

THE CORPORATE SOCIAL RESPONSIBILITY- AN IMPORTANT ASPECT FOR CONSUMERS

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Abstract: *In the last period, expectations towards corporate social responsibility (CSR) have been increasing, with people demanding businesses to behave in a socially responsible manner. One of the biggest challenges for marketers nowadays is about satisfying the consumers' complex needs and the direction tackled by marketing toward social responsibility strengthens the conviction that CSR is no longer a related domain but is a domain that will be part of the future branding. Starting at the word of the managing director of Echo Research, who states that "companies have a tremendous opportunity to partner with enthusiastic global citizens to affect change, but they must understand the motives, perceptions and appropriate types of engagement from market to market",¹ this article aims to present some theoretically aspects and some findings of the researches demonstrating the importance given by the consumers to the corporate social responsibility.*

Key words: *consumer expectations, consumer behavior, Corporate Social Responsibility, responsible citizens, engagement.*

JEL Classification Code: M14, M31

1. INTRODUCTION

Corporate social responsibility (CSR) seems to be a useful tool for companies to engage in environmental and social projects and, moreover, it seems to become an effective marketing tool which gains more and more popularity within companies.²

In just few years, CSR has caught the attention of CEOs, as not just the activists have begun to follow CSR involvement of companies, but investors and consumers too. Executive leaders and members of the organizations boards are directly involved in structuring the social responsibility strategy of the company, as the economic arguments of CSR efforts become more and more solid.

2. THE METHODOLOGY OF THE RESEARCH

In order to reach the purposes and objectives of the research, we have studied the Romanian and foreign literature of this specific field, presenting the main aspects and opinions that we consider relevant to our study. We also made our documentation, by researching various studies carried by national and international organizations in the field.

¹ <http://www.conecomm.com/2013-global-csr-study-release>,

² Schiefelbein K., „Using the right CSR communication strategy: The impact on consumer attitude and behavior”, University of Twente, http://essay.utwente.nl/62190/1/MSc_K_Schiefelbein.pdf

3. THE CORPORATE SOCIAL RESPONSIBILITY IN ROMANIA

The Country Managing Partner Ernst&Young Romania&Moldova states that “although involvement in CSR was a practice initiated by the subsidiaries of multinational companies, which have CSR as a part of their values, it is not anymore an abstract concept for the Romanian companies. The fact that 82% of the leaders of respondent companies are actively involved in CSR efforts clearly shows the importance that they attach to the corporate social responsibility”.

Most of the Romanian companies define CSR through actions with social/environmental/health/education character (47%), while less tangible actions, like business ethics and corporate civics, that are a more recent focus in Western CSR, are topping the following places (24 % and 18%).³

According to the study realized by Ernst&Young Romania in collaboration with CSRmedia, CSR is being ever more defined in our country, with 78% of respondents declaring that their company has a CSR strategy, while 67% of them consider that the general interest in CSR has increased in the last 12 months.

Also, more than three quarters of Romanian companies have dedicated an annual budget for CSR actions, budget that, for a half of the respondents, was kept at the same level, compared to 2012, 16% noticing an increase between 5-10%.

Table 1 The SWOT Analysis of CSR in Romania

STRENGTHS	WEAKNESSES
<p>The interest of society for CSR and the relative novelty of the concept in the Romanian public space;</p> <p>The involvement of the multinationals and Romanian companies in CSR initiatives;</p> <p>The continuous increase of the number of the CSR initiatives and of the best practices in this field at the national level;</p> <p>The increase of the number of consumers attending to buy the products and services of the socially responsible companies.</p>	<p>The concept of CSR is little known in the Romanian society;</p> <p>The lack of studies on the application of CSR in our country;</p> <p>Some SMEs are not convinced yet of the relevance of CSR initiatives.</p>
OPPORTUNITIES	THREATS
<p>The opportunity to learn, to retrieve and to adapt the best practices from the experience of other more developed countries;</p> <p>The increased corporate reputation through CSR efforts;</p> <p>Funding opportunities for the CSR initiatives, offered by the EU;</p> <p>The positive attitude of consumers toward the companies' implication in the community.</p>	<p>The lack of coherent public policies to promote CSR;</p> <p>The lack of a coherent and consistent legal framework;</p> <p>An insufficient support and involvement of the public authorities in promoting and implementing of CSR;</p> <p>The lack of budgetary funds to promote the CSR application.</p>

Source: *Strategia Națională de promovare a responsabilității sociale 2011-2016*, p. 6, <http://www.sgg.ro/nlegislativ/docs/2011/05/2x4bdfjnwskv89h17pzq.pdf>

³Ernst&Young Romania, CSRmedia, *Tendințele și realitatea CSR în România - Ediția 2013*, http://www.csrmedia.ro/wp-content/uploads/2013/05/Studiu_Tendinte_si_realitati_CSR_in_Romania_CSRmedia.ro_ErnstYoung_2013.pdf

4. THE IMPORTANCE OF CSR FOR CONSUMERS

Starting at his definition, a socially responsible company is supposed to address the concerns and satisfy the demands of its main stakeholders⁴, who, in Freeman's vision, are composed by those actors who can, directly or indirectly, affect or be affected by corporate activities, including customers, suppliers, employees, shareholders, the media, investors, trade associations, political groups, unions, and competitors.⁵

We can say, without being wrong, that consumers are one of the key stakeholders of organizations in the marketing exchange process, because the customers represent the lifeblood of every business. Time and resources put into understanding the customer perspective will be always a good investment, building strong and effective customer relations being always the direct route to long term success.⁶ Taking into account that such an important role is played by the manner in which those affected by these mechanisms perceive this, we agree that, in order to avoid distortion, we need to communicate effectively, this type of communication requiring an exercise of will and the acquisition of some compliance requirements such as the ability to be empathetic.⁷

No longer a nice to do, CSR is becoming a reputational imperative, because, when it comes to CSR, consumers want more than aspirational mission statements.⁸

The managing director of Echo Research states that "consumers across the globe resoundingly affirm CSR as a critical business strategy". These days, companies are expected to be an active participant in solving the most pressing social and environmental issues, and organizations that disregard this consumer-demand risk more than their reputation, 90% of global citizens saying they would boycott if they learned of irresponsible behavior.⁹

As consumers become increasingly aware of businesses' behaviors and CSR initiatives, they are also becoming more astute about both corporate and consumer impacts. The majority of consumers feel both individuals and corporations are having some degree of positive influence on social and environmental issues, but just 27% feels either is making a significant impact.

The managing director of Echo Research considers that those "varying degrees of perceived individual and corporate impact underscore the overwhelming need for companies to consistently communicate both corporate and consumer CSR return."

Consumer expectations are known to motivate marketers to incorporate social considerations into their marketing practices and to communicate about these actions.¹⁰

⁴ Beckmann Suzanne.C., *Consumers' perceptions of and responses to CSR: So little is known so far*, Strategic CSR communication, Mette Morsing and Suzanne C. Beckmann eds. Copenhagen : Djof Publishing, 2006, p. 164

⁵ Freeman R. E. , *Strategic Management: A Stakeholder Approach*, Academy of Management Review, 24, 1984, p. 233–236

⁶ <http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/rs00593.html>

⁷ Secară C. G., *Communication and International Trade Negotiation - academic course*, Sitech Publishing House, Craiova, 2011, p 13

⁸ *Consumers Demand More Than CSR "Purpose"*, http://www.conecomm.com/stuff/contentmgr/files/0/b2481c3a38bbac7c659ca5f4f1cb9a4a/files/2012_corporate_social_return_press_release_and_fact_sheet_final.pdf

⁹ 2013 Cone Communications/Echo Global CSR Study, <http://www.conecomm.com/2013-global-csr-study-release>

¹⁰ Golob U., Lah M., Jancic Z., *Value orientations and consumer expectations of Corporate Social Responsibility*, Journal of Marketing Communications, 14:2, 2008, pp. 83-96.



Figure 1 The consumers perception of who is driving the positive impact on social and environmental issues

Source: 2013 Cone Communications/Echo Global CSR Study,
<http://www.conecomm.com/2013-global-csr-study-release>

If we refer to the issues that consumers most want companies to address, the economic development is the most pressing issue (38%), with the environment (19%), human rights (11%), and poverty and hunger (11%) being the next most important priority issues consumers want companies to tackle.

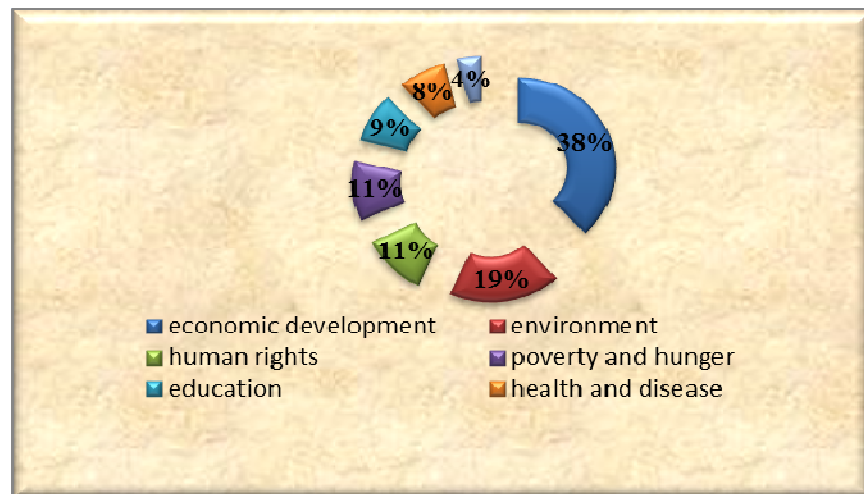
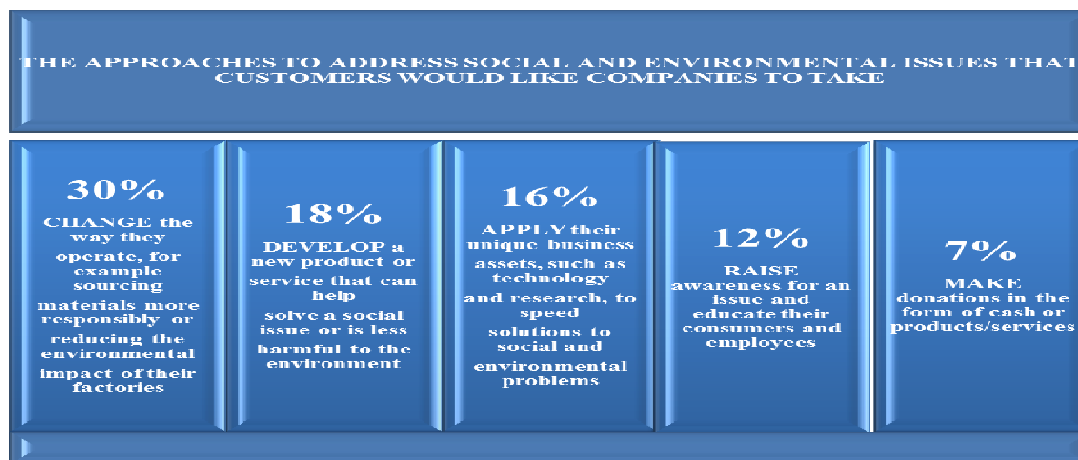


Figure 2 The main issues that consumers most want companies to address

Source: 2013 Cone Communications/Echo Global CSR Study,
<http://www.conecomm.com/2013-global-csr-study-release>

The study conducted by Cone Communications and Echo Research reveals that, when it comes about the approaches that companies should take to positively affect social and environmental issues, 18% of respondents consider new product or service development as principal approach, 7% thinking that it's enough for companies to engage in issues through cash, product or service donations (Table 2).

Table 2. The approaches that companies should take to positively affect social and environmental issues



Source: 2013 Cone Communications/Echo Global CSR Study,
<http://www.conecomm.com/2013-global-csr-study-release>

The consumer's expectations regarding CSR actions have a huge impact on their behavior towards the companies, the reactions of these persons depending on the congruency between expectations and the company's actions.¹¹ Some authors believe that "in order for consumers to support firms that engage in CSR, they must receive value from the exchange"¹²

So, the benefits of CSR extend far away, with 96% of the respondents having a more positive image of the company who is engage with CSR, 94% being more likely to trust that company and 93% being more loyal to the company and continuing buying her products or services. Also, 92% of the consumers participating on the survey lead by Cone Communication and Echo Global would buy a product with a social or environmental benefit, and, giving the situation of similar price and quality, 91% of the consumers are likely to switch brands to one that supports a good cause.

Moreover, in the survey carried by the Nielsen Company in 2013, the percentage of respondents who said they would be willing to reward companies that give back to society by paying more for their goods and services increased among both males and females and all age breaks covered.¹³ The highest percentage of respondents who would be willing to pay more for the products of responsible companies is aged between 25 and 29 years (56%), an increase in consumer charge being registered among those who are over 40 years old (53% - 12% more than in 2011).¹⁴

¹¹ Gatej (Brad) C. P., *CSR and Consumers' Expectations towards it – A Marketing Perspective*, EuroEconomica, Vol 31, No 1 (2012), p. 11

¹² Green T., Peloza J., *How does corporate social responsibility create value for consumers?*, Journal of Consumer Marketing, 28(1), 2011, p. 48

¹³ Nielsen, *Consumers who care and say they'll reward companies with their wallets*, august 2013, <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2013%20Reports/Nielsen-Global-Report-Consumers-Who-Care-August-2013.pdf>

¹⁴ *The Nielsen Company: Consumatorii ar plati mai mult pentru produse de la companii responsabile*, <http://www.responsabilitatesociala.ro/stiri-csr/the-nielsen-company-consumatorii-ar-plati-mai-mult-pentru-produse-de-la-companii-responsabile.html>

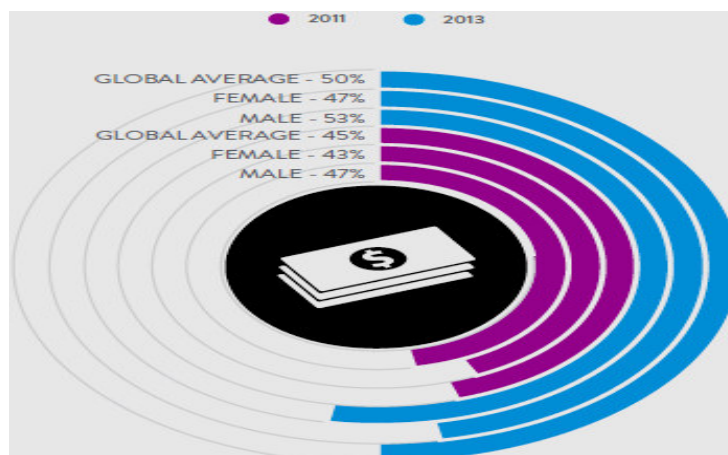


Figure 3 Percent who agree to reward companies that give back to society by paying more for their goods and services

Source: Nielsen, *Consumers who care and say they'll reward companies with their wallets*, <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2013%20Reports/Nielsen-Global-Report-Consumers-Who-Care-August-2013.pdf>

According to the same survey, in Romania, the number of people who would pay more for products from responsible companies increased from 38% in 2011 to 42% in 2013.

5. CONCLUSIONS, LIMITATIONS AND PERSPECTIVES OF RESEARCH

The paper had as a purpose the presentation of the Corporate Social Responsibility from a theoretical and a practical point of view. The importance of this paper is given by the correct identification of the main criteria considered by the consumers when speaking about the CSR initiatives.

Given that “companies have a tremendous opportunity to partner with enthusiastic global citizens to affect change, but they must understand the motives, perceptions and appropriate types of engagement from market to market, we can say that it is not anymore a question of if companies should engage in CSR, but it is a question of to what extent will they do so, and how will they create and communicate real and meaningful impact.”¹⁵

Analyzing the theoretical review and the researches concerning the status of the CSR in our country and all over there, and concerning the individuals' expectations towards it, we found out that it is potentially fruitful for the organizations to become socially responsible and that the marketers should really think into incorporating CSR in the company's marketing communication and objectives.

The studies suggest that consumers have great expectations especially regarding the ethical and philanthropic dimensions of CSR and they care if a company hires national minorities, if she does not hire children and if she supports the local schools¹⁶ (Harrison, Newholm, and Shaw 2005).

Green and Peloza see it as a kind of win-win situation for the company and the consumer. The ‘win’ for the company is the consumer's approval and support, whereas the ‘win’ for the consumers is the value they receive from CSR activities.¹⁷

¹⁵ <http://www.conecomm.com/2013-global-csr-study-release>

¹⁶ Harrison R., Newholm T., Shaw D., *The Ethical Consumer*, London: Sage, 2005.

¹⁷ Green T., Peloza J., *How does corporate social responsibility create value for consumers?*, Journal of Consumer Marketing, 28(1), 2011, p. 48

In addition to this paper, we think that a qualitative research can enrich this study, presenting the Romanian consumers behavior toward CSR initiatives, the importance that they give to these initiatives and the ways in which they reward a company that is a good corporate citizen.

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