euros in 2017 (Cosmetica Italia, 2018). The market value has just started to show stronger positive growth after a while (Euromonitor, 2018a). Currently, the market is characterized by intense competition, which has also led to lower prices (ibid). In addition, customers in Finland are buying more natural brands and more natural brands are being introduced to the market especially in segments such as skincare, haircare and bath and shower products (ibid).

The Polish cosmetics market, on the other hand, has been experiencing growth for many years and for the year of 2018, the growth was expected to be 6,7 percent (PMR, 2018). When compared to other European countries, Poland is the sixth biggest market for cosmetics and personal care products with a consumption value of 3,705 billion euros in 2017 (Cosmetica Italia, 2018). While the market is dominated by multinationals, local brands also hold strong positions (Euromonitor, 2018b). When it comes to trends, naturalness has been an important one in the industry, especially in 2017 (ibid). Therefore, it seems that in both countries there is a growing trend towards more natural products.

2.7.2. Customer Responses to CSR in Finland and Poland

Literature suggests that how individualistic or collectivistic a country is, may impact the perceived importance of CSR among customers (Ramasamy & Yeung, 2009; Maignan, 2001). However, since Finland and Poland have very similar scores on individualism (Hofstede, 2001), it is difficult to assume differences among the customers from this point of view. Anyhow, because of the almost identical individualism scores, it could be that people value CSR quite similarly and thus, the impact CSR has in these countries might be very much alike. However, it appears that the individualism index would not predict the varying importance customers attach to different dimensions of CSR (Ramasamy & Yeung, 2009). Another country characteristic that could affect the support of CSR is

economic development, but multiple studies suggest that it is not relevant (Ramasamy & Yeung, 2009; Chapple & Moon, 2005).

Since awareness is likely crucial for CSR to have an impact, it is an important consideration when comparing the two countries. Even though CSR awareness in the cosmetics industry appears to not have been studied in these countries, the fact that natural products are a trend in both could mean that customers are becoming more aware of health and environmental issues related to beauty products. This may result in more customer appreciation towards brands which are environmentally-friendly or which provide safe products. However, due to the lack of comparative studies and statistics, it is difficult to assess whether customers in one country appreciate such products more.

However, one comparative study was done by the GfK Group (2016) in which they studied women across six EU countries including England, Germany, France, Italy, Sweden and Poland and explored the purchase drivers of natural and organic cosmetics. The study discovered that the main purchase driver for natural and organic cosmetics among Polish women is the desire to avoid negative consequences to the customers themselves that harmful ingredients could cause. This risk avoidance group is clearly bigger in Poland than in the other countries (ibid). In addition, the group of customers who are driven to buy the products in the pursuit of avoiding harm to others such as animals, other people and the planet, appears to be the smallest in Poland (ibid). In contrast, the report highlights that women in Northern EU countries are primarily concerned for the planet and nature.

These results may indicate that the environment is not regarded to be as important in cosmetics in Poland as it could be in other countries, such as Northern EU countries like Finland. In addition, the higher desire to avoid harm to themselves among Polish women indicates that the Polish could potentially be impacted more by customer CSR since offering safe products is one aspect of the construct. It is noteworthy, however, that the study focused just on natural and organic cosmetics among women who were interested in them. Therefore, the potential role of gender, for example, is difficult to assess.

Furthermore, even though the results are generalized to include Northern European customers, Finland was not directly studied.

Regardless of these facts, due to the lack of other comparative and suitable studies, the following hypotheses about the cosmetics industry in Finland and Poland are proposed:

H9: Perceived customer CSR impacts brand loyalty more in the case of Polish male and female customers than in the case of Finnish male and female customers.

H10: Perceived environmental CSR impacts brand loyalty more in the case of Finnish female customers than in the case of Polish female customers.
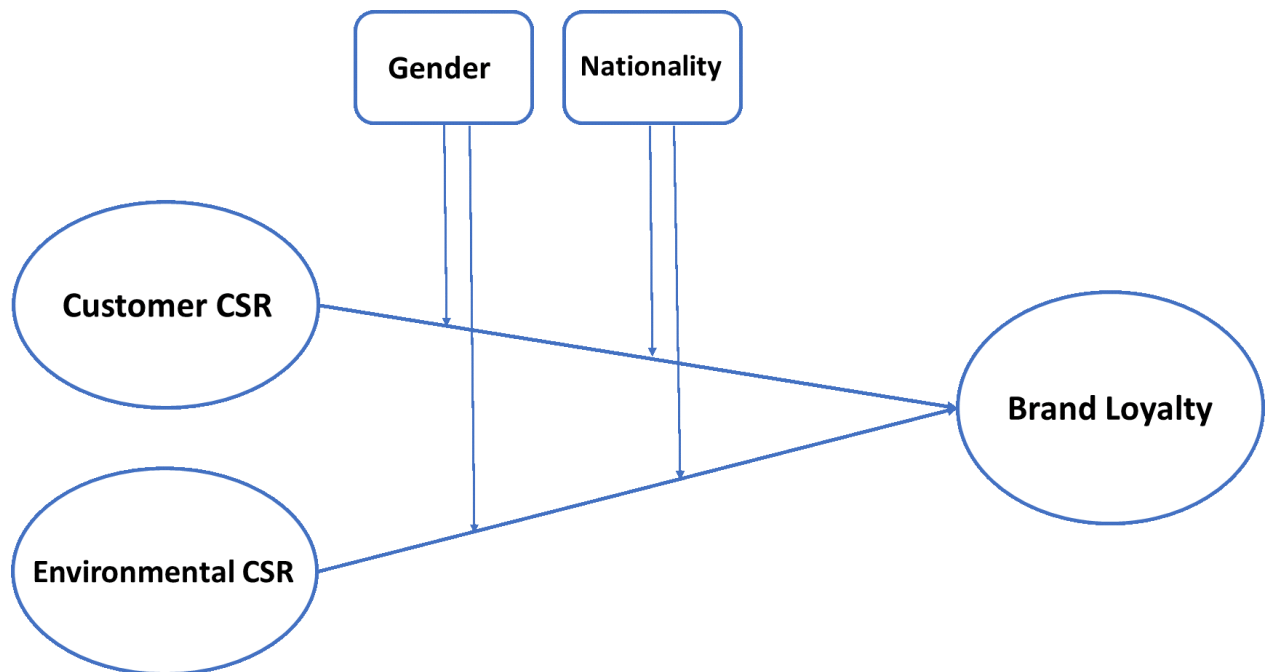
2.8. Conceptual Framework

Figure 1: Conceptual Framework

The conceptual framework presented in figure 1 is partially based on previous research discussed earlier in the literature review. Including the possible moderating role of nationality, however, is a unique approach. The framework illustrates the potential influence of perceived CSR expressed towards the customers (customer CSR) and the environment (environmental CSR) on brand loyalty. Gender and nationality are also presented as potential moderating variables, which may impact the existence and the extent of the influence. This conceptual framework helps to visualize the hypotheses proposed in this paper and it will be used to guide primary data collection.

3. METHODOLOGY

The purpose of this section is to provide information about the methodology used in the research. Firstly, the research methods and data collection will be discussed. Secondly, the questionnaire design will be presented. Thirdly, the way in which sampling was carried out will be covered in more detail. Fourthly, the limitations of methodology will be discussed after which the data analysis methods will be presented.

3.1. Research Methods and Data Collection

Secondary data as well as primary data are used in this thesis. Secondary data was utilized in the literature review, which provided the basis for the proposed hypotheses, the conceptual framework as well as the scales used in primary data collection. To test the conceptual framework and the hypotheses, an online questionnaire was created using Webropol 3.0 software. Using an online survey to collect primary data was chosen because it is easy to distribute to multiple people at the same time. In addition, it allows both Finnish and Polish cosmetics customers to be reached within the time constraints. The research method chosen for the primary research was quantitative in order to objectively analyze the results. Furthermore, conducting quantitative research appeared to be the most suitable way to test the hypotheses.

Before the online questionnaire was shared in public, a pilot test was conducted with one respondent in order to identify questions and options that could be unclear. After this, the questionnaire was shared online via different social media platforms such as Facebook, WhatsApp, Snapchat and LinkedIn. Email was also utilized to distribute the survey to the students of Aalto University Mikkeli Campus. Since the survey was about cosmetics, it was targeted towards all people in Finland and Poland.

All the participants responded to the survey voluntarily. It was also clearly communicated that participation in the survey would be anonymous and all information would be handled confidentially. The participants were also informed that the survey was created for the purposes of a bachelor's thesis. In addition, a fair time estimate as well as contact information was provided before the survey started in order to execute the data collection in a fair manner.

3.2. Questionnaire Design

The online survey had seven pages in total. The first page provided information about the purpose, nature and topic of the questionnaire. In addition, a time estimate was given to the respondents as well as an email address which they could use if they had any questions regarding the survey. It was also mentioned that the respondents could participate in the survey if they used products from at least one of the cosmetics categories mentioned. However, since it is possible that respondents may read the introduction section quickly or even just skim parts of it, a question concerning the use of cosmetics products was asked on the second page. This was done to ensure that only cosmetics customers would answer the survey. The respondents who did not use cosmetics were forwarded to the end of the survey where they were thanked for their participation.

On the third page, respondents were asked to choose and write down the name of one cosmetics brand from which they had acquired cosmetics products. Respondents were also asked to select the categories which represented the products they had purchased from the brand. Lastly, respondents were asked to keep the brand in mind when

answering the rest of the survey. Utilizing real brands and their customers as opposed to fictious brands to study CSR and brand and customer loyalty has also been the focus of other recent studies (Moisescu, 2015; He & Lai, 2014), which is why the same approach was used in this research.

The fourth page included a 6-item measure of perceived customer CSR which was based on a previously validated scale by Öberseder et al. (2014). The respondents were asked to think about the brand they chose and rate the statements on a five-point Likert scale from "Strongly disagee" to "Strongly agree". The same rating scale was utilized on the fifth page, which included a six-item measure of perceived environmental CSR based on previously validated scales by Öberseder et al. (2014), Moisescu (2015) and Turker (2009). The phrase "I think" was added to each of the items of the perceptual CSR measures to emphasize the fact that the respondents do not have to know the "real" answers to the questions.

On the sixth page, respondents were asked to rate three statements using the same five-point Likert scale from "Strongly disagree" to "Strongly agree". The three items measured brand loyalty by exploring the respondents' likelihood of repurchasing products from the brand, recommending the brand as well as engaging in positive word-of-mouth. These items were based on previously validated scales by Zeithaml et al. (1996) and Selnes (1993). A similar combination of these scales was also utilized in a study by He and Lai (2014), since it acknowledges both the behavioral and the attitudinal nature of loyalty. The phrase "I am likely to" was added to the items since there could be cases where the respondents have not yet had the time to, for example, recommend or say positive things about the brand. Therefore, very strong statements such as "I say positive things about this brand" were avoided. This, however, means that the scale may not capture real-life attitudes as well. This is acknowledged as a limitation and it will be discussed more in the limitations section.

On the last page, respondents were asked about their age, gender and nationality. The nationality question was divided into three parts. The choices were "Finnish", "Polish" and

"Other, please specify". This was done to make the questionnaire and data analysis simpler. After the last page, respondents were forwarded to the thank you-page.

The full questionnaire can be found in Appendix 1.

3.3. Sampling

Due to the limited time and resources, convenience sampling was used. Therefore, the sample of the study is a non-probability sample. Because of this, the results cannot be generalized to the populations of Finland and Poland. However, utilizing this method allowed the collection of many participants. In addition, sharing the public link to the online survey was often encouraged, which is why snowball sampling was also used.

The total number of respondents was 242 out of which 231 reported to use cosmetics. Being either Finnish or Polish was also part of the sampling criteria and, therefore, 21 responses from respondents which represented other nationalities were excluded from data analysis. Furthermore, three more responses had to be excluded from data analysis because they answered one of the questions incorrectly. These respondents typed the name of multiple brands to the questionnaire instead of just one or wrote the name of a product instead of a brand, and therefore, these responses were excluded from analysis. All in all, the valid sample consisted of 207 responses. This sample can also be divided into two distinct subsamples of Polish (n=100) and Finnish (n=107).

3.4. Limitations of Methodology

There are some limitations to the chosen methodology. Firstly, the fact that convenience sampling was used caused some limitations. Most of the respondents are of similar age, for instance, and hence the results cannot be generalized too much. In addition, the distribution of gender could have been more equal, especially in the group of Finnish respondents. Furthermore, other demographical information such as occupation and income were not studied. Although it can be said, for example, that a large number of

respondents are likely university students due to the way the data was collected, these limitations impact the generalizability of the results.

There are also limitations related to the questionnaire. Firstly, the online survey prohibits the possibility for respondents to ask questions if they find something unclear. Therefore, there is always a chance that misunderstandings occur. Although an email address was provided to the respondents in order for them to ask questions about the questionnaire, no one utilized this possibility. Another limitation is the fact that the survey was in English. Although the survey was created to be clear and simple, it is reasonable to assume that the language could have caused some misunderstandings among the Finnish and Polish respondents. There is also a chance that some respondents may have filled the survey quickly without reading the questions thoroughly. However, some respondents which did not appear to read or understand the questions well enough were identified and excluded from analysis as explained before.

Another limitation is the nature of the brand loyalty scale. It is important to acknowledge that the scale does not measure past behavior and is perhaps not as accurate at mirroring behavior and attitudes in real life. Another limitation related to scales is utilizing a scale with a slightly lower reliability score among Finnish respondents. This will, however, be discussed more in the reliability section.

3.5. Data Analysis

The data from the questionnaire was analyzed with IBM SPSS Statistics software. Descriptive statistics such as crosstabulation and frequencies were used to analyze the data. In addition, reliability analyses were conducted after which multiple regression analyses were performed to test the proposed hypotheses.

4. FINDINGS

The findings of the primary research are presented in this section. Firstly, the sample profile is discussed. Secondly, a reliability analysis is provided for the three scales used in the research. Thirdly, the proposed hypotheses are tested after which other relevant findings are presented.

4.1. Sample Profile

Although the total number of respondents was 242, the valid sample consisted of 207 respondents. 107 of these respondents were Finnish and the remaining 100 Polish. The gender distributions of both the Finnish and Polish groups are presented in figure 2. It can be seen from the figure that the group of Finnish males (40 respondents) is rather small compared to the group of Finnish females (67 respondents). The gender distribution among the Polish group is, however, more equal.
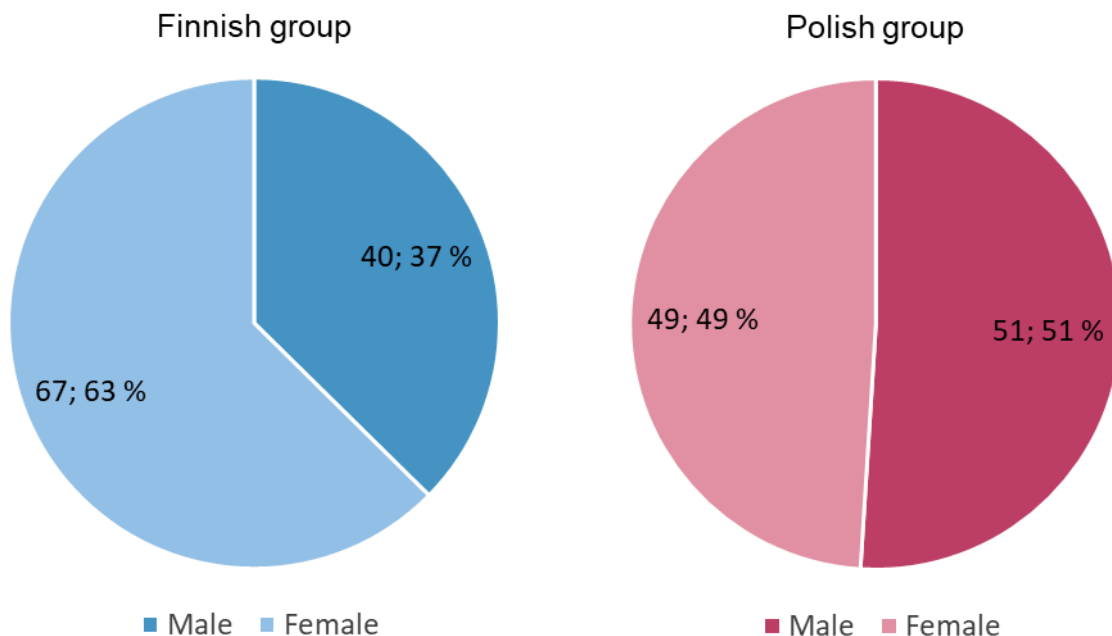

Figure 2: Gender distributions for the Finnish and Polish groups

The ages of the Finnish respondents ranged from 19 to 51 whereas the ages of the Polish respondents ranged from 14 to 35. Age distributions for the Finnish as well as for the Polish respondents are presented in figure 3 and figure 4. Although the distributions look different, the Finnish and Polish respondents can be compared rather well since both nationality groups were mostly composed of rather young customers. The mean ages of the Finnish respondents (22,23) and the Polish respondents (22,25) were almost identical. In addition, the median ages of 21 (Finnish respondents) and 22 (Polish respondents) were very similar. Most importantly, 94% of the Finnish respondents were 24 or under, whereas the corresponding percentage for the Polish respondents was 84 %. All in all, most of the respondents appeared to be in their early twenties.
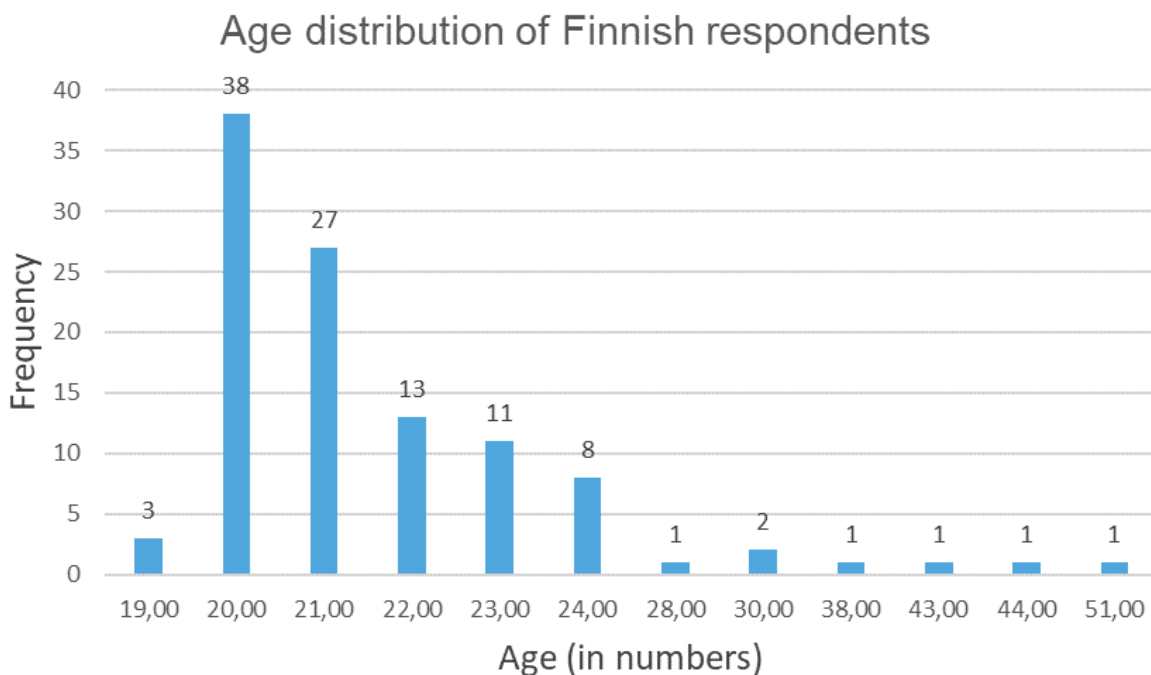

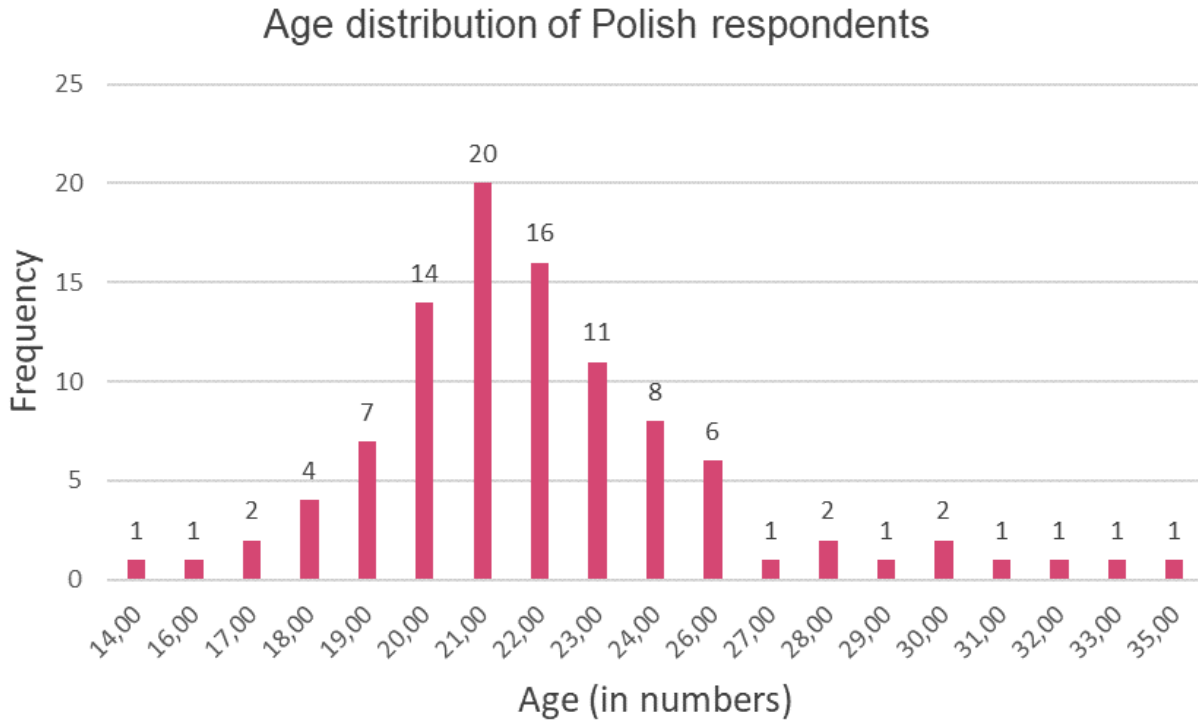**Figure 3:** Age distribution of Finnish respondents

Figure 4: Age distribution of Polish respondents

4.2. Reliability Analysis

The survey had three scales in total. These scales were for the constructs of customer CSR, environmental CSR and brand loyalty. The number of items varied among the scales. Customer CSR and environmental CSR was measured with six items each, whereas brand loyalty was measured with three items. In order to see whether the items in these scales had internal consistency and whether the scales could be used in data analysis, a reliability analysis was performed for each of them on SPSS. Cronbach's alpha was chosen to measure the reliability of the scales. An alpha coefficient of above 0,7 is often considered acceptable (Peterson, 1994). Table 1 presents the Cronbach's alphas of the three scales for the Finnish and Polish respondents as well as for all the respondents combined (both Finnish and Polish).

Scale	Cronbach's alpha (Finnish group)	Cronbach's alpha (Polish group)	Cronbach's alpha (All)
Customer CSR	0,689	0,708	0,706
Environmental CSR	0,92	0,88	0,895
Brand Loyalty	0,876	0,914	0,901

Table 1: Cronbach's alphas of all the scales for different groups of respondents

As can be seen from table 1, all the scales appear to be reliable ($\alpha>.70$) except for the customer CSR scale among the Finnish respondents. However, due to the fact that the Cronbach's alpha of this scale is close to 0,7 and since the scale has been found reliable in previous research (Öberseder et al., 2014), it will be used in this research as well. In addition, since the somewhat lower reliability may, for example, be due to sample size, it is useful to look at the reliability of the scale among all the respondents. The customer CSR scale among all the respondents was found reliable (6 items; $\alpha=.706$), which is another reason why the customer CSR scale will be used in further data analysis. The lower reliability of the customer CSR scale among the Finnish respondents is, however, a limitation which is acknowledged.

4.3. Hypotheses Testing

The ten hypotheses proposed in the literature review were tested using multiple linear regression analysis. In order to compare the Finnish and Polish respondents and take gender into account, four groups were formed: Finnish males, Finnish females, Polish males and Polish females. A multiple regression model (see figure 5), in which customer CSR and environmental CSR were placed as potential partial predictors of brand loyalty, was tested among the four groups in order to see whether the hypotheses could be supported or not. In some cases, a dummy variable in addition to an interaction term were utilized in the regression model in order to determine whether the differences in results

were statistically significant. Overall, a p-value less than 0.05 was considered to convey statistical significance.
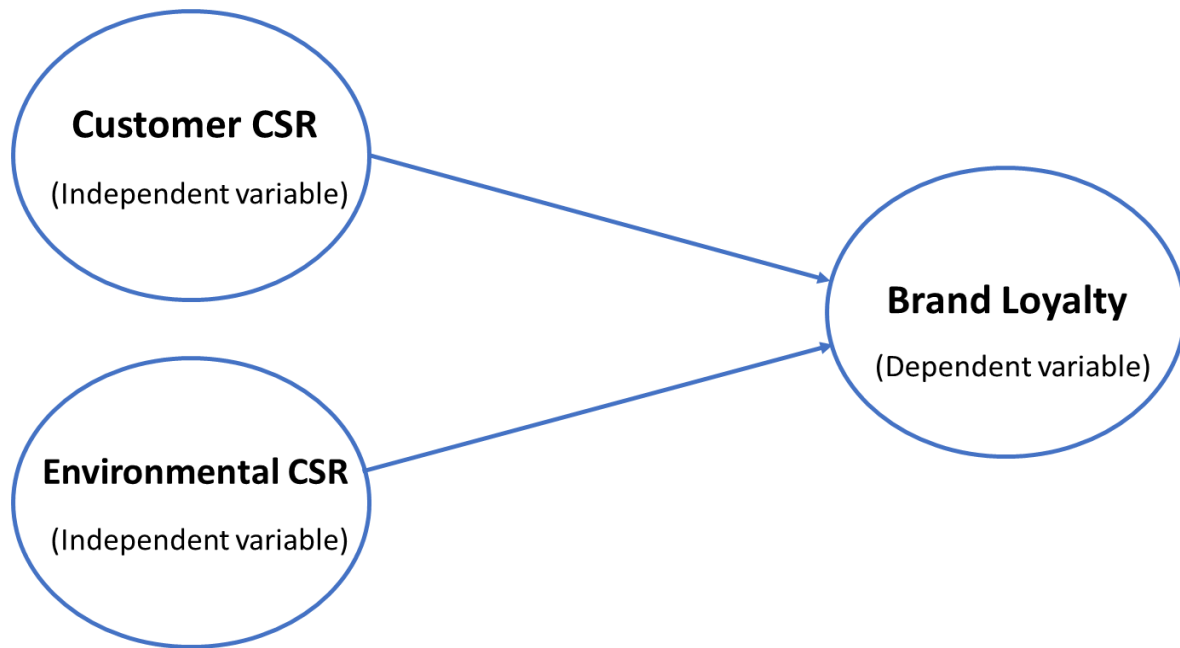

Figure 5: Multiple regression model

4.3.1. The Relationship Between CSR Dimensions and Brand Loyalty among Finnish Respondents

H1: Perceived customer CSR will positively and significantly influence brand loyalty in the case of Finnish men as well as in the case of Finnish women.

H2: Perceived environmental CSR will positively and significantly influence brand loyalty in the case of Finnish women but not in the case of Finnish men.

The results of the regression analysis showed in table 2 below indicate that customer CSR and environmental CSR combined explained a significant proportion of variance in brand loyalty scores in the case of Finnish males (R^2 =.35, $F(2,37)$ = 9.987, $p < .001$) and Finnish females (R^2 =.47, $F(2,64)$ = 28.44, $p < .001$). This means that customer CSR and

environmental CSR combined significantly predicted brand loyalty among Finnish respondents. When analyzing the Finnish female group, it was found that as customer CSR increased, brand loyalty also increased significantly (B = 0.815, t(64) = 5.276, p < .001). However, customer CSR (B = 0.503, t(37) = 1.814, p = .078) did not appear to be a significant predictor of brand loyalty among Finnish males. Based on these results, H1 cannot be confidently supported.

Model Summary

Finnish respondents	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Finnish males	1	,592[a]	,351	,315	,70350
Finnish females	1	,686[a]	,471	,454	,44471

a. Predictors: (Constant), EnvrnmntlCSR, CustomerCSR

ANOVA[a]

Finnish respondents	Model		Sum of Squares	df	Mean Square	F	Sig.
Finnish males	1	Regression	9,886	2	4,943	9,987	,000[b]
		Residual	18,312	37	,495		
		Total	28,197	39			
Finnish females	1	Regression	11,250	2	5,625	28,444	,000[b]
		Residual	12,657	64	,198		
		Total	23,907	66			

a. Dependent Variable: BrandLoyalty
b. Predictors: (Constant), EnvrnmntlCSR, CustomerCSR

Coefficients[a]

Finnish respondents	Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
Finnish males	1	(Constant)	,681	,833		,817	,419		
		CustomerCSR	,503	,278	,312	1,814	,078	,593	1,685
		EnvrnmntlCSR	,410	,206	,342	1,990	,054	,593	1,685
Finnish females	1	(Constant)	,235	,580		,405	,687		
		CustomerCSR	,815	,155	,520	5,276	,000	,853	1,172
		EnvrnmntlCSR	,218	,074	,291	2,955	,004	,853	1,172

a. Dependent Variable: BrandLoyalty

Table 2: Model summary, ANOVA and Coefficients tables for Finnish males and females

The results in table 2 also show that environmental CSR significantly predicted brand loyalty among Finnish females (B = 0.218, t(64) = 2.955, p < .01). However, environmental CSR (B = 0.410, t(37) = 1.990, p = .054) did not appear to be a significant predictor of brand loyalty among Finnish males. These results support H2.

4.3.2. The Relationship Between CSR Dimensions and Brand Loyalty among Polish Respondents

Model Summary

Polishrespondents	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Polish males	1	,742[a]	,550	,531	,73498
Polish females	1	,771[a]	,595	,577	,53611

a. Predictors: (Constant), EnvrnmntlCSR, CustomerCSR

ANOVA[a]

Polishrespondents	Model		Sum of Squares	df	Mean Square	F	Sig.
Polish males	1	Regression	31,683	2	15,841	29,325	,000[b]
		Residual	25,929	48	,540		
		Total	57,612	50			
Polish females	1	Regression	19,427	2	9,714	33,796	,000[b]
		Residual	13,221	46	,287		
		Total	32,649	48			

a. Dependent Variable: BrandLoyalty
b. Predictors: (Constant), EnvrnmntlCSR, CustomerCSR

Coefficients[a]

Polishrespondents	Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
Polish males	1	(Constant)	-,584	,551		-1,060	,294		
		CustomerCSR	,992	,197	,643	5,043	,000	,577	1,733
		EnvrnmntlCSR	,166	,151	,140	1,099	,277	,577	1,733
Polish females	1	(Constant)	,262	,484		,542	,590		
		CustomerCSR	,778	,162	,588	4,803	,000	,587	1,703
		EnvrnmntlCSR	,259	,128	,248	2,026	,049	,587	1,703

a. Dependent Variable: BrandLoyalty

Table 3: Model summary, ANOVA and Coefficients tables for Polish males and females

H3: Perceived customer CSR will positively and significantly influence brand loyalty in the case of Polish men as well as in the case of Polish women.

H4: Perceived environmental CSR will positively and significantly influence brand loyalty in the case of Polish women but not in the case of Polish men.

According to the results presented in table 3, customer CSR and environmental CSR combined appeared to explain a significant proportion of variance in brand loyalty also in the case of Polish males (R^2 =.55, $F(2,48) = 29.325$, $p < .001$) and Polish females (R^2 =.595, $F(2,46) = 33.796$, $p < .001$). When the CSR dimensions were evaluated separately, it was found that customer CSR significantly predicted brand loyalty among Polish males ($B = 0.992$, $t(48) = 5.043$, $p < .001$) and females ($B = 0.778$, $t(46) = 4.803$, $p < .001$). Based on these results, H3 can be supported.

The results in table 3 also indicate that environmental CSR significantly predicted brand loyalty among Polish females ($B = 0.259$, $t(46) = 2.026$, $p < .05$) but not among Polish males ($B = 0.166$, $t(48) = 1.099$, $p = .277$). Based on these results, H4 can be supported.

4.3.3. The Importance of Each CSR Dimension among Finnish and Polish Respondents

H5: Perceived customer CSR will have a higher influence on brand loyalty than perceived environmental CSR among Finnish women.

The importance of the individual predictors in each model can be determined by evaluating the standardized coefficients. According to the results in table 2, customer CSR ($\beta = .520$) was more important as a predictor of brand loyalty among Finnish females than environmental CSR ($\beta = .291$). Based on these results, H5 can be supported.

H6: Perceived customer CSR will have a higher influence on brand loyalty than perceived environmental CSR among Polish women.

When it comes to Polish females, it was also found that customer CSR (β = .588) was a more important predictor of brand loyalty than environmental CSR (β = .248). These results, presented in table 3, support H6.

4.3.4. The Importance of Customer CSR among Finnish and Polish Respondents – The Role of Gender

H7: Perceived customer CSR in the cosmetics industry will have a higher influence on brand loyalty in the case of Finnish men than in the case of Finnish women.

As mentioned previously, customer CSR appeared to significantly predict brand loyalty among Finnish females. However, since customer CSR did not appear to significantly predict brand loyalty among Finnish males, H7 cannot be supported.

H8: Perceived customer CSR in the cosmetics industry will have a higher influence on brand loyalty in the case of Polish men than in the case of Polish women.

The results presented in table 3 appear to suggest that customer CSR was a stronger predictor of brand loyalty for Polish males (B = 0.992, $t(48)$ = 5.043, $p < .001$) than for Polish females (B = 0.778, $t(46)$ = 4.803, $p < .001$). However, the regression coefficients from the two groups should be compared to test whether they are significantly different from each other. To do this, the Polish respondents were merged into one data. Then, a dummy variable "Pfemale" was created to identify the two groups. An interaction term between gender and customer CSR, called "FemCCSR", was also created to test the difference in slopes (unstandardized coefficients) of the two groups. This variable multiplied the dummy variable by customer CSR, which was the independent variable of interest. Lastly, these two new variables were placed as independent variables to the regression model. As can be seen from table 4 below, FemCCSR was not significant (B = -.136, $t(95)$ = -.689, p = .492). This suggests that the unstandardized coefficients of Polish females and males were not significantly different from each other. Therefore, H8 cannot be confidently supported.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-,585	,482		-1,215	,227
	CustomerCSR	,958	,156	,637	6,153	,000
	Pfemale	,864	,753	,432	1,146	,255
	FemCCSR	-,136	,198	-,269	-,689	,492
	EnvrnmntlCSR	,206	,100	,177	2,055	,043

a. Dependent Variable: BrandLoyalty

Table 4: Coefficients table for H8

4.3.5. The Importance of CSR Dimensions – The Role of Nationality

H9: Perceived customer CSR impacts brand loyalty more in the case of Polish male and female customers than in the case of Finnish male and female customers.

As mentioned previously, customer CSR was not a significant predictor of brand loyalty among Finnish males (B = 0.503, t(37) = 1.814, p = .078). Since customer CSR was found to be a significant predictor of brand loyalty among Polish males (B = 0.992, t(48) = 5.043, p < .001), it could be assumed that it has a bigger influence among this group. However, a comparison between the unstandardized coefficients cannot be made in this case since interpreting a coefficient that is not statistically significant is not appropriate.

When looking at the results of female participants presented in tables 2 and 3, it appears that customer CSR may actually have been a stronger predictor of brand loyalty for Finnish females (B = 0.815, t(64) = 5.276, p < .001) than for Polish females (B = 0.778, t(46) = 4.803, p < .001). Based on these results, H9 cannot be supported. However, to get more insights, it was tested whether the unstandardized coefficients were significantly different from each other. Therefore, an interaction term between nationality and customer CSR (PolCCSR) was created along with a dummy variable (PolishF). These variables were placed as potential predictors to the regression model. This time, the data consisted of only female participants. The results presented in table 5 indicate that the coefficients

were not significantly different from each other. This can be interpreted from the fact that "PolCCSR" was not significant (B = -.004, t (111) = -.021, p = .983).

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	,235	,630		,372	,710
	CustomerCSR	,804	,164	,580	4,913	,000
	EnvrnmntlCSR	,231	,066	,263	3,518	,001
	PolishF	,036	,766	,025	,047	,963
	PolCCSR	-,004	,191	-,011	-,021	,983

a. Dependent Variable: BrandLoyalty

Table 5: Coefficients table for a modified regression model (including Finnish and Polish females)

H10: Perceived environmental CSR impacts brand loyalty more in the case of Finnish female customers than in the case of Polish female customers.

The results presented in tables 2 and 3 actually indicate that environmental CSR may have been a stronger predictor of brand loyalty for Polish females (B = 0.259, t(46) = 2.026, p < .05) than for Finnish females (B = 0.218, t(64) = 2.955, p < .01). However, when an interaction term between nationality and environmental CSR (PolECSR) was used to test the difference of the unstandardized coefficients, no significant difference was found (B = .029, t(111) = .241, p = .810). This can be seen from table 6 below. Regardless of this, H10 cannot be supported.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,308	,454		,679	,499
	CustomerCSR	,794	,110	,573	7,212	,000
	EnvrnmntlCSR	,222	,077	,252	2,894	,005
	PolishF	-,080	,424	-,056	-,188	,851
	PolECSR	,029	,121	,073	,241	,810

a. Dependent Variable: BrandLoyalty

Table 6: Coefficients table for a modified regression model (including Finnish and Polish females)

4.4. Other Findings

The cosmetics brands chosen by the respondents represented various product categories, which included skincare, haircare, makeup, perfumes and hygiene products. It is noteworthy that the respondents were able to choose multiple categories. According to a frequency analysis, almost half (49%) of the brands represented skincare products. The second largest category was hygiene products (33%), followed by makeup (29%) and haircare (25%). The least number of brands (14%) represented perfumes. These findings are important when analyzing the results of the previous regression analyses since they could affect the generalizability of the findings.

5. DISCUSSION AND ANALYSIS

All in all, half of the ten proposed hypotheses were supported by the results of the primary research. Next, the findings will be discussed and analyzed starting from the impact of the CSR dimensions. Then the importance of each CSR dimension is discussed before the role of gender and nationality will be evaluated in more detail. Since the focus is on comparing the two nationalities, the findings from these groups will be discussed and analyzed simultaneously.

Firstly, this thesis studied the potential influence of perceived customer CSR on brand loyalty among Finnish and Polish customers. These two groups were further divided into Finnish and Polish males and females in order to take the role of gender into account. Almost all the findings support existing literature, since customer CSR had a significant positive influence on brand loyalty among Finnish females, Polish males and Polish females. This is in accordance with the findings of Moisescu (2015). However, customer CSR did not significantly influence brand loyalty among Finnish males, which contradicts with previous research. One possible reason for this may be the fact that the group of Finnish males consisted of only 40 respondents. Since the p-value was under 0,1 and the results could hence be considered marginally significant, increasing the number of Finnish male respondents could have made the relationship between customer CSR and brand loyalty statistically significant. All in all, based on these findings, it appears that there could be some differences between the two nationalities. However, when considering the relatively small number of Finnish male respondents, it may very well be that the findings do not apply in real life.

Secondly, this thesis studied the potential influence of perceived environmental CSR on brand loyalty among Finnish and Polish males and females. The findings of the primary research support existing literature, especially that by Moisescu (2015), since environmental CSR had a significant and positive influence on brand loyalty among female customers but not among male customers. These findings applied to customers from both nationalities. The findings by He and Lai (2014) also indicate that environmental aspects could be important when it comes to the brand loyalty of cosmetics customers. Although the study overlooked the role of gender and the potential direct effect of CSR (He & Lai, 2014), since most of the respondents were female, the findings of the primary research appear to support the same finding that environmental aspects are important when it comes to brand loyalty, although this was the case only among female customers. All in all, it appears that there are no differences among the two nationalities regarding this matter, at least based on the results of this paper. It is noteworthy, however, to mention that the relationship between perceived environmental CSR and brand loyalty among Finnish males was almost significant (p = 0,054). As mentioned previously, the

relatively low number of Finnish male respondents could have affected the results and therefore, the finding that environmental CSR only impacted females cannot be generalized too much.

Thirdly, this thesis examined whether the perceived CSR dimensions had differing impacts on brand loyalty among Finnish and Polish female customers. The findings support previous research by Moisescu (2015) since perceived customer CSR had a stronger influence on brand loyalty than perceived environmental CSR. This was the case among both, Finnish and Polish females. Therefore, no differences between the nationalities were found in this case.

Fourthly, the role of gender in the relationship between customer CSR and brand loyalty was explored among Finnish and Polish cosmetics customers. The findings of the primary research do not support the proposed hypotheses since customer CSR did not impact male customers more than female customers in either case. However, it is noteworthy to remember that that the impact of customer CSR was not significant among Finnish males and cannot therefore be evaluated confidently. One potential reason why customer CSR was not found to impact Polish males more than Polish females, however, could be the fact that this thesis utilized a more sophisticated analysis to determine whether the differences among groups were statistically significant. All in all, it appears that customer CSR is equally as important in the case of Polish male customers as it is in the case of Polish female customers. When it comes to Finnish male and female customers, no confident comparison can be made based on the current data.

Fifthly, this thesis explored whether customer CSR was more influential in the case of Polish customers than in the case of Finnish customers. Since the influence of customer CSR was not significant among Finnish males, it is difficult to do a comparison between the nationalities regarding male customers. When it comes to females, no significant differences were found among the Finnish and Polish customers, which contradicts with the proposed hypothesis. This was not too surprising, since the hypothesis was based on literature which was not exactly on the same topic due to the lack of other suitable

literature. All in all, it appears that there are no differences between nationalities when it comes to the importance attached to customer CSR by female customers.

Lastly, this thesis explored whether environmental CSR was more influential in the case of Finnish female customers than in the case of Polish female customers. Since no significant differences were found among the groups, the hypothesis based on previous research was not supported. This finding was, again, not too surprising due to the lack of literature which formed the basis of the hypothesis. All in all, no differences were found between nationalities and the importance attached to environmental CSR by female customers.

It is worth mentioning that although the whole sample consisted of over 200 respondents, dividing the respondents into four groups meant that each group was represented by around 50 respondents. This is something to consider since it impacts the generalizability of the results. In addition, most of the respondents were in their early twenties and hence the findings do not likely apply to every age group. Furthermore, the different cosmetics categories were not equally represented by the chosen brands of the respondents. This means that the results cannot necessarily be generalized to every product category in the cosmetics industry. The findings could have also been affected by some of the limitations of the chosen methodology, which were discussed earlier in this paper.

6. CONCLUSIONS

This conclusion section will first provide a summary of the main findings after which implications for international business will be discussed. Lastly, suggestions for further research will be presented.

6.1. Main Findings

There were several findings in this paper. Firstly, it was found that perceived customer CSR significantly and positively influenced brand loyalty in almost every case. This included Polish male and female customers as well as Finnish female customers. Although perceived customer CSR did not significantly impact brand loyalty in the case of Finnish males, the reasons why this finding may not be reliable were discussed previously. In addition, it was found that perceived environmental CSR significantly influenced brand loyalty only in the cases of Finnish and Polish female customers.

Furthermore, it was found that perceived customer CSR had a bigger influence on brand loyalty than perceived environmental CSR among Finnish and Polish female customers. Perceived customer CSR was also found to be equally as important to Polish male and female cosmetics customers. In addition, no significant differences were found between Finnish and Polish female customers and the influence of perceived customer and environmental CSR on brand loyalty.

6.2. Implications for International Business

Since the findings of this thesis indicate that perceived customer and environmental CSR do positively impact the brand loyalty of some customers among both nationalities, it may be beneficial for firms to engage in these forms of CSR if they want to increase brand loyalty among their Finnish and Polish cosmetics customers. It appears that especially all the Polish customers are influenced by perceived customer CSR and, therefore, engaging in customer CSR may be especially beneficial if brands desire to increase the brand loyalty of their Polish cosmetics customers. Even though the same can be applied to Finnish female customers, the influence of perceived customer CSR is not necessarily helpful in increasing the brand loyalty of Finnish male customers. Therefore, in the Finnish markets, brands may experience more benefits if the customer CSR efforts are especially targeted towards female customers. When it comes to Polish male and female customers,

there appears to be no need to engage in or emphasize customer CSR efforts more in one category than in the other.

Since perceived environmental CSR only impacted Finnish and Polish female customers, cosmetics brands may want to engage in environmental CSR, and perhaps even more importantly, make consumers more aware of their environmental CSR efforts, if the brand is trying to target these customers. When it comes to Finnish and Polish female cosmetics customers, there appears to be no need for brands to engage in or emphasize their customer or environmental CSR efforts more in one category than in the other.

Customer CSR was also found to have a bigger influence on brand loyalty than environmental CSR among Finnish and Polish female customers. This indicates, that engaging in customer CSR and making cosmetics customers more aware of the customer CSR efforts of the brand rather than focusing on environmental CSR may likely be more beneficial when it comes to increasing brand loyalty. However, to increase brand loyalty even more among Finnish and Polish cosmetics customers, brands may desire to focus on both forms of CSR.

6.3. Suggestions for Further Research

Since the primary research had some limitations, further research could try to eliminate them when studying the same phenomenon. For instance, the online questionnaire could be translated to Finnish and Polish to decrease the chance of misunderstandings. In addition, the research would benefit from having more survey respondents which could also better represent different age groups and perhaps other demographic categories.

Furthermore, possible indirect relationships between perceived CSR dimensions and brand loyalty could be explored in order to gain more insights, for example, to the relationship between perceived environmental CSR and brand loyalty. In addition, since the responses always depend on the questions, perceived customer and environmental CSR as well as brand loyalty could be measured with different items to see whether the

findings would still be the same. It is also a possibility to include more CSR dimensions in the study to get a broader view of the impact of perceived CSR dimensions on brand loyalty.

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APPENDICES

Appendix 1:

The questionnaire

Thesis survey

This survey is created for the purposes of my Bachelor's thesis at Aalto University. Participation in this survey is anonymous and all information will be handled confidentially. The questionnaire will take approximately 5 minutes.

The questionnaire is about cosmetics (hygiene products, skincare, haircare, makeup and/or perfumes). You can participate in the survey if you use even one of the mentioned categories. Thank you in advance!

If you have any questions regarding the survey, please email me at juulia.kamarainen@aalto.fi

1. Do you use cosmetics (skincare, haircare, make-up, perfumes and/or hygiene products)?

○ Yes

○ No

2. Please choose one cosmetics brand from which you have acquired cosmetics products and write the name of that brand in the box below

[   ]

3. Please select the categories which describe the products you have purchased from the brand

☐ skincare

☐ haircare

☐ make-up

☐ perfumes

☐ hygiene products

Please keep the brand you chose in mind when answering the rest of the survey.

4. Please think about the cosmetics brand you wrote down and rate your agreement with the following statements.

	1 Strongly disagree	2 Disagree	3 Neither agree or disagree	4 Agree	5 Strongly agree
I think the brand implements fair sales practices	◯	◯	◯	◯	◯
I think the brand labels products clearly and in a comprehensible way	◯	◯	◯	◯	◯
I think the brand meets quality standards	◯	◯	◯	◯	◯
I think the brand sets fair prices for products	◯	◯	◯	◯	◯
I think the brand offers safe (not harmful) products	◯	◯	◯	◯	◯
I think the brand offers the possibility to file complaints	◯	◯	◯	◯	◯

5. Please think about the cosmetics brand you wrote down and rate your agreement with the following statements.

	1 Strongly disagree	2 Disagree	3 Neither agree or disagree	4 Agree	5 Strongly agree
I think the brand uses environmentally friendly materials	◯	◯	◯	◯	◯
I think the brand recycles	◯	◯	◯	◯	◯
I think the brand aims to minimize resource consumption	◯	◯	◯	◯	◯
I think the brand aims to prevent waste	◯	◯	◯	◯	◯
I think the brand aims to minimize its negative impact on the natural environment	◯	◯	◯	◯	◯
I think the brand aims to protect and improve the quality of the natural environment	◯	◯	◯	◯	◯

6. Please think about the cosmetics brand you wrote down and rate your agreement with the following statements.

	1 Strongly disagree	2 Disagree	3 Neither agree of disagree	4 Agree	5 Strongly agree
I am likely to continue to buy products from this brand in the future	◯	◯	◯	◯	◯
I am likely to recommend this brand to my friends and relatives	◯	◯	◯	◯	◯
I am likely to say positive things about this brand to other people	◯	◯	◯	◯	◯

7. What is your age? (please answer in years, e.g. 21)

8. What is your gender?

◯ Male

◯ Female

◯ Other

9. What is your nationality?

◯ Finnish

◯ Polish

◯ Other (please specify) _____