Customers’ perceptions about Corporate Social Responsibility and the role of their socio-demographic characteristics

Anastasia Thomaidou  
Department of Economic Studies, University of Thessaly  
thomaido@uth.gr

Victoria Bellou  
Department of Economic Studies, University of Thessaly  
vbellou@uth.gr

Abstract
In the current business setting Corporate Social Responsibility has become a new field of competition between firms. Trying to determine the perceptions of users of mobile telephone services about CSR activities of their providers, we adopted a multidimensional perspective of social responsibility. Evidence from 152 customers showed that customers’ perceptions about CSR consists of four dimensions: economic, legal and ethical, ethical towards customers and discretionary responsibility. Additionally, it was revealed that socio-demographic characteristics such as gender and years of purchase influence the importance they place on social responsibility and loyalty patronage behavior towards socially responsible providers.

Keywords: Corporate Social Responsibility, loyalty patronage behavior, consumer behavior, Mobile Telephony

JEL classifications: M10, M14, C38, C83

Introduction
In the currently constantly changing, demanding and turbulent environment, Corporate Social Responsibility (CSR) has become an essential part of organizations and their existence, reputation and performance. According to Falck and Hebich (2007), if an organization seeks to survive and prosper it must adopt a long-term approach towards its stakeholders, as treating them right has been linked to several positive results for the organization, including economic performance. Adopting a different approach, Boatright (1993) claimed that CSR has been attracting increasing attention, both empirical and theoretical, due to the increase in social problems such as poverty, unemployment, race and religious discrimination and environmental pollution. In any occasion, organizations are nowadays expected to combine their core profit-oriented activities with actions relevant to the social well-being (Hopkins, 1999). Besides, consumers have become increasingly aware of the CSR related practices that organizations engage in and, in fact, push companies towards this direction. A battery of studies, see inter alia Creyer and Ross (1997), Maignan (2001), Mohr et al. (2001), advocate that consumers have a positive opinion about socially responsible acting companies and are willing to reward them.

Given that CSR has become a new battlefield among competitors. Existing research concerning consumers’ view of CSR agrees on two
points: first, consumers cannot identify all proposed types of CSR (i.e. Aupperle et al., 1985; Garcia de los Salmones et al., 2005; Maignan and Ferrell, 2001) and second, consumers have a positive attitude towards socially responsible firms in general (Creyer and Ross, 1997; Maignan, 2001; Mohr et al., 2001) and more specifically, regarding the mobile telephony industry, towards socially responsible providers (Garcia de los Salmones et al., 2005; Vlachos et al., 2009; Wang, 2009). In fact, there is evidence that several socio-demographic characteristics, such as gender and age influence consumers’ behavior towards socially responsible companies (Arlow, 1991; Singhapakdi et al., 2001; Vassilikopoulou et al., 2005). Taking all these issues into consideration, the intention of the present study is to examine whether consumers can actually differentiate between different types of CSR and whether socio-demographic characteristics of consumers, including not only gender, age, educational level and income but also years of purchase, impact on the importance of CSR activity of firms. On top of that, two types of loyalty patronage behavior, willingness to use services more frequently and loyalty to the firm are also examined with regards to socio-demographic characteristics, as loyalty patronage behavior is a major factor in explaining consumer behavior (Darden et al., 1981). This research took place among mobile telephony customers in Greece, an industry that has attracted the interest of previous researchers examining CSR (i.e. Garcia de los Salmones et al., 2005), has great penetration among Greek citizens (94%1) and includes active in terms of CSR firms.

Literature review

Quite some time ago, Davis (1960, p. 70) defined CSR as “the businessman’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest”, while later on, as “the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organizations” (Davis and Blomstrom, 1975, p. 6). In a more recent and modern approach, Paton and Siegel (2005, p. 117) suggested that CSR are “the actions that appear to further some social good, beyond the interests of the firms and that which is required by the law”. However, as McWilliams, Siegel and Wright (2006) indicate, no agreement has been reached with regards to what CSR is about. This is probably the reason why different terms, including Corporate or Business Responsibility, Corporate Citizenship, Corporate Community Engagement, are adopted (see Werther Jr. and Chandler, 2010).

Nevertheless, there is unanimity concerning the multidimensionality of the concept. Given that firms may engage in various activities related to the environment, the human factor, the human rights, the contradiction to animal testing, the minorities or local society (Sen and Bhattacharya, 2001; Owen and Scherer, 1993), researchers have introduced several CSR typologies. In particular, Wood (1991) identified two types: the social responsible practices, related to the business activities and the core competencies of the organization, and the practices related to the primary activities of the organization. Carroll (1991) has developed probably the most complete and definitely one of the most accepted approaches, suggesting that CSR comprises of four types of activities, namely the economic, the legal, the ethical, and the discretionary / philanthropic. Firm’s economic responsibility involves the pursuit of profit on the behalf of shareholders, good

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1 Survey “Mobile Telephony” conducted by Focus Bari, September 2009-March 2010
working conditions for employees and quality products for consumers. Legal responsibility has to do with firm’s conformity to the law and market rules. Ethical responsibility entails the pursuit of just, right and avoiding harm. Finally, philanthropic responsibility has to do with firm’s voluntary involvement in society, contributing time and money in social activities.

So far, researchers adopting Carroll’s typology have tried to determine the number of perceived dimensions and their importance, based on consumers’ point of view. The results vary. For example, Ramasamy and Yeung (2009) found that Carroll’s model is applicable in China and that Chinese consumers perceive economic and philanthropic responsibilities as most and least important dimensions respectively. Maignan (2001) also found that consumers in three countries (U.S.A, Germany and France) can differentiate between four types of social responsibilities, valuing each one in a different way, according to the country examined. On the other hand, Podnar and Colob’s (2007) results offer a three dimensional model, fusing ethical and philanthropic responsibilities, with legal and ethical-philanthropic being more important than economic responsibility, in Slovene consumers’ perceptions. This variation could be explained by (a) the socioeconomic context, (b) the residence and (c) the cultural background of the given surveyed sample.

In terms of consumer behavior, previous research tends to affirm that there is a connection between CSR and loyalty, as CSR can boost consumers’ trust towards the companies (Maignan and Ferrell, 2001). Reynolds, Darden and Martin (1974, p. 75) defined customer loyalty as “the tendency for a person to continue over time to exhibit similar behaviors in situations similar to those he has previously encountered”, while Oliver (1996) considered it to be the deep commitment of consumers in buying a product or service diachronically, despite the competitors’ efforts to change their purchasing behavior. Similarly, Osman (1993) conceptualized loyalty patronage behavior as the repeated purchase behavior at a particular store, either for the same product(s) or for any other products. For the needs of the present study, loyalty patronage behavior is used to reflect the extent to which the consumer is willing to continue being a customer of the socially responsible provider and increase his/her use of services of such a provider. The underlying belief here is that the adoption of socially responsible practices sends to consumers the message that the firm operates in a considerate and qualitative manner for everyone involved, including consumers (Brown and Dacin, 1997; Turban and Greening, 1997). Such behaviors are affected by customers’ socio-demographic characteristics. In fact gender, age and level of education have attracted so far most of the attention (i.e. Arlow, 1991; Diamantopoulos et al., 2003; Singhapakdi et al., 2001). Yet, in the present study the expectation is that years of purchases is also important when examining customers’ view of CSR related activities.

Research methodology and development of measures

Sample and procedures

The empirical context for this study was the mobile phone sector, because the three operators are highly socially sensitive and so it is interesting to ascertain how their initiatives and actions are perceived by the users. So as to fulfill our study’s objectives we
designed a personal survey of mobile telephone users. The data were collected during the period 1-15 November 2011, through personal administration of questionnaires. We obtained 152 valid responses, within a sampling error of 3.7% for a confidence level of 95%. The sample is representative and randomly drawn from mobile phone users at Magnesia, Greece. For the determination of the sample size we took into account that an acceptable sample should have a 10:1 ratio of observations per indicator variable to be included in the analysis (Hair et al., 2006). The sample was stratified in proportion to the firms’ market share and consumers’ gender and age. Demographic characteristics of the sample are summarized in Table 1.

Table 1: Sample’s demographic characteristics

<table>
<thead>
<tr>
<th>Age</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td>17 - 44 years old (n=79)</td>
<td>Men (n=75)</td>
</tr>
<tr>
<td>45 - 65 years old (n=73)</td>
<td>Women (n=77)</td>
</tr>
<tr>
<td>Mean = 40,35</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Education</th>
<th>Years a customer uses his/her current provider’s service</th>
</tr>
</thead>
<tbody>
<tr>
<td>High school (n=10)</td>
<td>Less than 5 years (n=41)</td>
</tr>
<tr>
<td>Senior High school (n=33)</td>
<td>5 - 10 years (n=86)</td>
</tr>
<tr>
<td>Technological Educational institute (n=25)</td>
<td>More than 10 years (n=25)</td>
</tr>
<tr>
<td>University (n=25)</td>
<td></td>
</tr>
<tr>
<td>Master Degree / Phd (n=19)</td>
<td></td>
</tr>
</tbody>
</table>

Measures

Our questionnaire was based on Garcia de los Salmones et al. (2005), who modified and incorporated proposals and scales of Brown and Dacin (1997), Maignan (2001) and Rust et al. (2000). The questions regarding customers’ perceptions of the social responsibility of their mobile telephony provider were measured with a seven-point Likert scale, enriched by the “I don’t know” option. In this group we took into consideration suggestions made by Garcia de los Salmones et al. (2005), who concluded in their study that it may be more appropriate for the economic responsibility to be presented as firms’ duty to generate wealth in the region, value added and job creation. At this point, it has to be noted that participants were asked to respond bearing in mind what their firm actually does in relation to CSR and not what it should do. Furthermore, to assess the CSR overall view and loyalty patronage behaviors we adopted a binary mode of answer (No/Yes).

Results

Exploratory Factor Analysis (EFA)

To examine whether consumers recognize the multidimensionality of CSR or not, we performed an exploratory factor analysis. The principal component factor analysis, varimax rotation, revealed four factors, explaining 63.96% of the total variance, with all factor loadings being significant (Table 2).
Table 2: Results of EFA

<table>
<thead>
<tr>
<th>Factor 1 - Overall Legal-Ethical Responsibility</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELR2</td>
<td>Its concern is the fulfilment of its obligations towards shareholders</td>
</tr>
<tr>
<td>ELR1</td>
<td>Respects and always acts according to the law</td>
</tr>
<tr>
<td>ELR6</td>
<td>Respects and protects the environment</td>
</tr>
<tr>
<td>ELR5</td>
<td>Its major priority is the ethical aspect of its operations over its economic performance</td>
</tr>
<tr>
<td>% variance explained</td>
<td>2.197</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor 2 - Economic Responsibility</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ER2</td>
<td>Creates new jobs</td>
</tr>
<tr>
<td>ER3</td>
<td>Generates value added</td>
</tr>
<tr>
<td>ER1</td>
<td>Generates wealth contributing to country's economy</td>
</tr>
<tr>
<td>% variance explained</td>
<td>1.973</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor 3 - Philanthropic Responsibility</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR1</td>
<td>Actively supports and finances social events/initiatives (sports, music etc)</td>
</tr>
<tr>
<td>PR2</td>
<td>Directs part of its budget to donations and social works favoring the disadvantaged</td>
</tr>
<tr>
<td>PR3</td>
<td>Tries to contribute to social prosperity</td>
</tr>
<tr>
<td>% variance explained</td>
<td>1.900</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor 4 - Ethical Responsibility towards customers</th>
<th>Factor Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>ELR4</td>
<td>Is honest to its customers</td>
</tr>
<tr>
<td>ELR3</td>
<td>Is ethical to its customers</td>
</tr>
<tr>
<td>% variance explained</td>
<td>1.605</td>
</tr>
</tbody>
</table>

The first factor combined all statements regarding legal and ethical aspects of firm’s operation, responsibility towards its shareholders and respect of the environment. Thus we identified this factor as legal and ethical responsibility. The second factor combines responses regarding the economic aspects of corporate behavior, such as job creation, added value and contribution to the economy. This factor was named economic responsibility. Social aspects concerning firm’s support of social initiatives and involvement in social prosperity are included in the factor of philanthropic responsibility. Lastly, items related to firm’s ethical and honest behavior towards its customers composed the factor of ethical responsibility towards customers.

Next, trying to investigate the factors that predict the belief that the provider is a socially responsible firm and the loyalty patronage behavior we performed logistic regressions. As explanatory variables we used Age (A), Gender (G), Years of Education (ED), Income (INC) and finally the Years the consumer uses his/her provider’s services (YC). The explained binary variables were:

- Overall interest for CSR (LO3), indicating the consumer’s value of the extent to which his/her provider is socially active and responsible (0 for a NO answer, 1 for a YES answer)
- More frequent use of services, for socially active and responsible firms (LO1), (0 for NO, 1 for YES) and
Switching provider for socially inactive and irresponsible firms (LO2), (0 for NO, 1 for YES).

Different combinations of explanatory variables and alternative models were tested for each explained variable and we ended up with the following three, in terms of statistical significance:

\[
\text{Logit}[\Pr(\text{LO3} = 1)] = \beta_1 G + \beta_2 YC \\
\text{Logit}[\Pr(\text{LO1} = 1)] = \beta_1 G + \beta_2 YC \\
\text{Logit}[\Pr(\text{LO2} = 1)] = \beta_1 G + \beta_2 YC + \beta_3 \text{LO3}.
\]

The results of the Logit estimation by Maximum Likelihood are presented in Table 3.

### Table 3: Results of Logit estimation

#### MODEL 1: Explained Variable LO3

<table>
<thead>
<tr>
<th>Variable</th>
<th>(\beta_i)</th>
<th>Standard Error</th>
<th>Odds Ratio</th>
<th>Lower 95%</th>
<th>Upper 95%</th>
<th>(\exp(\beta_i) - 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>1.127*</td>
<td>0.409</td>
<td>3.087</td>
<td>1.384</td>
<td>6.886</td>
<td>2.087</td>
</tr>
<tr>
<td>YC</td>
<td>0.143</td>
<td>0.035</td>
<td>1.154</td>
<td>1.077</td>
<td>1.237</td>
<td>0.154</td>
</tr>
</tbody>
</table>

\(-2\)Loglikelihood: 137.700  
Cox & Snell \(R^2\): 0.381  
Nagelkerke \(R^2\): 0.509  
LR Statistic (2 df): 73.017 (0.00)  
HL Statistic (8 df): 70.070 (0.53)

#### MODEL 2: Explained Variable LO1

<table>
<thead>
<tr>
<th>Variable</th>
<th>(\beta_i)</th>
<th>Standard Error</th>
<th>Odds Ratio</th>
<th>Lower 95%</th>
<th>Upper 95%</th>
<th>(\exp(\beta_i) - 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>0.572***</td>
<td>0.323</td>
<td>1.772</td>
<td>0.941</td>
<td>3.337</td>
<td>0.772</td>
</tr>
<tr>
<td>YC</td>
<td>0.081*</td>
<td>0.028</td>
<td>1.085</td>
<td>1.026</td>
<td>1.147</td>
<td>0.085</td>
</tr>
</tbody>
</table>

\(-2\)Loglikelihood: 180.954  
Cox & Snell \(R^2\): 0.178  
Nagelkerke \(R^2\): 0.237  
LR Statistic (2 df): 29.763 (0.00)  
HL Statistic (8 df): 14.556 (0.07)

#### MODEL 3: Explained Variable LO2

<table>
<thead>
<tr>
<th>Variable</th>
<th>(\beta_i)</th>
<th>Standard Error</th>
<th>Odds Ratio</th>
<th>Lower 95%</th>
<th>Upper 95%</th>
<th>(\exp(\beta_i) - 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>G</td>
<td>-0.519</td>
<td>0.358</td>
<td>0.595</td>
<td>0.295</td>
<td>1.201</td>
<td>-0.405</td>
</tr>
<tr>
<td>YC</td>
<td>-0.111*</td>
<td>0.039</td>
<td>0.895</td>
<td>0.830</td>
<td>0.966</td>
<td>-0.105</td>
</tr>
<tr>
<td>LO3</td>
<td>1.932*</td>
<td>0.413</td>
<td>6.901</td>
<td>3.074</td>
<td>15.489</td>
<td>5.901</td>
</tr>
</tbody>
</table>

\(-2\)Loglikelihood: 180.499  
Cox & Snell \(R^2\): 0.180  
Nagelkerke \(R^2\): 0.240  
LR Statistic (3 df): 30.217 (0.00)  
HL Statistic (8 df): 2.978 (0.94)

*** Significant at the 10 percent level.  
** Significant at the 5 percent level.  
* Significant at the 1 percent level.

Along with the coefficient estimates and standard errors we report odds ratios and the lower and upper bounds of their corresponding 95% confidence intervals as well as the LR and Hosmer & Lemeshow statistics for parameter restrictions. As apparent, the coefficients are statistically significant except for the coefficient of Gender in the third model.

The odds ratios \(\exp(b_i)\) and \(\exp(b_i) - 1\) in each model are interpreted in the following manner. For the first model, the odds ratio referring to gender is equal to 3.087, meaning that the probability of a consumer valuing the CSR activity of his/her provider is about 3.087 higher for a woman than for a man. Respectively, the odds ratio referring to the years the customer uses his/her provider’s services is equal to 1.154, meaning that a consumer who uses longer the services of his/her...
operator is 1.154 times more likely to express an interest in his provider’s socially responsibly actions. Given that \( \exp(b_1)-1 \) is equal to 2.087 indicates that in terms of gender the likelihood of interest for engagement in CSR activities increases by 208.7% ceteris paribus. Correspondingly, for the years the customer uses his/her provider’s services \( \exp(b_2)-1 \) equals 0.154. So in relation to the years that a participant is customer to his provider, the likelihood of valuing CSR engagement increases by 15.4% ceteris paribus.

Similarly, according to the second model, the probability that a consumer would use the service more frequently, if his/her provider is socially active and responsible, is about 1.772 higher for a woman than for a man. Respectively, the probability that the customer would use the service more frequently, if his/her provider is socially active and responsible is about 1.085 higher for a consumer who has been more loyal to his/her provider. Regarding gender, the likelihood of a more frequent use because of firm’s CSR policy increases by 77.2%, ceteris paribus. Correspondingly, in relation to the years the participant is customer to his / her operator, the likelihood of more frequent use because of firm’s CSR policy increases by 8.5% ceteris paribus.

Finally, according to the third model, the likelihood that a consumer would switch provider by the sole criterion of the firm being or not socially responsible, is about 0.895 lower for a person who has been more loyal to his/her provider, or better, this likelihood decreases by 10.5% ceteris paribus. In a similar vein, the probability of provider switching is 6.901 times higher for an individual who is interested in his providers CSR actions, than someone who is not. This likelihood increases by 590.3% ceteris paribus.

Discussion

This study aimed at examining the perceptions of users of mobile telephone services in terms of their socially responsibility. Regarding the multidimensionality of CSR in the eyes of consumers, contrary to previous studies (i.e. Garcia de los Salmones et al., 2005; Podnar and Golob, 2007), the present study confirmed that consumers are able to differentiate between four CSR dimensions, although with slight divergence from Carroll’s model. The participants of the present study identified the environment’s protection as part of legal and not philanthropic responsibility. This finding could be explained by the fact that consumers have become nowadays more demanding in environment related issues. As Phillips (1999) notes, in America 50% of the consumers consider environmental friendliness as a very important reason for brand switching. It appears thus that the protection of the environment is really binding like laws in the eyes of consumers. Furthermore, although there is a combination of legal and ethical responsibilities, the ethical responsibility of firms towards its customers in specific has been identified as a distinct factor, closing thus somehow the gap between Carroll’s approach and those suggesting that legal and ethical responsibilities are combined (Garcia de los Salmones et al. 2005). Moreover, although researchers have considered the economic dimension to be a questionable component of social responsibility (Aupperle et al., 1985; Maignan and Ferrell, 2001; and Garcia de los Salmones et al., 2005), our results confirmed the original proposition of Carroll. Overall, the fact that, contrary to most research adopting Carroll’s approach, this study revealed the
existence of four distinct factors could be attributed to the incorporation of the “I don’t know” option. The opportunity of participants to declare their ignorance regarding the extent to which their provider has been engaged in one or more CSR activities is likely to have facilitated their responses, clarifying also their view of CSR related issues.

With regards to predicting the value that consumers place on the CSR of their mobile telephony providers, it appears that gender and years of purchase are critical factors. The impact of gender on the interest that consumers place on CSR is consistent with other studies such as Arlow (1991), Diamantopoulos et al. (2003), Singhapakdi et al. (2001). As for years of purchase, this is a quite reasonable finding, as the greater the consumers’ familiarity with the services provided by the firm and the brand, the more demanding they appear in their expectations of the firm adopting a socially sensitive profile.

The loyalty patronage behavior was predicted by gender, years of purchase and interest for firm engagement in CSR activities. Such a finding is line with that of Darden et al. (1981) who concluded that generally women tend to display greater patronage behavior than men. Moreover, years of purchase seems to be an inhibiting factor for switching service operators, when a firm is not socially responsible, offering it hence a protection shield against competition.

As Porter and Kramer (2006, p. 81) stressed, “CSR can be much more than a cost, or a constrain – or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage”. Adding thus to existing knowledge is vital for firms, especially in the challenging context they currently operate within. Evidence from the present study suggests that consumers do have a clear idea of what CSR is, they do value different aspects of it and are influenced by related activity when forming their buying behavior. Consequently, it is vital for organizations to inform their customers for their CSR related initiatives on a systematic basis, through advertisements or direct communications (with letters accompanying billing information). Furthermore, firms should take the socio-demographic characteristics of consumers into consideration during their strategic planning, if they are to make the most out of their investment in such initiatives.

As for the limitations of our research, these relate to the size of our sample, which however did not put the results into doubt. Future research initiatives could study not only greater samples in different industries but also other stakeholders’ views, such as stockholders’ and employees’. With regards to consumers’ perceptions on CSR, personality and behavioral issues may worth examining. Performing the same study in different countries will allow for the assessment of the impact of other factors as well, such as national culture and socioeconomic factors. Going a step further, future research should accompany such information with the recognition of the dimensions considered to be most important in the eyes of their customers, to ensure a more focused involvement in CSR activities.

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