

Measuring Customers' Perceptions of CSR across Industries

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Abstract

Customers' perceptions of a CSR (corporate social responsibility) are important outcomes of companies' actions and communications. The literature suggests that companies perceived as being socially responsible gain several benefits such as higher customer and employee loyalty. However, the existent literature does not clarify the means by which consumers' perceptions of CSR can be measured. In this paper we develop an instrument aimed at measuring customers' perceptions of CSR, and test it comparatively in four important industries (mobile telecom services, banking services, dairy products, and personal care products). The developed scale was tested and validated by means of a survey conducted among a sample of 1464 respondents from the Romanian urban environment, using exploratory factor analyses, CSR being reflectively measured by 28 items.

Keywords

Social responsibility; Customers' perceptions; Scale development

JEL Classification

M31

Introduction

Nowadays organizations have to take responsibility for their impact on the society and the natural environment, CSR referring to those voluntary activities that prove the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Marrewijk, 2003). CSR has been proven to generate several benefits to companies, its implementation and communication increasing or improving customer satisfaction and loyalty, employee satisfaction, loyalty, motivation and productivity, company, brand or product reputation, as well as relations with the local community and public authorities (European Commission, 2009). Researchers have scientifically proved that CSR investments can improve employee attraction and retention (Kim and Park, 2011), as well as relationships with customers and other primary stakeholders (Peloza and Shang, 2011). Moreover, research has also shown that consumers consider CSR aspects when purchasing decisions are made (Brown and Dacin 1997; Sen and Bhattacharya 2001).

The increasing academic interest in the concept of CSR has led to the development of several and sometimes divergent definitions of CSR and instruments directed at measuring different stakeholders' perceptions of CSR (Pérez and Bosque, 2013). Moreover, most consumers cannot fully comprehend the overarching concept of CSR, as the complexity of the concept is difficult for them to understand and to assess (Öberseder et al, 2014), while both practitioners and scholars being still uncertain when it comes to measuring consumers' perceptions of a company's CSR efforts. In this paper we develop an instrument aimed at measuring customers' perceptions of CSR, and test it comparatively in several industries (mobile telecom, banking, dairy products, and personal care products).

Literature review

Dahlsrud (2008) identifies almost 40 CSR definitions, emphasizing a certain degree of confusion regarding how CSR is constructed in specific contexts. Taking into consideration the most relevant literature on CSR systematization, three main approaches regarding CSR emerge. The first approach comes from Carroll (1979) who states that CSR implies that companies having economic, legal, ethical, and philanthropic responsibilities. A second approach originates from the concept of sustainable development and regards CSR as including three facets: economic, environmental and social. A third relevant approach comes from Freeman et al (2010) who categorize the social responsibilities of companies in responsibilities towards investors, customers, employees, suppliers, the environment, the society and other stakeholders.

In order to depict the most important contributions to assessing consumers' perceptions of CSR, an extensive literature review was conducted, mainly within the literature indexed in the most widespread databases, frequently used for searching the literature: Scopus and Web of Science (Norris and Oppenheim, 2007).

The first relevant and relatively complete methodology for assessing consumers' perceptions of CSR was developed by Maignan (2001) who, for measuring consumers' evaluation of CSR, employed sixteen items (four for each social responsibility: economic, legal, ethical, and philanthropic), respondents rating each item on a seven point scale ranging from "strongly disagree" to "strongly agree".

Sen and Bhattacharya (2001) measured perceived CSR by asking consumers to provide their ratings on a seven point scale from "very unfavorable" to "very favorable", on a six-item CSR dimension comprising: corporate giving, community involvement, position on women's issues, position on ethnic minority issues, position on gay and lesbian issues, and position on disabled minority issues.

Salmones et al (2005), in order to measure perceived CSR used the items of the battery developed by Maignan (2001), adding some extra items for the philanthropic aspects and a reference to sponsorship activities, their 11 items being grouped into three categories of responsibilities: economic, legal-ethical, and, respectively, philanthropic.

Mohr and Webb (2005) measured consumers' perceptions of CSR on a five point Likert scale, using three items for each of two selected CSR domains: environment ("make every effort to reduce the pollution from their factories", "use recycled materials in manufacturing new products", "have factory programs to conserve water and energy"), and philanthropic ("regularly make donations to charity", "have programs to recognize employees for their volunteer work in the community", "donate some of their products to people in need").

An original approach regarding the measurement of consumers' perceptions of CSR comes from Wagner et al (2008) who developed and validated an assessment model for the so-called corporate social irresponsibility (CSIR), focusing their research in the

retailing sector. Their scale was based on consumers' answers given on a Likert scale anchored from 1 ("disagree completely") to 7 ("agree completely"), taking into consideration items regarding fourteen CSR latent variables: dishonesty, employee benefits, employee discrimination, employee wages, foreign economies, foreign labor, local businesses, local employment, local working conditions, natural environment, offensive material, pricing policies, sales practices, and, respectively, societal rules

Adopting a multidimensional and cross-country perspective of the concept of CSR, Singh and Bosque (2008) developed and validated a model with three dimensions: a commercial dimension, which measures consumer perceptions about product commercialization strategy, an ethical dimension referring to complying with the law and being honest on their relations with the other interest groups, and, respectively, a social dimension, which includes issues referring to environmental protection and investment in the community.

After analyzing the existing literature at the time, Turker (2009) developed a CSR scale including 18 items, grouped into four dimensions: society, employees, consumers, and Government. Even though the measure developed by Turker (2009) was targeted at assessing business professionals' perceptions of CSR, it could be, with certain limitations, adapted for consumers' evaluation.

A relatively innovative methodology regarding the assessment of customers' perceptions of CSR was recently developed by Pérez and Bosque (2013) who developed a measurement instrument which included 20 items reflecting CSR towards customers, shareholders, employees and society, based on a seven point scale from "strongly disagree" to "strongly agree".

The most relevant recent addition to the perceived CSR assessment literature comes from Öberseder et al (2014), who developed a measurement model for consumers' perceptions of CSR using a comprehensive stakeholder-based approach, their measurement model grouping 42 items list into seven dimensions, reflecting the main responsibilities associated to different stakeholder categories: community, employees, shareholders, environment, societal, customers, and suppliers.

3. Methodology

After a comprehensive literature review concerning the quantification of consumers' perception of CSR, a preliminary item pool (consisting of a list of statements) was generated, from both a stakeholder perspective, covering several stakeholder categories (shareholders and investors, customers, employees, environment, community and society, public authorities, suppliers), and a sustainability perspective, covering economic, environmental, and social aspects of CSR. The preliminary item pool was further purified with the help of several marketing professors, PhD and MA students, by identifying and removing those items which were considered ambiguous, redundant or imperceptible to customers, the final item pool comprising 28 items (Table 1).

The final item pool for measuring customers' perceptions of CSR was tested within four industries (mobile telecom services, banking services, dairy products, and personal care products), by transposing the items into a paper and pencil (self-administered) questionnaire comprising four main sections, one for each industry, and by applying the data collection instrument within a representative sample of the Romanian urban population. For each of the four sections/industries, respondents were asked to mention a specific company/brand of which they were customers or from which they had recently bought products, and, further on, to refer to it and to rate their perceptions regarding that company's CSR ("I believe that this company ..."), on all 28 items, on a scale ranging from

1="strongly disagree" to 7="strongly agree", with a middle/neutral point reflecting the lack of an established perception.

Table 1: Final item pool for assessing customers' perception of CSR

Items	Sources*
CSR1 Strives to maximize profits and improve economic and financial performance	[1,2,3,4]
CSR2 Pursues its success in the long term, not only in the short term	[1,2,3,4]
CSR3 Strives to offer its customers products/services of reasonable quality	[2]
CSR4 Is concerned with its customers' satisfaction	[3,5]
CSR5 Provides customers with honest & complete information about its products	[2,3,5,6]
CSR6 Charges fair and reasonable prices for its products/services	[2,6]
CSR7 Provides safe products, not-threatening to physical/mental health of buyers	[2,6]
CSR8 Works diligently to handle and solve its customers' complaints	[2,3]
CSR9 Pays its employees fairly and in a reasonable manner	[2,3,6]
CSR10 Offers its employees decent working conditions	[2,3,6]
CSR11 Does everything possible to prevent and avoid discrimination of employees	[2,3,6]
CSR12 Respects the rights of its employees	[1,2,5]
CSR13 Treats its employees with respect	[6]
CSR14 Provides professional development and promotion opportunities to its employees	[2,3,5]
CSR15 Does everything possible to reduce its negative effects on the natural environment	[2,3,5,6]
CSR16 Strives to minimize the consumption of resources that affect the environment	[2]
CSR17 Works diligently to use environmentally friendly materials	[2,3,5,6]
CSR18 Is concerned with the proper management of waste and recycling activities	[2,6]
CSR19 Contributes to the economic growth and development of the region	[2]
CSR20 Contributes to the long-term welfare and life quality of people in the region	[1,3,4,5]
CSR21 Creates and sustains jobs in the region	[2]
CSR22 Contributes to the development of other companies in the region	[2]
CSR23 Respects the values, customs and culture of the region	[2]
CSR24 Supports charitable and social projects addressed to the disadvantaged	[1,2,3,4,5]
CSR25 Supports cultural and social events (music, sports, etc.)	[3,4]
CSR26 Fully complies with the legislation in conducting its activities	[1,4,5,6]
CSR27 Always pays state taxes in a fairly and honestly manner	[5,6]
CSR28 Does everything possible to prevent/avoid corruption in its relation with the state	[6]

* [1] Maignan, 2001; [2] Öberseder et al, 2014; [3] Pérez and Bosque, 2013; [4] Salmones et al, 2005; [5] Turker, 2009; [6] Wagner et al, 2008

The four target industries were selected for three main reasons: firstly, we wanted to test the developed scale within both service sectors (mobile telecom services and banking services) and tangible products sectors (dairy products and personal care products), in order for us to be able to adopt a comparative approach; secondly, we intended to select those industries within which CSR practices of the main competitors were disseminated in the media and visible to the general public, so that perceptions regarding CSR could be formed in the minds of consumers; thirdly, we targeted industries which referred to products/services with a large penetration among the urban population, so that the investigated statistical population (customers of / buyers from companies from those industries) could comprise the vast majority of the overall urban inhabitants.

In what concerns the sampling procedure, we combined two non-probability sampling techniques: snowball sampling and, respectively, quota sampling by gender and age. Thus, the data was collected using paper and pencil (self-administered) questionnaires, between Jan-Mar 2015. The final investigated sample comprised 1464 subjects, consisting

of Romanian urban residents, 49,22% men and 50,78% women, covering all age categories from 18 to 56 years.

Results and discussion

In order to reveal a valid and practical quantification instrument for each analyzed industry, we identified a smaller number of factors, as latent variables, for each of the four industries. These factors were treated as being reflectively measured by the 28 indicators. Therefore, we conducted an exploratory factor analysis for each industry, applying the Varimax rotation method with Kaiser normalization.

Table 2: Factors of customers' perceptions of CSR in the mobile telecom industry

Factor	Items	Load	Factor	Items	Load	Factor	Items	Load
Employees	Q12	.840	Community development	Q19	.757	Public authorities	Q27	.821
	Q13	.811		Q21	.749		Q28	.805
	Q11	.768		Q20	.728		Q26	.683
	Q10	.746		Q22	.688	Sponsorship	Q25	.845
	Q14	.742		Q23	.504		Q24	.796
Customers	Q9	.687	Environment	Q17	.812	Economic success	Q1	.844
	Q4	.758		Q16	.800		Q2	.794
	Q6	.713		Q18	.720			
	Q5	.713		Q15	.697			
	Q3	.701						
	Q8	.679						
	Q7	.481						

As it can be seen in Table 2, in the case of the mobile telecom industry the analysis suggests that the 28 items/indicators can be adequately grouped into seven components (Bartlett's test of sphericity Chi-Square = 19736.851; df = 378; p<0.001), customers' perceptions of CSR being thus structured into seven stakeholder domains, consisting in responsibilities towards employees, customers, community (related to local economic development, life quality etc.), environment, public authorities, sponsorship (supporting charitable and social projects, as well as cultural and social events), and, respectively, shareholders (pursuing the long-term economic success of the company).

Table 3: Factors of customers' perceptions of CSR in the banking industry

Factor	Items	Load	Factor	Items	Load	Factor	Items	Load
Employees	Q12	.843	Community development & Sponsorship	Q21	.772	Public authorities	Q27	.81
	Q13	.825		Q22	.725		Q28	.766
	Q11	.781		Q19	.696		Q26	.737
	Q10	.751		Q20	.691	Economic success	Q1	.863
	Q14	.705		Q24	.652		Q2	.807
	Customers	Q9		.702	Q25	.645		
Q5		.822		Q23	.601			
Q6		.806	Environment	Q17	.846			
Q4		.792		Q16	.828			
Q3		.757		Q18	.753			
Q8		.716		Q15	.708			
Q7	.67							

Further on, we conducted the component analysis for the banking industry, in which case, as it can be seen in Table 3, the 28 items/indicators can be adequately grouped into six components (Bartlett's test of sphericity Chi-Square = 25780.744; df = 378; $p < 0.001$), customers' perceptions of CSR comprising six main domains referring to responsibilities towards employees, customers, community development and sponsorship, environment, public authorities, and, respectively, economic success. The resulted components are very similar to those identified in the case of the mobile telecom industry, with the exception of those items/indicators related to community development and sponsorship which, in this case, jointly reflect one single latent variable.

Table 4: Factors of customers' perceptions of CSR in the dairy products industry

Factor	Items	Load	Factor	Items	Load	Factor	Items	Load
Employees	Q12	.859	Community development	Q21	.85	Public authorities & Sponsorship	Q27	.727
	Q13	.833		Q19	.804		Q26	.721
	Q10	.812		Q20	.787		Q28	.667
	Q11	.794		Q22	.745		Q25	.666
	Q9	.753		Q23	.596		Q24	.617
Customers	Q14	.731	Environment	Q17	.818	Economic success	Q1	.856
	Q6	.79		Q16	.815		Q2	.849
	Q7	.749		Q18	.762			
	Q5	.732		Q15	.759			
	Q4	.602						
	Q3	.579						
	Q8	.522						

The third industry in which we tested the developed scale was that of dairy products. The principal component analysis conducted in this case, as it is shown in Table 4, reveal the fact that the items/indicators can be adequately grouped into six components (Bartlett's test of sphericity Chi-Square = 25696.980; df = 378; $p < 0.001$). Thus, in the dairy products industry, customers' perceptions of CSR reflect six latent variables referring to responsibilities towards employees, community development, customers, environment, economic success, and, respectively, public authorities and sponsorship. Again, the resulted components are very similar to those identified in the previous cases, the main difference consisting in the fact that the items/indicators related to responsibilities towards public authorities and sponsorship jointly reflect a single latent variable.

Table 5: Factors of customers' perceptions of CSR in the personal care industry

Factor	Items	Load	Factor	Items	Load	Factor	Items	Load
Employees	Q12	.843	Community development & Social sponsorship	Q21	.82	Public authorities & Cultural sponsorship	Q27	.77
	Q13	.842		Q19	.779		Q28	.742
	Q11	.809		Q20	.775		Q26	.706
	Q10	.8		Q22	.767		Q25	.536
	Q14	.756		Q23	.624		Q27	.77
Customers	Q9	.738	Environment	Q24	.559	Economic success	Q1	.873
	Q5	.762		Q17	.83		Q2	.872
	Q6	.758		Q16	.822			
	Q7	.717		Q18	.763			
	Q4	.673		Q15	.762			
	Q3	.622						
Q8	.521							

Finally, for the last industry in which the developed scale was tested (the personal care products industry), the principal component analysis generated a six components grouping of the 28 items/indicators, as it can be seen in Table 5 (Bartlett's test of sphericity Chi-Square = 28094.915; df = 378; $p < 0.001$). Therefore, in the personal care products industry, customers' perceptions of CSR reflect six latent variables corresponding to companies' responsibilities towards employees, community development and social sponsorship, customers, environment, public authorities and cultural sponsorship, and, respectively, economic success. Even though the resulting factors are similar to those identified in the previous three cases, there is an important differentiation. Thus, the items regarding community development and the one referring to social sponsorship jointly reflect a latent variable, while the item regarding cultural sponsorship accompanies the items referring to public authorities, jointly reflecting another latent variable.

Conclusions

The proposed and validated measurement scale includes 28 items/indicators which reflect six or seven latent variables (depending on the industry), variables which can be assimilated to specific stakeholder and sustainability domains.

Despite certain industry differences regarding the resulted latent variables, there are four such latent variables reflected identically by the developed scale in all four analyzed sectors (mobile telecom services, banking services, dairy products, and personal care products): responsibility towards customers (reflected by items regarding the quality and safety of products/services, customer satisfaction and complaint handling, honest communication, and fair pricing), responsibility towards employees (reflected by items related to fair remuneration, working conditions, lack of discrimination, respecting employees' rights, and providing professional opportunities), responsibility towards the environment (reflected by items regarding environmental negative effects reduction, minimizing resource consumption, using environmentally friendly materials, and proper waste management and recycling activities), and, respectively, responsibility towards shareholders and investors (reflected by items concerned with maximizing economic and financial performance, and pursuing economic success in the long term).

However, depending on the industry, the items regarding community development, sponsorship and attitude towards public authorities differently reflect latent variables. Thus, in the case of assessing customers' perception of CSR in the mobile telecom industry, the three categories of CSR items reflect three separate latent variables, while in the case of the other three industries, these indicators mix, reflecting two latent variables.

Acknowledgements

This work was supported from the European Social Fund through Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115, project title "Performance and Excellence in Postdoctoral Research in Romanian Economics Science Domain".

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