

**“How Corporate Social Responsibility affects
Customers’ Perceptions and Behavior”**

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ABSTRACT

The field of corporate social responsibility (CSR) has grown exponentially in the last decades. However, there exists an extensive debate over the legitimacy, the value and the objectives of applying CSR in social and economic life by companies. In addition, there is a growing interest, mostly by marketers, to identify and exploit the degree of consumers’ awareness on CSR. The effects of CSR application on consumers’ perceptions is the main issue that this thesis tries to cover.

Many claim that companies nowadays are seriously intended to publish their CSR policy on their internet sites, sustainability programs and reviews or on their promotional campaigns in order to “earn” consumer’ trust and positive opinion. In addition, CSR is performed because societies as well as regulations today demand more responsible and caring behaviors of corporations. On the other hand companies are more responsible than ever as they face all problems that social groups and environment face.

Through a research among Greek consumers – questionnaires and interviews - and by using previously published empirical and theoretical data, it is concluded that the relationship between customers and social responsible activities of corporations is mostly positive. Of course, there are a number of factors that need to be explored and partially affect customers’ purchase behavior, as it is applied below. In addition, various reviews certify that particular behavior from customers’ point of view is subject to whether CSR is applied and the type of this CSR practice. Future research should be addressed in order to explore other possible and useful results and factors that determine CSR’s effectiveness.

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PART I

1. INTRODUCTION

Corporate social responsibility (CSR) has been an important issue in business policy all over the world for over a century. A first brief definition refers to CSR as the case that a company offers a share of its incomes or resources “*to a societal cause, monitors and ensures its active compliance with the spirit of the law, ethical standards and international norms*”(D. Wood, “Corporate Social Performance Revisited” 1991). There may be many objectives for corporate giving beyond altruism. Determining strategic views for businesses to improve their image and rebuff negative publicity, creating value, increased profitability and capacity to manage risks or better quality, can be potential goals of application of CSR policies (Varadarajan & Menon 1988). Nevertheless, the published studies and articles are mixed on the influence that CSR has on a company’s operation (Griffin & Mahon 1997) and also on the way that customers perceive and act towards CSR. Consequently, the aim of this dissertation is to present an overview of the effects of CSR practices on customer opinion and behavior on various corporations and the brands they trade.

The goals to be addressed are (1) to lay out a categorization scheme as a theoretical framework on CSR and other practical investigation and (2) to report theoretical research questions that will be examined and applied under real circumstances and they will review the effects of all aspects of CSR on customer perceptions. Customers’ opinions are totally important for all marketers because they incorporate their intension or not to purchase products and services and format strategic “marketing variables” such as recognition, loyalty, commitment to the socially responsible company.

It is true that more and more companies today use CSR policies like “cause-related marketing, socially responsible employment, manufacturing practices and environmental protection activities” (Drumwright, 1994, Varadarajan and Menon, 1988). In spite of this extensive interest on social responsibility in the markets, there is limited information about CSR influences on customers. Most of the past research focuses on CSR from companies’ point of view and general interest. In this dissertation there will be an effort to focalize mostly on consumers, their opinions and their final choices over brands and products under a potential influence by CSR activities.

2. THEORETICAL FRAMEWORK

2.1 CSR definitions

The activities characterized as corporate social responsibility have been studied under many different tags: corporate social responsibility (e.g., Carroll, 1979, Sethi, 1979), corporate social responsiveness (e.g., Frederick, 1978, Strand, 1983), corporate social performance (e.g., Stanwick and Stanwick, 1998, Wood, 1991) or corporate citizenship (e.g., Maignan, Ferrell and Hult, 1999, Reilly and Myron, 1994). The most popular and the one that will be used here is Corporate Social Responsibility (CSR). There is a very large number of definitions for Corporate Social Responsibility (CSR) mentioned in literature, all of which are assumed by different points and references. For example, the World Business Council for Sustainable Development sets CSR as *“a business’ commitment to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life”*. In this frame, the term of CSR refers to the financial prosperity, development and sustainability of a community. Also, in July 2001, the European Commission defined CSR as *“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. Being socially responsible means not only meeting legal obligations, but also going beyond by investing ‘more’ into human factor, the environment and the relations with stakeholders”*.

Nevertheless, two similar characteristics are found generally in almost all CSR definitions: 1) corporations have both social and financial responsibilities towards communities and 2) a socially responsible company has the obligation to meet the demands of all different groups, people or other organizations that affect and be affected by its activity, such as employees, shareholders, customers or the suppliers. Additionally, there is a variation among different companies, basing on their cultures, activities and environment- external or internal. Whichever definition is applied, CSR sets the human factor in the centre of today’s market.

2.2 History of CSR

Corporate Social Responsibility is a term with roots in the first half of 1900’s. However, there is a shift in focusing from creating profits to fulfil the society expectations. “The phrase Corporate Social Responsibility was appeared in 1953 with the publication of Bowen's Social Responsibility of Businessmen” (Corporate watch report, 2006). CSR exists a very long time, but as a term and new prospect for companies was established due to industrialization. Later, on 1980’s and 1990’s the term CSR was under serious academic interest. “Corporations emphasized on corporate responsibility and philanthropy in order to prove that government regulation was unnecessary” (Richter 2001). At the end of 60’s and 70’s there was a blooming interest about the consequences in society and environment, of multinational mostly companies’ activities in the postwar period. That trend led to another period of intense attempts to modulate business operation. Within the next decade, critique on

companies activities increased. USA market came up with various economic scandals and serious accidents with environment catastrophes which were caused by major firms with activity all around world. All those led to the creation of activists groups mostly in developed countries: “the 1990’s therefore witnessed an explosion in civil group activism which led to both protests against and engagement with corporations” (Bendell 2004). As a result, a need for more intense social responsible activities appeared. The pioneer who implemented CSR was Shell in 1998. Then it evolved worldwide and today, even small and medium enterprises adopt social behavior and policies. In his work Peter Duker claimed that “ 21st century will be the century of the social sector organization. The more economy, money and information become global, the more community will matter.” (Corporate watch report, 2006).

2.3 Advantages of CSR for corporations

Corporate Social Responsibility results in various advantages for corporations that are beneficial for the internal and the external environment if developed successfully.

In general, externally, it shapes a positive picture amongst the employees of the corporation they work for, gains respect from its competitors and attracts ambitious and capable new recruits. It offers employment prospects by undertaking different tasks like parks building, social centers or sub constructions in hospitals. Additionally, firms can have a beneficial behavior on the environment. A series of plantation or cultivation tasks undertaken by various multinational companies can have similar advantages to this direction.

In the internal environment, a climate of trust, hope and confidence is cultivated, which increases the motivation and the business effectiveness of each corporation and most of the times leads to improved operations. In addition, as employees are occupied away from their usual workplaces in such activities, it appears as a deviation from usual routine and gives also a sense of self completion. Apart from this, CSR helps ensuring companies’ compliance with regulation framework of each country.

More specifically, we can claim that CSR can actually help to cut operating costs, to lead to a more recognizable brand name, to higher productivity, consumer trust, more extensive access to capitals and finally to enhanced economic results.

✓ Minimizing Operating Cost

It may appear awkward that CSR helps in minimizing operating costs, but, carefully checked, there is evidence that assures it as a fact. For example, as far as environment is concerned, a firm which focuses on lowering its carbon footprint will try to use more wisely its fuels. Although that might requires an investment in more efficient energy means and machines, it will finally lead to cost reduction. In the case that a producer uses less energy or a company uses limited water supplies, then its operating expenditures will be lower too. The same counts if increasing the usage of recycled production means.

✓ Brand Recognition and Consumer Trust

It is likely that one of the most important factors that lead a company to apply any kind of CSR activities is the positive outcomes it can have on the recognition of its brand name and customer commitment as mentioned above. Responsibility and ethics are two characteristics that if a corporation uses wisely or if it promotes them accordingly to the market then it is possible to gain a competitive advantage. The latest years, customers appear more and more aware of companies who are in favor of ethic behavior and responsible activities. According to a recent study of the Journal of Business Ethics, it is addressed a connection between CSR activities and marketing. Also, many other studies have indicated that corporate responsibility often leads to gain a greater share of consumers and build a strong brand name. Partly this is confirmed by our research too.

✓ Recruiting capable employees

It is true that most of those who seek for a job prefer companies of intense interest in CSR. Every year a list is published with the Best Working Places in all countries. In Greece in 2011 the top employer is Athenian Brewery. This company happens to be highly activated in CSR: constant participation in social and sports events, environmental awareness campaigns and advanced responsible behavior towards employees. Another study conducted in Stanford, found that “more than 97% of MBA graduates would be willing to go for 14% less for their salaries in order to work for a socially responsible business” (Stanford Graduate School of Business, January 2004).

A caring, ethical and responsible company offers to its employees a respectful motive to perform in the same manner in their work duties and at the same time gain a satisfaction at the end of their day because they have contributed for the “common good”. Consequently, this employee’s motivation leads to higher productivity.

✓ Risk Management

CSR activity is a successful way to face social risks that every company deals with. Social risks are more systematic in multinational companies due to the various challenges in economical, political and social environments they operate and create the need for adjustments. CSR programs provide a framework by improving firms’ reputation and building a strong image and name. In that way CSR provides immunity to the risks and an effective means to respond and adjust to them. In other words an effective risk management.

✓ Attracting Socially Responsible Investing

In the latest years, investors who offer their capital in order to gain financial returns, pay a lot of attention to the social profile of corporations. The higher responsibility companies apply the better image they promote towards potential investors, because their long term intention is to satisfy social needs apart from just investing capital for their own wealth.

2.4 Disadvantages of CSR for corporations

If all debates on socially responsible behavior were widely accepted, there would be no need for such long discussion on the term “CSR”. Companies would just apply it. The diversity of CSR definitions that are used worldwide is an important reason why social responsibility raises a lot of arguments in favor and against. Below, there are stated some main arguments against CSR in the frame of applying it in the main companies operation.

On one hand, many argue that CSR is a superficial -by marketers- means to use stakeholders’ capital which adds costs and expenses in order to improve marketing image and distract customers. All companies are responsible towards their stakeholders by maximizing profits and their wealth. Acting ethically and responsibly seems vital nowadays, but in an independent way by their core operations and productivity. If CSR is thought as a tool with which the company manages its relationships with influential stakeholders and investors, then it falls back its initial target. CSR focuses on improving relationships with consumers, recruiting and retaining talented employees managing social risks and securing reputation.

In addition, those who are against this expansion of CSR are supported by other facts which have been noticed in the operation of companies that use extensively CSR activities: increase in operating costs, such as production and training costs, difference in opinions among stakeholders and management, short term profit decrease which may raise stakeholders’ disappointment.

2.5 CSR activities

Category	Content
Mission and vision	CSR is incorporated in business mission & vision and in that way affects and is affected by all company activities and its purpose.
Industry activities	Every business has mutual relation with others of the same market. Responsible behavior relates to the behavior over customers, products and businesses of the industry and also ethical competition.
Manpower activities	All employers ought to treat impartial, fair and respectful to their employees. This is a part of CSR policy applied in every company and it can result in attracting a capable workforce and improved capacity. (e.g health care, child care, training, fair appraisals etc)
Logistics	CSR incorporates also ethical and fair cooperation with all parts of the supply chain: suppliers, distributors, retailers and of course final customers.

Stakeholder relations	“Stakeholders are a key element in the firm’s external environment that can positively or negatively affect the organization” (Murray and Vogel 1997). All CSR activities should comply with their opinions and improve company’s operations so as not raise negatively their concern.
Social activities	These CSR activities are the most common, promoted and known to the public and refer to any practices that improve company’s contribution to the society (local communities, philanthropy, volunteering, compliance with society structures).
Environmental activities	It includes efforts to protect environment, operate green products, prevent global warming, reduce water and energy usage, reduce wastes and other practices for a more eco-friendly production.

Table 1: Categorisation of CSR activities according to academic reports

As it was published on 24 Jan 2010 by Khalid Nasir & Shadab Fariduddin in Cover Themes, a related study revealed that corporations focus mostly on the activities as they are shown below, in the frame of CSR.

Types of CSR Interventions

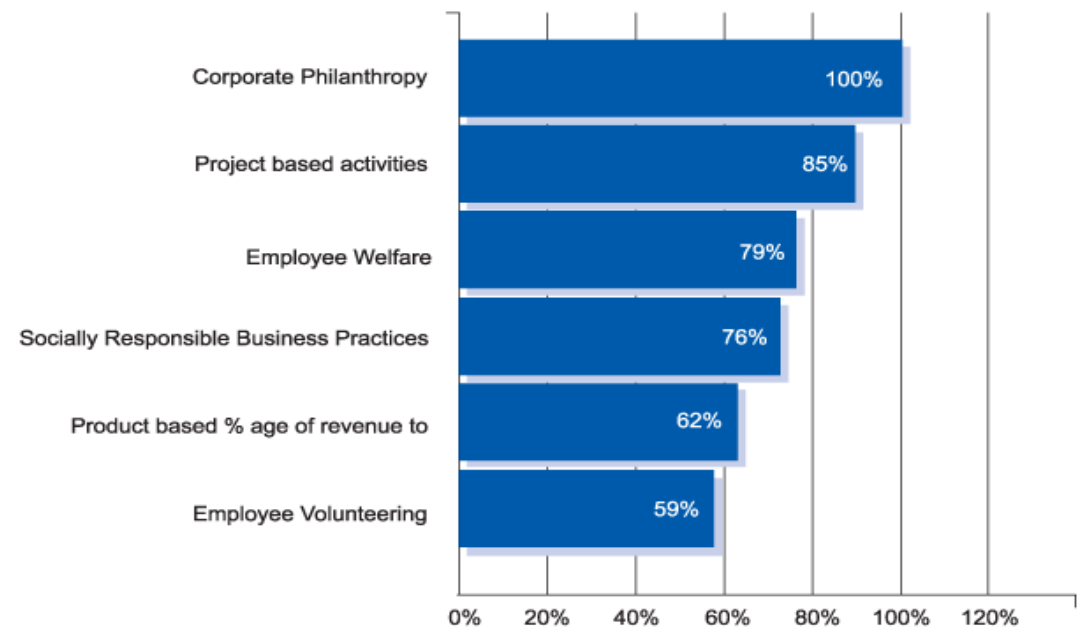


Table 2: CSR activities by companies worldwide in 2010

2.6 Critical arguments of CSR

Generally CSR is an ambiguous term that has raised many conflicts, not only among public, but also among scientists and corporations themselves. The large number of CSR definitions is an evidence of those various opinions and sides that exist. For those against, CSR has limited relation with trade and business. Nevertheless, the issue is not just that firms do not apply CSR very well, it is that the reasons they use it are not always clear and ethical. In fact, many academics are opposed to CSR in public debates.

In the frame of Corporate Social Responsibility, firms and marketers are characterized not only by the operations, services, quality and incomes they offer, but also by the way all those they are produced and by which means too. To repeat, CSR is not just a number of socially responsible actions and philanthropy that companies are obliged to apply. It is the real care and respect towards society and environment. This cause are not always companies willing to serve. Still, they try to promote a responsible image. Those thoughts sometimes display the fraud of CSR as many claim.

In many countries, governments have set some standards for companies in order to deal with CSR. Regulation includes standards on how companies should be organized and built, how companies deal with all workforce issues, their environmental behavior and society and stakeholders relationships. That is a capable way that a well organized societal and economic system can manage ethical and legitimate in corporate behavior. Nowadays there are many legal requirements for every aspect of CSR, such as the ISO standards (International Standards for Business, Society and Government), which is the most common and which regulate employment, environmental, social responsible, energy, technical and quality management decisions and most of the companies today seek for such certification. Leaving companies to behave voluntarily would consist irresponsibility of governments, especially nowadays that serious concerns about economic recession, environmental damages and society problems occur. For various reasons laws and regulations can be incomplete. It is true that many companies take advantage of those gaps or fail to keep up with the regulation and as a result their behavior is misappropriate. The question is why would a corporation acts irresponsible or tries to promote responsibility but in real terms things are different. It is possible that corporations desire to be careful about which points of acceptable practices they apply or not and which behavior can avoid in order to appear a social responsible profile and compare sometimes with the unacceptable activities of other companies. This consists a counterpoint to their own best practices. Of course all these are thoughts and may be excessive thoughts.

It is a belief that CSR policy is undertaken by companies to divert customers from ethical questions that may rise due to their activities. Many critics argue that a number of companies apply CSR programs as a mean of advertising to benefit higher recognition and acceptance by all parts of the market. They claim that companies with mission exclusively to maximize wealth cannot incorporate pure social responsible operations.

In the past, there have been cases that big corporations promoted their social responsible behavior but at the same time they engage unacceptable or illegal business

activities. For example, up to 1975, the multinational fast food organization McDonalds was characterized by high CSR and relationship marketing. Later on, the company has specifically promoted its social responsibility towards its workforce and environment, but in the meanwhile it has seriously accused of unhealthy and unethical ways of producing meals. Do they use CSR to cover that?

Such behaviors are characterized as “corporate hypocrisy”. In order to avoid this unpleasant and unfair situation, experts support more complete and well established standards that would be ensured that are applied appropriately rather than in a voluntary base.

Here are some claims against CSR:

- ***'Can we expect every decision made in one's self interest, through market mechanisms, to result in the good for all?'*** Deborah Doane, Core Coalition

- **“BEHIND THE MASK”**



"How Shell, one of the pioneers of CSR, is incapable of cleaning up oil spills that infect the Niger river?"



"How British American Tobacco, the great multinational, fails to protect farmers in Brazil and Kenya from the continuing severe health problems associated with the cultivation of tobacco?"



"How Coca Cola uses up water supplies without any supplementary activity, which is a clear threat of the lives of communities in India?"

(“Business Ethics” magazine vol.61, January 2005)

3. LITERATURE REVIEW

3.1 CSR application in Greek market

Greece participates actively as a whole in the coordinated effort for CSR development and companies’ awareness with the Greek Network for Corporate Social Responsibility, which was founded in June 2000, based on alertness and effort of 13 Greek companies and three collective business entities which were the founding members. The aim of the Greek Network is the cooperation and support of Greek businesses to gain profitability, sustainability and workforce development, by integrating social responsibility in their core strategies and practices. In its brief presence today, the Greek Network for CSR has increased the number of members in 83 companies, of which 62 are main members and 6 associations and participates actively in the implementation of the European Business Campaign for the dissemination and development of CSR.

According to CSR Hellas, Greek companies have the below hierarchy in sectors:

- First sector to prioritize implementation is the manpower by 34% due to the intention of employer to keep satisfied its workforce. Good interpersonal relations between employer and employees usually lead to this direction and also attraction of capable new hires.
- The second area is the market with 24%. The way in which corporations behave in the markets is a very important factor showing the degree up to which they incorporate social and environmental issues in their basic organizational entity, management decision process and core operations like products manufacturing, managing logistics, marketing, advertising and responsible entrepreneurship.
- Third is the natural environment with 23%. The means used by companies to deteriorate their environmental footprints are many and these involve, among others, wastes management systems, eco-design tools, techniques and technologies for environmentally friendlier production.
- Fourth area is the society with 18%. No company today can ignore the issues referred to the role and behavior to the community within which it operates. Small and medium enterprises are specially prompt to such subjects because they usually operate in regional markets. The voluntary commitment to provide benefits to the local community can take various forms. These refer more often to cash or kind donations.

The data by the Greek network reveal that Greek companies focus on different CSR activities.

In ranking the eight most common actions applied, it is observed that 22% are already implementing actions relating to the area of equal opportunities to all employees regardless of gender, race, religion etc. In the next two positions there are actions related back to human resources like education by 19% and additional benefits by 17%. The true education aims at development of employees in their work and supplementary benefits (health care, financial inducements to workers) are given for

efficient matching of workers. Other classifications are the environment with 15%, sporting events by 9%, volunteering with 8%, local events with 5% as well as culture with 5%.

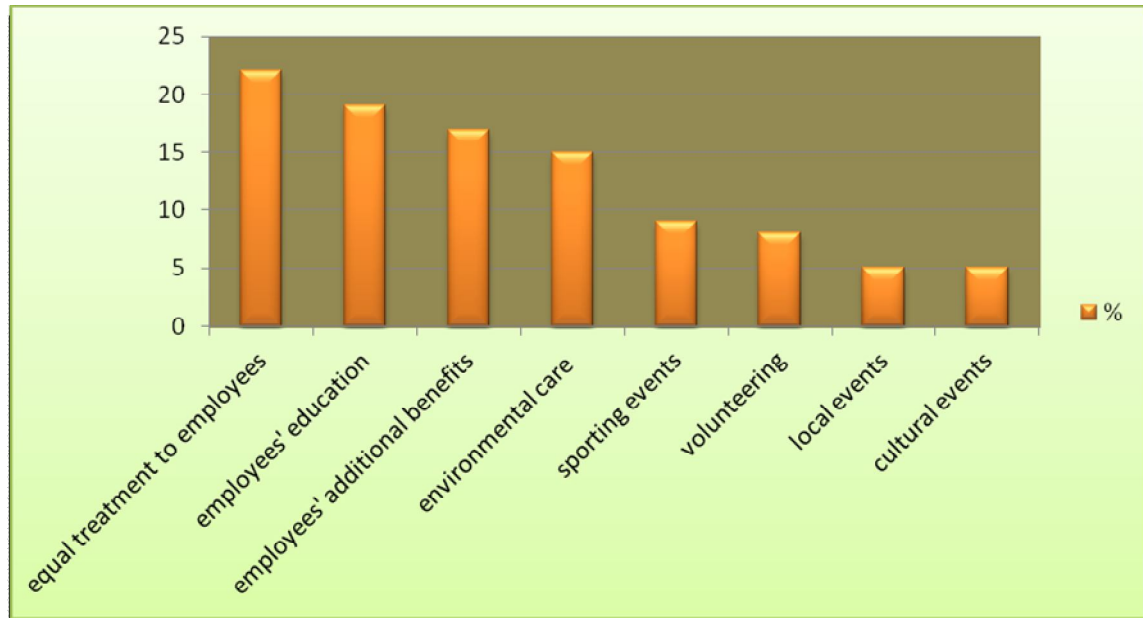


Table 3: CSR activities applied by Greek companies

Many surveys have been conducted in Greece by experts in order to specify to what extent Greek companies use CRS policies and the reasons that lead them to act accordingly or not.

In a recent (2007) empirical survey by the Department of Industrial Management and Operational Research of the National Technical University on CSR in Greek companies, the results showed that among corporations that are members of CSR Hellas, Eurocharity or the Centre for Sustainability and Excellence, 28 of them issue annual reports on Corporate Social Responsibility, of which only 3 companies incorporate it in the annual results statement. Regarding the organizational structure, 15 enterprises have separate Corporate Social Responsibility departments and the rest have assigned it to relevant procedures or to the Corporate Communications & Public Relations (8) or even to other senior managers. Regarding the industry in which they operate, results show great involvement of finance, telecommunications, petroleum and manufacturing.

The processing of the results of the survey indicates that the degree of adoption of CSR by Greek firms is still significantly limited. Nevertheless, there are signs of expected significant increase in coming years. Currently, the Corporate Social Responsibility does not seem to be a truly systematic activity. Since there is no defined regulatory framework, any disclosure of Corporate Social Responsibility is at the will of employees and under a non-standardize way.

The table below summarizes the key findings of the survey:

Number of active firms in CSR in Greece	81
Number of firms that issue CSR reports	28
Number of Greek firms	More than 800.000
Number of firms in Greek stock market	310
Firms’ size	79.031 employees
Sector	Private (25/28) Public (3/28)
CSR field	4. Economy 5. Education 6. Environment 7. Employees 8. Society 9. Market 10. Health & safety

Table 4: Data of Greek companies on CSR application

3.2 Customer perceptions

Nowadays, there is a mass globalization of markets and competition is more intense and in all levels of financial life. As a result, series of similar products and services exist by various businesses which are difficult to be characterized as unique anymore, because differentiation has been lost. Additionally, there is a long list of substitutes or totally new products coming sometimes even from new “players”. Customers are in the centre of a continuing “battle” among companies which finally is beneficial for them as prices decrease, quality increases and products and services have advanced characteristics.

In opposite, “customer behaviour becomes more hybrid. From one side, customers are increasingly price sensitive – searching for bargains at marketplaces or buying their groceries at discount markets” (Dagmar Recklies, “Effective Executive”, 2006). But they also get used with products from top fashionable firms. As a consequence, there is an increased access to information: consumers are more aware, sensible and conscious than ever before. They recognise that this information offers them power and ability to ask continually for higher satisfaction and quality from business products and services they choose.

As a result, companies should try to take advantage of this particular customers’ behaviour. Marketers compete in order to maintain and grow the relationship with their customers by better service, after sale services, special bargains and even advanced benefits for old customers. All these have been more intense lately because it is easier than ever before for a client to “break the bond” with a supplier due to the competition.

As suggested in literature, CSR can be conceived within certain areas: *i.* customers’ prospects on social responsible practices, *ii.* management opinion of these prospects, *iii.* CSR practices applied by firms, *iv.* customers’ perceptions on responsible activities used at the moment.

Having already examined the importance of CSR and its application from the corporate side, there is a need to define social responsibility from consumer’s side. “A consumer who takes into account the public consequences of their private consumption or who attempts to use their purchasing power to bring about social change” is a social responsible consumer (F. Webster, *Journal of Consumer Research*, 1975). Another definition which is provided, is: “whoever purchases products and services perceived to have a positive (or less negative) influence on the environment or who patronizes businesses that attempt to effect related positive social change” (J. Roberts, *Journal of Marketing Theory and Practice*, 1995). According to J. Roberts, CSR activities refer either to the environment or society. It is generally accepted though, that such a consumer will avoid purchasing products from companies that harm the environment or use harmful experiments or have a ‘bad face’ to society. That is why most of marketers try to promote a friendly and responsible action towards public.

Many academic surveys have been conducted on the impact of CSR activities over customers’ behavior. Ross and his colleagues (Ross, Stutts and Patterson, “Tactical considerations for the effective use of cause-related marketing” 1990-91) dealt with two reviews on customer perception of cause-related marketing. They used personal interviews over people considered as customers (sample of 225 people) and found out that 49% responded in favor of responsible practices which probably will lead them to a positive purchase decision. 54 % of the respondents are willing to try out products from a new brand “as a result of a cause-related promotion”. In a review conducted one year after, Ross, Patterson and Stutts (“Consumers’ perceptions of organizations that use cause-related marketing” 1992) presented to the sample a cause-related advertisement of a particular company. They recorded the responses and reactions and it was concluded that, on average, people were in favor of choosing products of this company among other similar ones (“average of 4,92 out of a 7-point scale”).

On the contrary, Boulstridge and Carrigan (“Do consumers really care about corporate responsibility?” 2000) studied the relationship among “responsible corporate behavior and purchase decision”. Answers showed that corporations which apply CSR programs and promote a responsible and ethical profile enjoy higher reputation. However, customers are not affected and when they have to choose among similar products or services, they decide basing on other more important factors, such as price, quality, value creation and service. Additionally, potential customers supported that those issues and activities are of less importance as far as they do not affect them directly.

The study by M. Carrigan and A. Attalla (“The myth of the ethical consumer”, 2001) is at the same frame. They questioned a number of buyers in order to identify whether they are affected by corporations’ CSR activities on “their purchase decisions”. Similarly, the answers pointed that customers are not seriously influenced by those activities but they pay more attention to other factors. About responsibility campaigns, they remain neutral. The causes of this particular behavior are possibly that “respondents were interested just on particular social responsible acts”. Specific activities drew their attention and influenced them positively on buying products, especially younger customers “found animals and caring behavior towards them more sympathetic than people”. On the other hand, a large share of participants expressed their willingness to be charged with a higher price for a proved “socially responsible product”. That of course was in opposition with what initially was stated and as a result the reviewers presented the need for further investigation. Generally, it was conducted that a positive consumer’s reaction is related with responsible activities relevant to their social and economic background. So, there is still a positive relation.

Overall, the experiments and surveys indicate a rather mixed reaction and perception of consumers and their behavioral intentions over companies and products that use CSR, with more positive indicators and consistently a negative reaction to irresponsible business activities.

What customers believe about socially caring companies? How much they are actually interested on the responsible activities of each company? What do they believe motivates corporations to act ethically? Does this make a difference to them? These are some missing points from the literature and research, which this study will try to fill for the knowledge of consumers’ view.

PART II

4. METHODOLOGY

The aim of this review is to identify whether socially responsible practices have a positive or negative result on customer perception, trust and behavior in general. The required data to fulfill this objective have been obtained through a survey, which had as main instrument a questionnaire distributed electronically and personally.

There were distributed 142 questionnaires of which 125 were obtained (response rate 88%). Those questionnaires were constructed after careful study of academic researches and cooperation with supervisor professor. There were selected 16 survey questions and 4 of demographic characteristics (20 in total) which were presented in the best way in order to attract respondents’ interest and not be tiring for anyone to answer. All questions were closed and gave to respondents the opportunity to choose among different answers. Most of them have the “yes/no” possibilities and others use the five-level Likert scale. Of course there is always the potential of “no answer” to ensure survey trustworthiness and reliability.

The next step was to transfer the answers into structural equation modeling (SPSS 16.0) technique to analyze data and export the data below. The statistical data were directly transferred from questionnaires to SPSS 16.0. The total of questions represents variables in the SPSS model.

From the answers that were gathered, we can record a general “picture” of consumers’ personal perceptions and opinions on CSR as it is applied in Greek market. These are opinions that disclose the level of knowledge and reactions of consumers in general.

4.1 Demographic characteristics of the sample

In the whole, 125 people participated in the survey. Men and women were divided almost equally and there was an attempt to gather customers of various ages, education and wealth levels. Male represent 44% whereas female 56% of those who answered. The age group of 25-45 years has the largest share in the total, with 67.3% of the answers. The next largest group of 17.9% is the below 25 years old group and the rest 13.7% belongs to 45-65 years old. The largest share of respondents would be characterized as medium educated because 45.3% have graduated from high school and almost half of the sample (48.4%) have bachelor or master degree. Furthermore, respondents are distributed over income groups as follows: 3.2% income per month below € 700, 39% € 700-1000, 41% € 1000-1500 and 16.8% 1500 +.

The distribution can be considered quite representative of the sample because sex, age, education and income characteristics seem equally distributed within the survey.

Frequencies and diagrams are analytically presented on Appendices B and C.

4.2 Validity and reliability of methodology and data

The present review has roots on an experimental model in order to identify whether customers are influenced by CSR applications and if these affect their buying behavior.

The primary rule of validity is that it examines how a research process is applied in practice. Reliability is a feature of the mean which is used and validity can characterize the way this mean is applied. In our case, the mean is the qualitative techniques that are used, such as a standardized questionnaire, interviews and data observation from empirical research. All data gathered from people who could contribute information even if some of them were hard to contact. Additionally, all means and the content of questionnaire resulted from careful study of academic work and researches and also under the instruction and cooperation with the supervisor. Furthermore, to ensure that all questions given to population were understood by them and their answers were understood by the researcher, a lot of time was spent on constructing and reviewing the questionnaire. In addition, a pilot test was done, where 12 respondents were asked to complete the survey while being observed by the researcher. As a result, some defects were discovered and corrected.

The population has no particular characteristics. They are all consumers of various ages, incomes and educational background. The study was performed generally without any gender, racial or other differential criteria. Testing provided the same result every time it was performed over a short period of time. As a result data came from a well diversified sample and the results can be characterized reliable.

In studies applied, validity is composed by two particular meanings: internal and external. As far as the internal side is concerned, the results of this review are trustworthy and accredited due to the careful and random way the consumers tested were chosen, answers were tracked and analysis executed. Confounding variables were the primary element used and examined in the research. “External validity, usually appeared as “generalizability”, refers to whether the outcomes by each study can be transferred to other populations of interest” (J. Last, “International epidemiological association”, 2001). The main tool applied is structural equation modeling (SPSS) technique in order to process the answers and conclude in relevant and interesting consequences.

Finally, during the research, anonymity and confidentiality were guaranteed as the respondents answered the questionnaire on their own and the data were received very carefully.

5. DATA ANALYSIS AND CONCLUSIONS

5.1 Data analysis section

SPSS is a statistical tool oriented towards estimation of causal relationships and survey analysis. “It determines the relevance of variables associated with the research topic with efficiency and accuracy” (Rex Holiday, e How Contributor).

In this section, consumers’ opinions, perceptions and intentions of the sample are presented basing on SPSS analysis by transforming frequencies of descriptive statistics into measurable results. Relevant graphs are included to indicate the overview of the answers. Frequency tables for each question are included in Appendix B.

At the beginning of the questionnaire, the respondents were asked generally about the term of CSR and if their knowledge over this issue has been improved the latest years. As it is shown below, the greatest percent of respondents believe that CSR regards with all companies’ activities aiming at indicating responsibility towards local communities, whereas almost half of them support the alternatives of responsibility towards environment and customers. It seems logical for respondents to link CSR with those alternatives -especially the two most popular- because in Greece the majority of corporations focus and promote more and more their activities to these directions. For example most of Greek banks advertise green loans and many consumer goods are named “green” due to their image or material, such as their recyclable packaging.

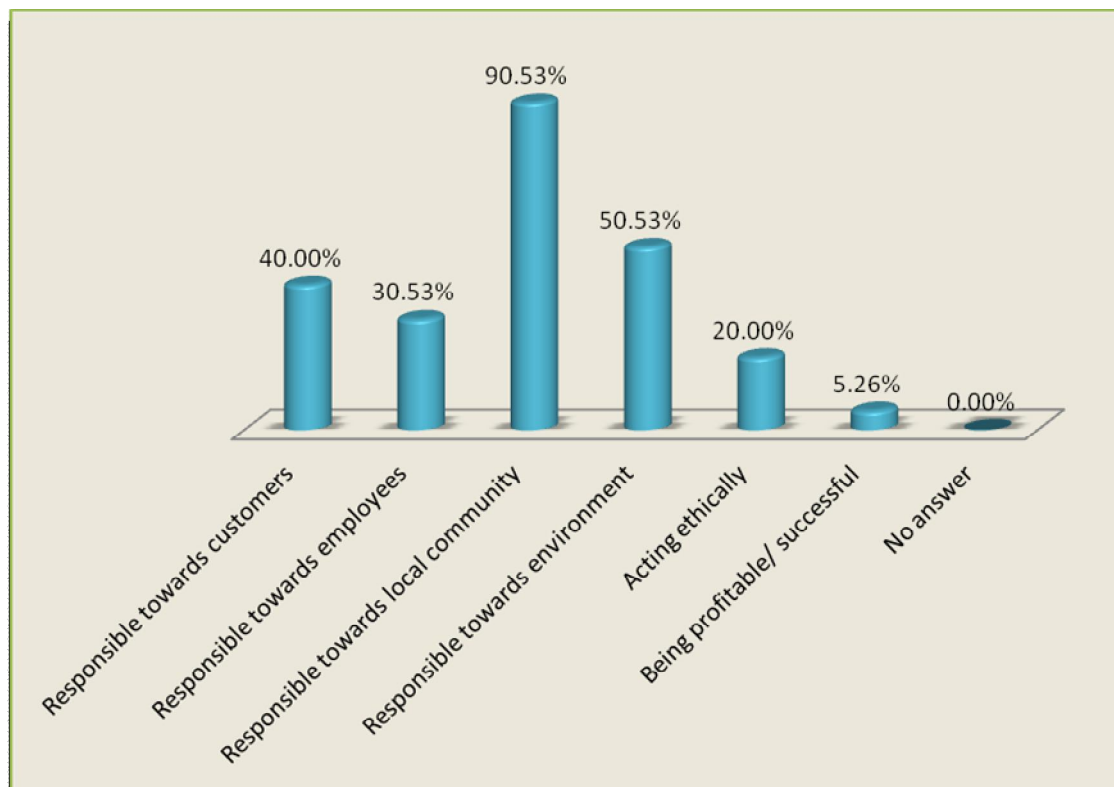


Table 5: Diagram of percentages in Question 1



Table 6: Examples of “popular” green products in Greek market

Other examples that direct to social philanthropy are companies that offer a part of their incomes to social causes – orphanages, nonprofit organizations.

Many claim that this is a very proactive way to advertise themselves in an indirect method and promote a very charitable and “good” image. As mentioned earlier, marketers may take advantage of the increasing interest on “saving the planet” nowadays or focusing on the sensitive side of consumers towards “weak” social groups, especially the latest years of economic recession that this part of population has increased. That is the main reason that similar messages of “good” and supportive companies dominate in all means: web, television and radio advertisements or billboards. As a result, the majority of respondents support that their knowledge has been improved, the last 5 years, on CSR, an unknown term for many until recently. 64% of respondents now know more about it whereas only 10 % disagree with this claim.

On the other hand, despite the purpose of the increasing interest of companies to support social responsibility the result still remains positive. Even if marketers promote CSR of their companies to improve their image, to increase their income, to affect customers’ perception and opinion, to attract new “sensitive” customers or to avoid taxation, the outcome is the same: money are offered for social purposes, the environment accepts less harm and companies present a more human “face” to their employees and publicly. All these facts result in an advanced situation in social and economic life of each area.

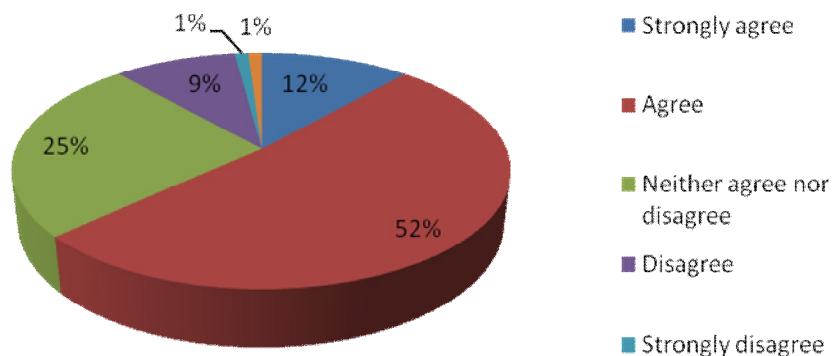


Table 7: Diagram of percentages in Question 2 about increased awareness of CSR

The next group of questions refers to the relationship of CSR and company’s reputation. The overwhelming amount of 92% support that there is positive link among CSR strategy and companies’ “name”. It seems logical that a corporation which offers for good purposes exceeds over a corporation solely devoted to its profits. The responses to fourth and fifth questions reveal similar opinions. In the case that customers knew that a company actually implies CSR activities, 93% would definitely improve their perception and behavior towards it and also 79% of all have noticed corporations trying to use CSR for self-advertising.

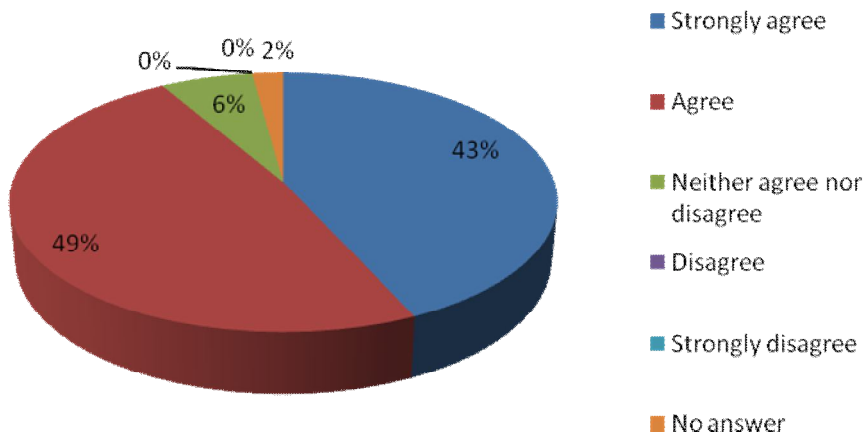


Table 8: Answers of Question 3, perception of improved reputation due to CSR

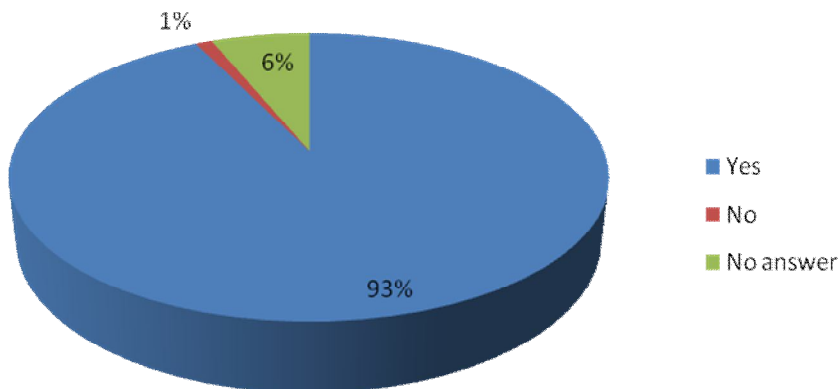


Table 9: Answers of Question 4, improved perception due to CSR

As it is noticed, consumers believe that they are capable of recognizing whether a company uses CSR for ethical purposes or not. On the contrary many marketers consider customers as easy targets, but it is common truth that consumers nowadays

watch, search, try, compare, evaluate and then purchase or not. They are more mature than ever and this is a result of the marketers and their job.

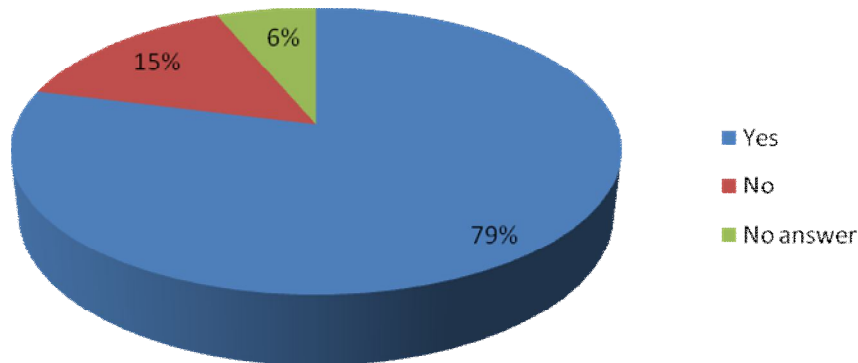


Table 10: Answers of Question 5, customers recognize CSR as a type of advertising

The next group of questions (Q6-10) applies two mini scenarios to respondents in order to identify the consumers’ trends on usual purchase decisions. They refer to two companies, X and Y, which promote their CSR activities through their products. A surprising high percent of consumers would purchase the products in both cases: company X offers a portion of every clothes detergent package sold to an orphanage, whereas company Y use recycling and cut wastes on bottled water production. In the first case, 85% of the respondents would buy the clothes detergent over their usual purchase and accordingly 87% in the second case. The percents seem to change when those people are asked if they would insist on that purchase even if these products cost more than others similar. Only around 35% answer positively.

From the results above, we conclude that Greek consumers are sensitized to CSR activities not only theoretically, but also when they face them in every day purchases of consumer goods. They are all willing to buy a product that part of its price is offered for a “good cause”, but around half of them would be negative to pay for this offer through a surplus on price. Those respondents remain stable to products they already use and trust. So, consumers in Greek market show partly unwillingness to change their purchasing habits when they come up with higher prices. Nowadays that prices of products rise continually and people’s incomes decrease, due to recession, similar purchase behaviors seem logical and justifiable. The issue of pricing overcomes CSR. Another group of consumers may consider that corporations use social responsible activities to increase their sales and their incomes by rising at the same time prices on the name of CSR. As a result, they avoid buying their goods as a way of “punishment” to their indirect methods they apply and because by increasing prices and offering this surplus to society, corporations do not actually offer but they transfer this offering to the customers, who actually pay through the increased price. Such behaviors can be characterized indecent towards consumers and oppose to the initiatives of CSR.

Charts and frequencies of those questions and responses are included in Appendices B and C.

Variable Q11 refers to consumers’ evaluation of companies regarding on specific characteristics. In the chart below it is presented consumers’ opinion on the most and least important issues that complete every corporation’s image to their eyes.

Most characteristics show a smooth dispersion from 1 that equals the most important issue of evaluation up to 4 which equals to the least important. On the other hand, the quality of the product appears by 69% as the most important and 18% as very important for consumers in order to create an opinion over a company and it is considered to be the first criterion when characterize a corporation, its products and on their purchase decision. Price and social responsibility show low deviation because consumers are dispersed among the four choices, whereas business good reputation seems of low importance for the greater part of respondents.

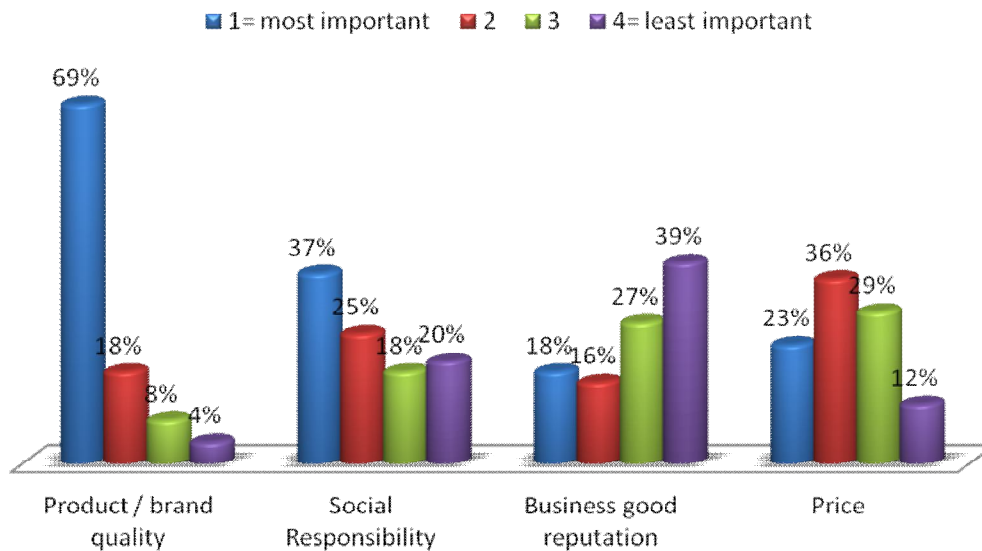


Table 11: Graphical appearance of data in Question 11

The responses in the twelfth question certify the positive influence of CSR over the general opinion about a company. More than half of the sample agrees that CSR activities are very important for them when evaluating the general performance of corporations.

In a recent study (X. Luo, CB. Bhattacharya, “CSR, customer satisfaction and market value”, 2006) among Fortune 500 companies, it was conducted that socially responsible activities lead to positive reactions and customer behavior. “Customer satisfaction is mediated by the relationship between CSR and firm market value”. Even when a customer finally turns to other companies, the company that promotes its CSR strategy will earn its high evaluation.

On the other hand, it is remarkably high the 43% of respondents that think CSR is not so important. The researchers’ world widely determined cases where CSR sets opposite results than desired: consumers’ perception may be not influenced positively by responsible activities. Of course there are certain aspects of the physical and social environment of each consumer, which affect their opinion additionally. All those various aspects form the general image of every corporation and as far as the extent of responsibility is concerned, they assist them to have a clear opinion that affects up to a degree the consumer behavior and the purchase decision.

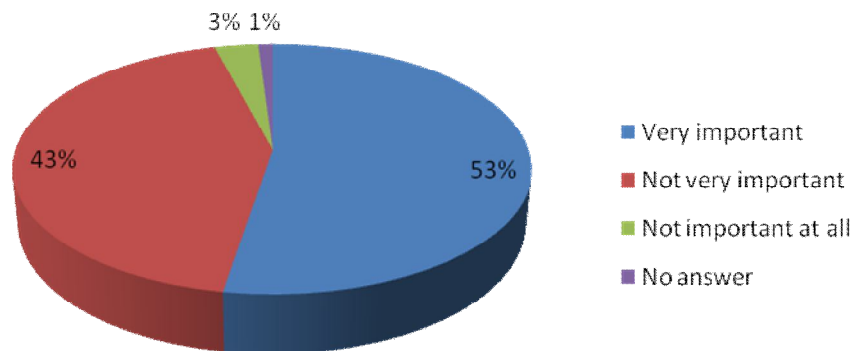


Table 12: Responses in Question 12 in a chart

Customers expect businesses to be responsible by increasing their effectiveness, operation standards, profitability and participating in the financial advance of local markets and societies. They should determine the way to keep up with all shareholders’ expectations: customers, employees, suppliers, investors or environment. Because many factors are implied, customers may feel that they need more detailed information to form their perceptions and especially on CSR programs they apply, because CSR is a term recently involved in the social and economical life of Greek market. That is why in variable Q13 only 16% of respondents strongly agree that they are capable to evaluate any company’s profile based on its responsible actions. All the others responses contain a portion of hesitation. Either Greek consumers are conservative or Greek companies reveal little information to public or even the information they prefer to expose.

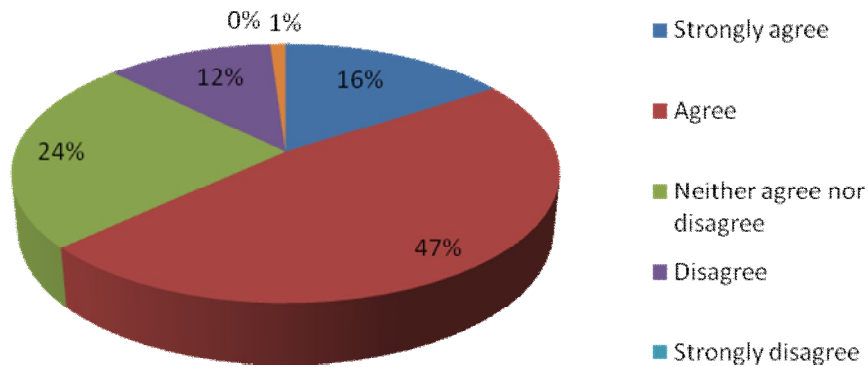


Table 13: Responses in Question 13 in a chart

Responses in question 14 disclose similar conclusions. More than half of the sample agrees that Greek companies do not have intense social interest and present limited social activity. Even if this fails to meet reality, Greek consumers are not well informed about social responsible activities. Very few and quite large corporations promote such programs, like the examples mentioned above and others, such as Opap s.s., Alpha Bank, 3E, OTE, Greek Oil (Ellinika Petrelaia), Novartis and Piraeus Bank. According to the CR Index in Greece, large companies and usually multinational ones apply CSR practices whereas in Europe and USA CSR consists a common activity of small and medium corporations (SMEs). A recent study by CSR Hellas showed that 22% of them believe financial cost is the most important inhibitory factor to apply CSR strategy in Greece and the small and medium size of those companies, bureaucracy and limited information follow with 16% and 15% accordingly (Study of CSR in SMEs in Greece, 2007). As a result Greek customers are not so aware of CSR and how companies apply it.

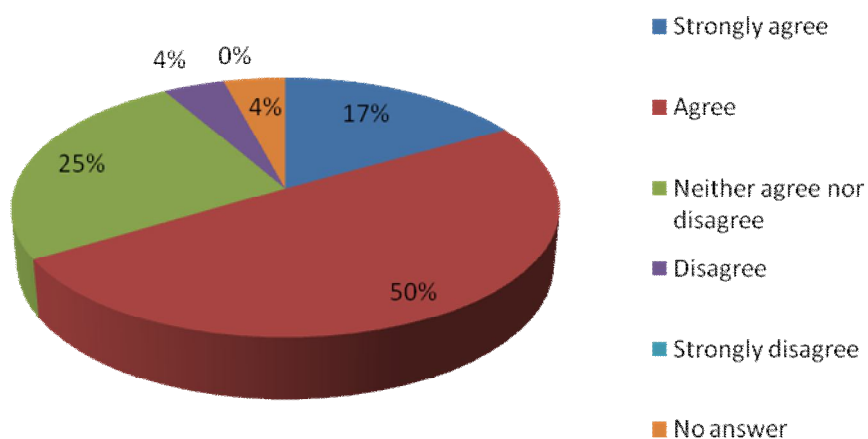


Table 14: Responses in Question 14 in a chart

Variables 15 and 16 will be examined in parallel because involve the application of CSR in web sites of Greek corporations. If few companies practice CSR, even fewer

promote it through Internet. Greek companies use Internet but not so extended as in other countries, because marketers usually prefer other means to inform public and advertise like TV or radio spots, ads on newspapers and magazines or billboards. Additionally, users of the web in Greece are mostly young who have little interest on economic life in our country. Marketers address to all age groups as potential customers.

All those above result in the responses in questions 15 and 16: 58% of the respondents have never visited any company’s profile on CSR on the web. Of those who have, even once in the past, 48% would be affected positively and probably purchase the particular products or services.

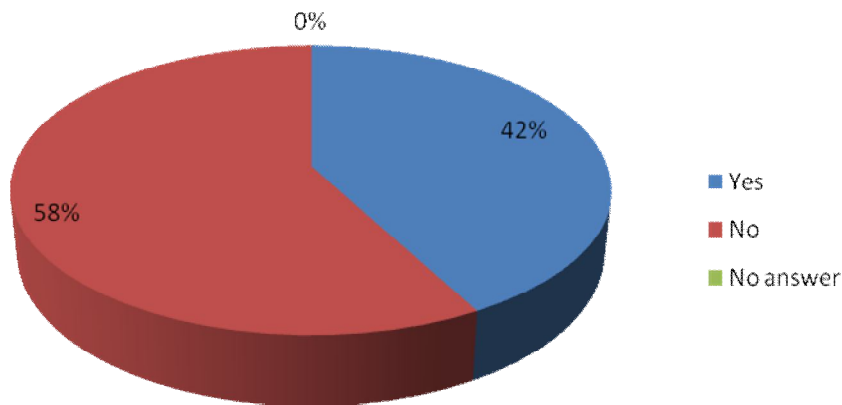


Table 15: Responses in Question 15 in a chart

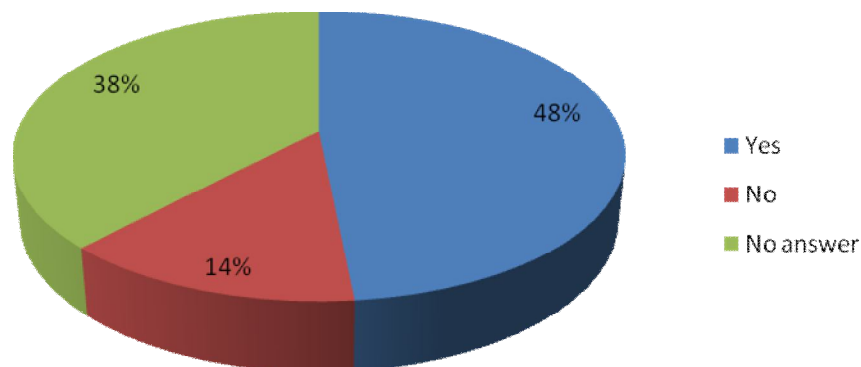


Table 16: Responses in Question 16 in a chart

6. CONCLUSIONS

Summarizing the latest studies that have been conducted in all academic world on the relationship among customers and CSR, it could thoroughly be concluded that the influence of socially responsible activities depend on various elements that are interrelated: customers seem positive and interested in particular CSR practices depending on their background, their information and knowledge degree, their opinion, behavior and –consequently- trust level towards companies, their opinion over similar products and services, evaluations of brands, corporation strategies and behavior and finally perceived credibility of information source. For all those reasons, this research aims to identify the basic characteristics of CSR, the situation as it exists in Greek market and economy and also to present an overview of possible influences of CSR on customers’ perceptions of companies.

The answers to introductory questions of whether customers have a positive opinion and behavior on committed companies is that yes, the greatest share of them think positively and yes, customers are in favor of rewarding firms which apply CSR. However all these conclude to intangible assets such as better business reputation and recognition, rather than more direct benefits. CSR effects on customers’ perception are not so simple. In addition, “consumers are more sensitive to negative CSR information than to positive CSR information, thus increasing the risk of boycott in events of perceived social irresponsibility” (Beckmann & Langer, “Consumer-citizen boycotts: Facilitators, motives and conditions”, 2003). The consumer behavior is affected to some extent. As mentioned, levels of positive responses are high when it comes to social responsible practices and as a result, it is likely that the purchase decision making process is quite influenced. More particularly, from the mini cases questions it is concluded that if consumers choose between two similar products, they might select the one from the more social responsible company. Since the research made clear that the consumer should assume to have liked both products equally, it can be considered that CSR was a factor that influenced the consumers’ answers. The respondents perceived a higher benefit and value in the socially responsible company’s offer but when judging in the frame of prices, they differentiate. It is concluded that price is a countable factor for consumers, especially under those difficult days which Greek economy, market and incomes face. In this direction, the present study indicates that there can be a decisive motivator for the companies to adopt a socially responsible behavior and it would prove even better if they keep prices low to attract more customers. Therefore, in the search for satisfying market needs, the companies have the opportunity to respond to their consumers’ desires of feeling good about a purchase while achieving their business goals and, simultaneously, giving their own contribution to society.

Also, it can be interpreted, from the above survey results, that companies are not seen as completely trustable nowadays, but the respondents still believe in the information to some extent. The information coming from the company – either through its web site, advertisements or newspaper and magazine articles- is considered important in the case of course that the company is able to prove that CSR strategy and activities lead to results enhancing social and economical life of communities. Additionally, a more informative and carefully constructed and promoted corporation web site would help companies to increase customers’ interest on their CSR activities.

7. SUPPLEMENTARY INFORMATION

In order to apply the results of the above research in the real economic life in Greece, we kindly requested of two executive employees of two large companies in Thessaloniki, which play a leading role in business area in Greece, to make shortly some comments on the data we concluded and also express their opinion on CSR nowadays.

- ❖ Manager of Human Resources, woman, 51 years old, company :OPAP SA, (department of Thessaloniki)

“The companies have to invest quite much time and money when they attract new customers and this process always goes through a long time period associated with uncertainty risks. Our company supports this idea and for that reason has promoted CSR activities mainly through sponsorships, not only in athletic environment, but also for environmental and social causes. It is commonly accepted that OPAP has achieved increasing economic benefits the latest years which partially are due to all responsible actions that engaged. Additionally, it is a well established corporation worldwide, respected and awarded, with recognizable social activity. I would agree that the results above follow Greek reality.”

- ❖ Junior Financial Manager, man, 49 years old, company: National Agricultural Bank of Greece

“As a consumer, I would definitely agree that a CSR activity makes a positive impression on everyone when visiting a market and I would also purchase such a product over from other companies, even if price was higher.

As an executive, I conclude that CSR is a very effective tool for increasing incomes and improving the general image of a company and at the same time offering for a good cause. For that reason, our bank promotes lately some green products which are very popular to the customers indeed.”

8. LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Regarding limitations of the particular research, a few has limited the results. The fact that Greek economic scene keeps changing and things in social life are not stable at all, limits partially to make generalizations to the whole population and also for a long period of time. Greek companies suffer from high taxation and an ambiguous future and additionally, Greek consumers suffer from their income variations and an unstable future in their workplaces.

The situation set by questions can not simulate a real purchase behavior and decision. The whole study tried to include as much information as it was possible for the limited time and length of the circumstances. Apparently, all results are transferred and transferable to actual purchasing situations, but further research could be conducted involving more detailed sensation of consumers’ pulse.

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Web sites

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- <http://www.csringreece.gr>
- <http://www.csrwire.gr>
- <http://www.sdev.gr>
- <http://e-kepa.gr>
- <http://opap.gr>
- <http://atebank.gr>

APPENDIX A

Questionnaire

Questions

- 1) Could you specify, what you think is meant by the term Corporate Social Responsibility (CSR)? (You can check more than one answer)

- Responsibility towards customers
- Responsibility towards employees
- Responsibility towards local community
- Responsibility towards environment
- Acting ethically
- Being profitable/ successful
- No answer

- 2) My own knowledge and awareness of CSR increased in the last 5 years. (Due to commercials or companies’ promotion)

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- No answer

- 3) The CSR strategy of a corporation impacts its reputation?

- Strongly agree
- Agree
- Neither agree nor disagree

Disagree

Strongly disagree

No answer

4) A high CSR rating for a corporation will make a positive impression on you?

YES

NO

No answer

5) In the recent past, have you noticed companies marketing their products in the name of CSR?

YES

NO

No answer

6) Company X, which is a producer of clothes detergent, states that for every packet sold, a certain portion of the price will be offered to an orphanage. Would you purchase X instead of your usual detergent?

YES

NO

No answer

7) If the previous answer is YES, would you buy X even if it was more expensive than your usual detergent?

YES

NO

No answer

8) You have recently read that company Y, which produces bottled water, tries to reduce environmental consequences of its operations by cutting down the wastes and by recycling. Would you consider choosing this particular bottled water over other brands (giving the previous information)?

YES

NO

No answer

9) If the previous answer is YES, would you purchase it even if it was more expensive than the other brands?

- YES
- NO
- No answer

10) If you were in a market or restaurant that does not offer this particular brand, would you ask for it?

- YES
- NO
- No answer

11) As a consumer, how important you think there are the characteristics below in forming an opinion about a company? (check 1 for the most important up to 4 for the least important).

Product / brand quality	
Responsibility (employee treatment, community commitment, ethics, environment)	
Business good reputation	
Price	
No answer	

12) When forming a decision about a product or service from a particular company, how important is it if shows a high degree of CSR?

- Very important
- Not very important
- Not important at all
- No answer

13) “As a consumer I can make a difference to how responsibly a company behaves”

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- No answer

14) “Industry and commerce in Greece do not pay enough attention to their social responsibilities”

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- No answer

15) Have you ever read about a company’s CSR profile and strategy on the corporate web site?

- YES
- NO
- No answer

16) For those who have, is it more likely for you to purchase a product from the company?

- YES
- NO
- No answer

- Demographic characteristics

17) Gender: female male

18) Age: below 25 years old 25-45 45-65 65 +

19) Education : below high school high school bachelor
post graduate / PhD

20) Income range(per month) : under 700 € 700-1000 € 1000-1500 €
Over 1500 €

THANK YOU!

APPENDIX B

Frequency Tables of Questionnaire responses

➤ **Question 1**

Valid	Frequency	Percent
Responsibility towards customers	50	40,00%
Responsibility towards employees	38	30,53%
Responsibility towards local community	113	90,53%
Responsibility towards environment	63	50,53%
Acting ethically	25	20,00%
Being profitable/successful	7	5,26%

- *In question 1, respondents were able to mark more than one options.*

➤ **Question 2**

Valid	Frequency	Percent
Strongly agree	15	11,60%
Agree	65	51,60%
Neither agree nor disagree	32	25,30%
Disagree	12	9,50%
Strongly disagree	1	1,10%
No answer	1	1,10%

➤ **Question 3**

Valid	Frequency	Percent
Strongly agree	54	43,20%
Agree	61	48,40%
Neither agree nor disagree	8	6,30%
Disagree	0	0,00%
Strongly disagree	0	0,00%
No answer	3	2,10%

➤ **Question 4**

Valid	Frequency	Percent
Yes	116	92,60%
No	1	1,10%
No answer	8	6,30%

➤ **Question 5**

Valid	Frequency	Percent
Yes	99	78,90%
No	18	14,70%
No answer	8	6,30%

➤ **Question 6**

Valid	Frequency	Percent
Yes	107	85,30%
No	11	8,40%
No answer	8	6,30%

➤ **Question 7**

Valid	Frequency	Percent
Yes	74	58,90%
No	33	26,30%
No answer	18	14,70%

➤ **Question 8**

Valid	Frequency	Percent
Yes	109	87,40%
No	11	8,40%
No answer	5	4,20%

➤ **Question 9**

Valid	Frequency	Percent
Yes	78	62,10%
No	29	23,20%
No answer	18	14,70%

➤ **Question 10**

Valid	Frequency	Percent
Yes	43	34,70%
No	75	60,00%
No answer	7	5,30%

➤ **Question 11**

Valid	1		2		3		4	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
Product/Brand quality	87	69,50%	46	36,80%	22	17,90%	29	23,20%
Social Responsibility	22	17,90%	32	25,30%	20	15,80%	45	35,70%
Business good reputation	11	8,40%	22	17,90%	34	27,40%	37	29,50%
Price	5	4,20%	25	20,00%	49	38,90%	15	11,60%

➤ **Question 12**

Valid	Frequency	Percent
Very important	66	52,60%
Not so important	54	43,20%
Not important at all	4	3,20%
No answer	1	1,10%

➤ **Question 13**

Valid	Frequency	Percent
Strongly agree	20	15,80%
Agree	59	47,40%
Neither agree nor disagree	30	24,20%
Disagree	15	11,60%
Strongly disagree	0	0,00%
No answer	1	1,10%

➤ **Question 14**

Valid	Frequency	Percent
Strongly agree	21	16,80%
Agree	62	49,50%
Neither agree nor disagree	32	25,30%
Disagree	5	4,20%
Strongly disagree	0	0,00%
No answer	5	4,20%

➤ **Question 15**

Valid	Frequency	Percent
Yes	53	42,10%
No	72	57,90%
No answer	0	0,00%

➤ **Question 16**

Valid	Frequency	Percent
Yes	61	48,40%
No	17	13,70%
No answer	47	37,90%

- *Demographic characteristics*

➤ **Question 17**

Valid	Frequency	Percent
Female	70	56,10%
Male	55	43,90%

➤ **Question 18**

Valid	Frequency	Percent
Below 25	22	17,90%
25-45	86	68,40%
45-65	17	13,70%
65+	1	1,10%

➤ **Question 19**

Valid	Frequency	Percent
Below high school	8	6,30%
High school	57	45,30%
Bachelor	46	36,80%
Post graduate/Phd	15	11,60%

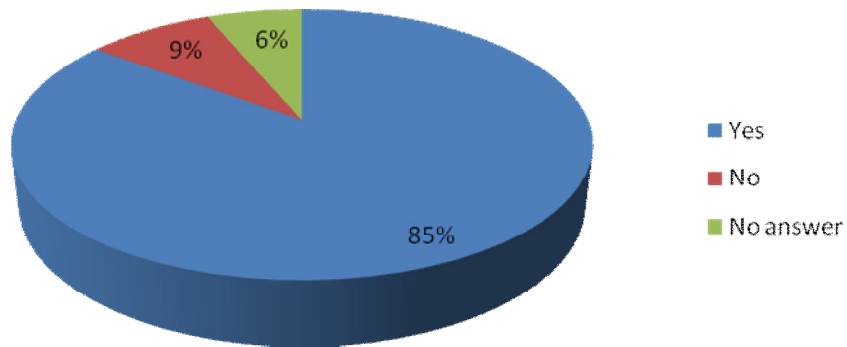
➤ **Question 20**

Valid	Frequency	Percent
Below € 700	4	3,20%
€ 700-1000	49	38,90%
€ 1000-1500	51	41,10%
€ 1500 +	21	16,80%

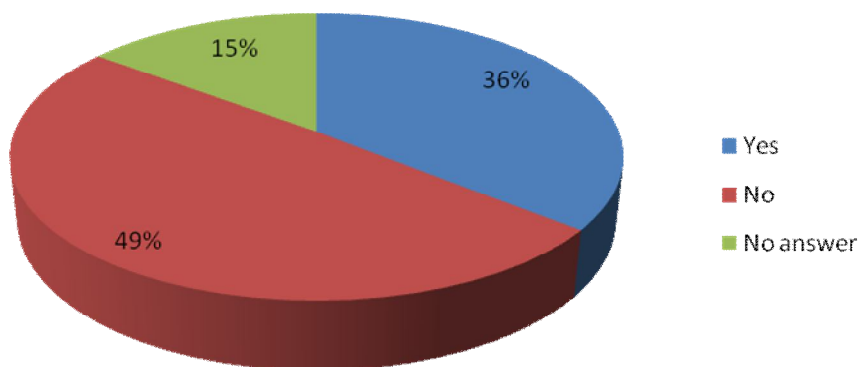
APPENDIX C

Statistic diagrams of Questionnaire responses

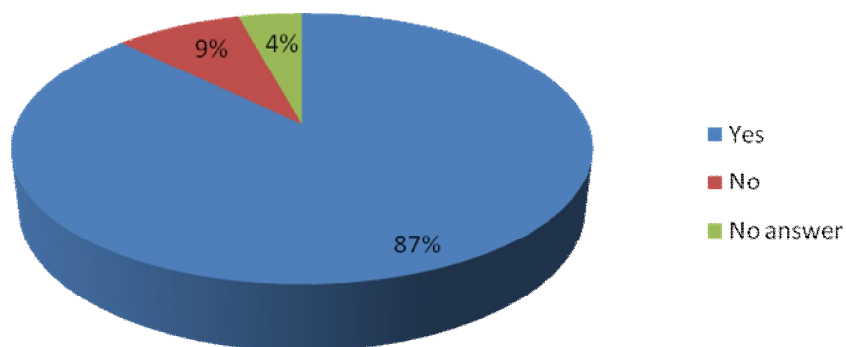
Question 6



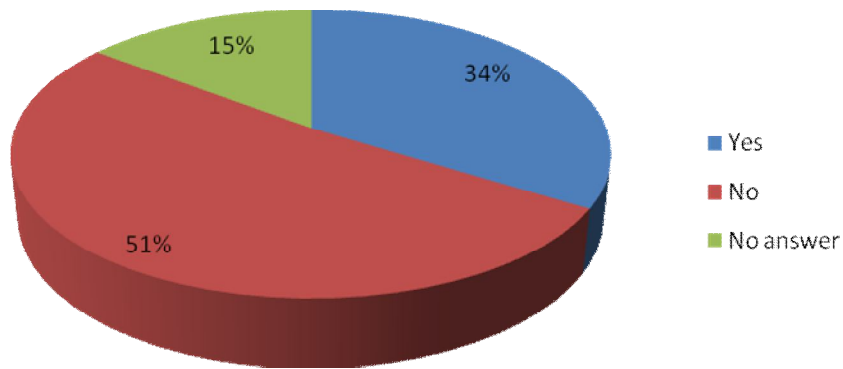
Question 7



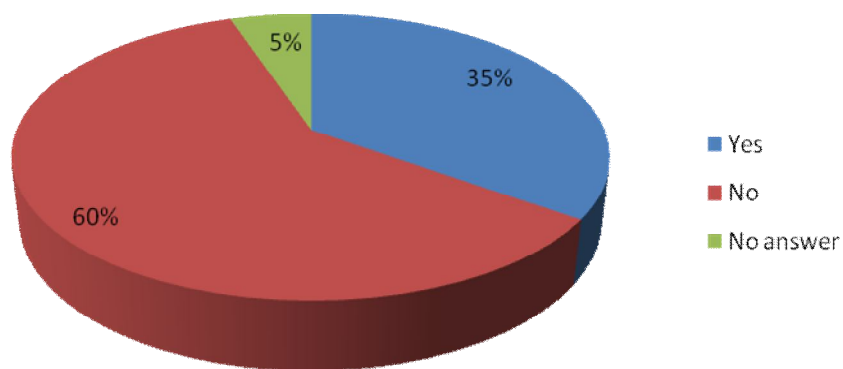
Question 8



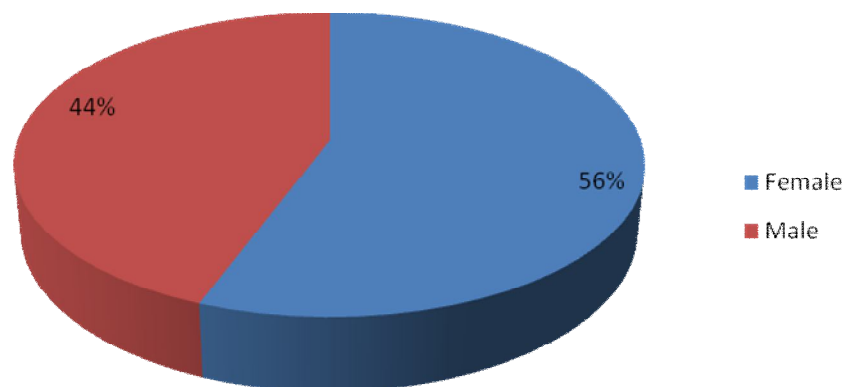
Question 9



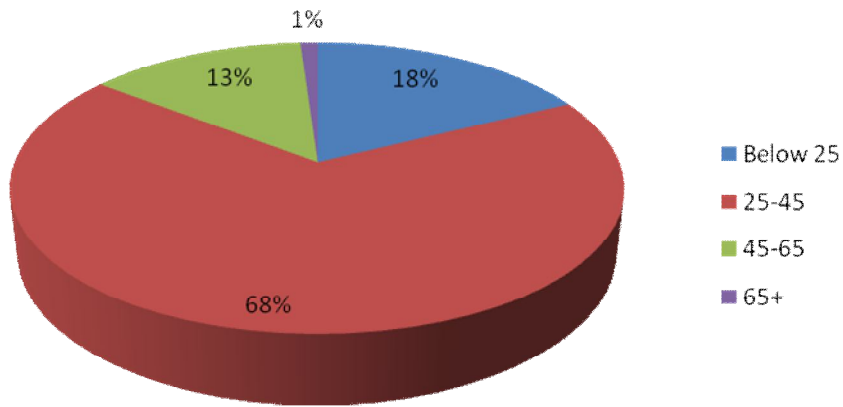
Question 10



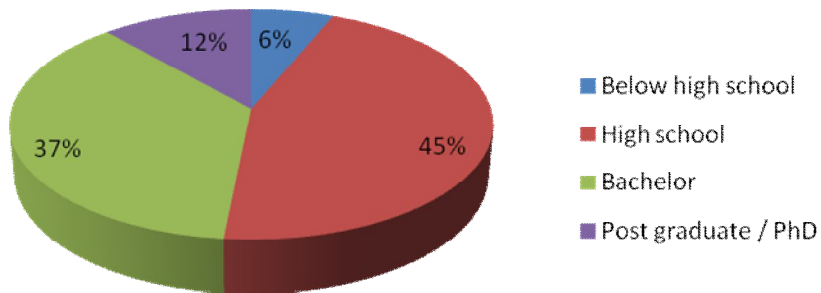
Question 17



Question 18



Question 19



Question 20

