

## **THE IMPACT OF CSR ON ROMANIAN CONSUMERS' TRUST**

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**Abstract:** *the present article presents a small part of a doctoral research meant to determine the way the Romanian consumers perceive companies' socially responsible activities.*

*The aim of the present article is to emphasize the impact that companies' socially responsible activities have on consumer trust. There were 650 questionnaires applied during September 2014 and January 2015 with the help of GoogleDocs. The collected data were analysed using SPSS software.*

*The results show that consumers give more trust to companies that are socially responsible than to the ones that are not. In the end, this trust brings loyalty and profits to those companies, in this way, both the company and society wins.*

**Keywords:** *corporate social responsibility, consumers, trust, loyalty, satisfaction*

**JEL Codes:** *M 31, M14*

### **Introduction**

Corporate social responsibility (CSR) has become a mainstream topic, gaining the status of corporate priority for a company's management and marketing. This is shown by the growing number of articles published in famous journals in the field.

The concept of CSR enjoys a not very long, but a very varied history. Thus, evidence of business communities' concern for society can be found many years back, but the concept of corporate social responsibility is formally reflected in specialized writings only beginning with the twentieth century, specifically in the last 60 years.

Although hall-marks of the concept appear mainly in the developed countries, the first important writings appear in the United States, where, in time, a considerable amount of literature on corporate social responsibility has been accumulated.

Thus, in literature, references to the concept of corporate social responsibility have been made ever since 1930-1940, but important writings appear only in the early 50s, when Bowen wrote about the social responsibilities of businessmen; he rhetorically asked on what responsibilities he expected businessmen to take towards society, and the answer to this question will be practically the first attempt to define the concept. He claimed that "businessmen have an obligation to follow the policies, to make the decisions or to follow the action lines that are more desirable for the objectives and values of our society" (Bowen, 1953, p. 6).

Another important attempt to define the concept comes, this time, from Carroll (1979). After he clearly suggested that the cornerstone of any economic system is the corporation, and the main purpose of any corporation is to make profits by selling products and services that enjoy request, he tried to outline his own definition: "corporate social responsibility includes all the economic, legal, ethical and philanthropic-discretionary expectations that society has on organizations at a certain time" (Carroll, 1979, p. 500). Basically, until now, there is no generally accepted definition of the concept.

If the EU Commission argued in 2001 that corporate social responsibility refers to actions undertaken by companies beyond their legal obligations towards society and environment, in 2011

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it simplifies the definition, condensing it to “the responsibility businesses have for their activity’s impact on society” (European Commission, 2011, p. 6). The same committee considers that certain regulations of such activities could create a more favourable environment for enterprises that voluntarily fulfil social responsibility.

Today, over 90% of the Fortune 500 companies explicitly mention their engagement in activities of corporate social responsibility. The context in which there was a growing demand for the development of social responsibility activities, it is considered to have the following components: the deeper prominence of the negative aspects of globalization; the expansion and the activities of non-profit organizations; the increase of those who require a sustainable development of the socio- economic system (Tanimoto, 2007; Baleanu et al., 2011).

According to reports provided by specialized units, large companies have revealed significant investments (millions of dollars) in corporate social responsibility initiatives. Also, allocating increasing amounts for cash donations, for contributions in kind, for cause-related marketing, for employees’ volunteer programs, companies seem to act on the premise that CSR is not just the best thing to do, but also the most inspired (Luo and Bhattacharya, 2006).

If 80% of the research conducted to date in the field of corporate social responsibility address the concept in terms of management and only the remaining 20% address it in terms of marketing, through this paper we want to emphasize that CSR should be an area of interest not only for specialists in management or strategy, but also for those in marketing, who, through a better understanding of how consumers perceive the corporate social responsibility activities undertaken by companies, can bring added value to the company. Consumers receive, interpret and organize stimuli in a manner consistent with their world, so their perceptions become important for the development of effective marketing strategies (Plăiaș, 1997; Cătoiu și Teodorescu, 2004).

### **Signals of trust and distrust**

Image fructification is also extremely important due to the effects it produces in creating trust and in perceiving the sense of corporate responsibility. Thus, in commercial terms, the information that can be gathered in carrying the image of a company, a product after an office visit, after carefully studying a person, can be divided into two broad categories: trust-generating information and mistrust-generating information. It is obvious that, for a company, this information enjoys special attention because they can rush, or conversely, stop the consumer’s intent to purchase (Trevisani, 2007, p. 61).

The degree to which a communication element is exposed to consumer senses determines its ability to influence its complete assessment or its communicational load. So here it appears that any element of the product and of the organization assumes its impact on the consumer depending on the contact with it, while the interaction covers all the perceptive senses. Competitiveness depends on the ability to identify and manage the physical and the relational items that assume the communication load. Also, the items that do not match or disturb should be removed or modified. Finally, identifying the action priorities depends on the communicational load of each element that needs to be identified using qualitative and quantitative research methodology (Trevisani, 2007).

In marketing, trust can be defined either as a set of beliefs, a desire or a set of assumptions gained about a product, a brand, a company. Trust derives from a mechanism where features, reasons and intentions are allocated between partners and its assessment is facilitated by the assumption that their behaviour is predictable and corresponds to what was promised. In other words, this means all the faiths that assure consumers that their partners’ intentions and behaviour will produce the expected results (Swaen and Chumpitaz, 2008, p. 13). Other definitions focus on a brand’s technical expertise and on its perceived performance, but go beyond the motivational aspects. Most definitions share two dimensions of the concept: credibility – combining competence with honesty; and willingness – reflecting the partner’s good intentions on consumer interests. Other definitions involve three dimensions: competence, honesty and kindness. In this case, in order

to generate trust, partners must not only show the ability to meet expectations (competence), but also to take the word, to follow the principles that govern the business world (honesty) and to show kindness to consumers (Swaen and Chumpitaz, 2008).

### **Factors influencing the generation of perception in marketing**

One of the key elements of a successful marketing strategy is developing the product and the promotional stimuli that consumers will perceive as relevant for their needs. Marketers try to influence consumer perceptions, creating a brand image expressing trust and value (Assael, 2004).

To managers, it is important to know how consumers see their corporate image. The most common method is to collect data that describe the image in terms of customers' current perceptions, but usually without understanding the reasons underlying those perceptions. A better understanding of the reasons behind consumer perceptions would allow companies to develop more efficient products, services and marketing communication (Rindell et al., 2010).

Perception is not just a passive reception of stimuli, but in the human mind is an active process of organizing external stimuli. Research in psychology have shown that man reacts to objects based on the way he perceives those objects, and the actual perception of the object itself can be quite different from how it is presented in reality. Thus, we may say without fail that perception is how an individual selects, organizes and interprets through senses the environmental information (Assael, 2004; Trevisani, 2007; Prutianu, 2008).

The perception process involves three stages. The first stage concerns the selection of information through the five senses, namely: the sense of sight, smell, taste, hearing and touch. The second stage is the information organization which consists of long-term memory scanning in order to find certain categories of stimuli that match the stimuli felt. The third and last phase is the information interpretation. Basically, at this stage, an evaluative judgment is formed determining whether the information received causes pleasure and its importance for the receptor (Trevisani, 2007).

Following the experiences, the values and the models which coordinate his thought, the consumer develops a personal opinion which is the truth and reality for him. Once formed this reality, it will be the basis for all his decisions and actions. And, for more reliability, the consumer will closely monitor any argument that can confirm his perception of reality, thereby denying all the information that could prove the contrary (Assael, 2004). Either was it formed from a detail and expanded to the whole, or it was formed on a generality and hides details, consumer perception is his reality.

Thus, in terms of factors influencing the formation of perception, in Datculescu's opinion (2006), there is a combination of four factors, both internal and external:

- *the characteristics of external stimulation* – people respond differently to external stimulation, depending on its characteristics;

- *the context* – many environmental stimuli affect our senses, so many that we cannot catch all of them, but only a part;

- *the physiological characteristics of sensory channels* – research has shown that optical perceptions are not formed instantly but procedural, but perception takes place so fast that it cannot be seized and consciously remembered. Real genesis theory states that, during the first seconds of the perceptive process only the subcortical, unconscious layers are engaged, represented by the limbic system. At this level, the human brain manages to understand a stimulus and to decide if it likes it or not. Although the emotional reaction of attraction or rejection is very strong, the person is not aware of this. From here it takes a few seconds for the impulse to reach the neocortex, where emotion is rationally processed and perception becomes fully conscious. Human senses tend to work together and to influence one another. This is also why, in marketing, consumer is frequently involved through stimulating all his senses (Datculescu, 2006).

- *the consumer's characteristics* – they relate to the fact that the consumer's knowledge and experience, his familiarisation with the stimulus influences the way the stimulus is perceived. Initial knowledge usually turns into expectations, namely into beliefs, judgments about what we will be seen, heard, will be gained or lost. A person's needs, motivations and interests also influence perception. They broaden the perceptual range, increase its acuity and facilitate memorizing the relevant information (Datculescu, 2006).

Besides, one should mention the importance of people's (personal) physiological characteristics, features that are responsible for the sensitive differences between sensory capabilities of individuals. Basically, the first cause of perceptual differences between people is the difference in their senses' performance (Hawkins et al, 2005).

Another interesting phenomenon is people's ability to adjust their perceptions in order to produce the effect called perceptual constancy. The human being tends to preserve the perceptual world in its original form, even if the impulses reaching the senses transmit changed signals of reality. It therefore implies that the ability of our senses to react paradoxically is partly innate. High-intensity stimuli tend to diminish sensory acuity, while low intensity stimuli manage to increase our perceptual sensitivity (Hawkins et al, 2005).

Other factors that could influence perception in marketing are: the company image; the customer's mood; the employees' attitude and behaviour towards customers; the features of the products and services provided. Of these, the concept of "company image" needs to be clarified for the present study.

Consequently, companies have realized that it is desirable for these perceptive factors to get at the heart of the organizational management of satisfaction, trust, and loyalty and consumer commitment. Thus, if a company's efforts to optimize its performance or a product's performance produce an improvement in the performance perceived by the consumer, then the company's efforts are rewarded. On the contrary, if the company's actual performance optimization is not followed by the consumer's perception of the change for the better, then the company's effort is not rewarded. In the latter case, the investment in performance optimization is a failure if the company does not engage in a strong communication of the progresses achieved, of the activities run with the aim of assessing the investment and highlighting the efforts, for they become easier to see, more visible and more tangible for clients. Consequently, optimizing a company's performance is not perceived as such in terms of marketing if it fails to overcome the consumer's sensitivity threshold (Trevisani, 2007; Muntean, 2010).

### **Research Methodology**

The aim of the research is to determine the manner the Romanian consumers perceive the activity of corporatist social responsibility communicated by companies, and mostly to determine the way those activities influence Romanian consumers' trust.

The method of research - in order to study the manner the Romanian consumers perceive the social responsibility activities performed and communicated by the companies, we used as method for data collection the online web survey, based on a questionnaire.

The target group was represented by consumers over 18, both genders, resident in Romania in 2014 and which, required by the research method, are internet users.

The sample - a number of 650 valid questionnaires were obtained, permitting a high number of statistic techniques for analysing the sampled data.

The research instrument for the data collection was the online questionnaire, permitting to analyse and the explanation of the causal relations between the variables. Due to the fact that the traditional time, material and operators for interview are quite expensive, we used a modern method to apply the questionnaire. It was designed and applied online with the help of Google Forms application and the data were processed using the statistic analyse programme called Statistical Package for Social Sciences (SPSS).

**The impact of corporate social responsibility on consumer trust**

The subsequent analyzes (see table no. 1) started from the hypothesis (H1.) that most respondents feel at least a high level of satisfaction, loyalty, trust and commitment towards the company considered to be the most socially responsible ones in Romania.

**Table 1**

**Consumers' satisfaction, loyalty, commitment and trust in the companies considered to be the most socially responsible ones**

No.		Very low		Low		Medium		High		Very high	
		freq.	%	freq.	%	freq.	%	freq.	%	freq.	%
1.	Satisfaction (to the company's products)	2	0,3	22	3,4	201	30,9	322	<b>49,5</b>	103	<b>15,8</b>
2.	Loyalty (to the company's products)	2	0,3	23	3,5	236	36,3	296	<b>45,5</b>	93	<b>14,3</b>
3.	Commitment(to the company)	4	0,6	37	5,7	264	40,6	259	<b>39,8</b>	86	<b>13,2</b>
4.	Trust (in the company)	0	0,0	23	3,5	170	26,2	356	<b>54,8</b>	101	<b>15,5</b>

*Source:* author's contribution

Thus, 54.8 % of respondents say they experience a high level of trust towards the companies considered as the most socially responsible ones, while 15.5 % say they experience a very high level of trust. Meanwhile, 49.5 % say they feel highly satisfied after consuming products or services marketed by the companies considered as the most socially responsible ones, while 15.8 % of them claim they feel a very high satisfaction. Similarly, 45.5 % say that the loyalty felt towards the products marketed by these companies is at a high level, while 14.3 % say that it is at a very high level.

As regards the Romanian consumers' degree of commitment towards the companies considered as the most socially responsible ones, most of them (40.6 %) claim a mid-level, while 39.8 % a high level, and 13.2% a very high level.

It is noted that the level of consumer trust towards the companies considered to be the most socially responsible ones is high to very high, as well as satisfaction and loyalty, while for commitment, the most frequent response is medium, whereas for the other three variables the modal is high. In terms of standard deviation, it is very low, which suggests that consumer responses enjoy a fairly high homogeneity.

**Identifying the differences in perceiving the degree of satisfaction, loyalty, trust and commitment among people of different education level**

We assume (H2.) that there are significant differences in terms of satisfaction, loyalty, trust and commitment felt by people of different education levels.

**Table no. 2**

**Degree of satisfaction, loyalty, commitment and trust among consumers of different levels of education**

Test Statistics <sup>a,b</sup>				
	Trust	Satisfaction	Loyalty	Commitment
Chi-Square	5,035	19,754	15,006	19,189
df	4	4	4	4
Asymp. Sig.	,284	,001	,005	,001
a. Kruskal Wallis Test				

b. Grouping Variable: Last school graduated

*Source:* author's contribution

As shown in Table no. 2, there is no significant difference among the people of different levels of education (secondary and higher education), in terms of the trust and commitment felt towards the companies considered to be the most socially responsible ones. However, it may be noticed that averages are higher for people with secondary education than for those with higher education. In the case of satisfaction and loyalty, a significant difference can be observed, in the sense that people with secondary school mention a degree of satisfaction and loyalty significantly greater than those with higher education.

All graduates of post-high school/vocational school say they have a high level of trust to the company considered to be the most socially responsible one. Of the high school graduates 58.5% say they have a high degree of trust, 23% a medium degree of trust, 17% high, and only 1.5% a low trust level. Of the university graduates 51.9% mention a high trust level, 30.5% a medium degree of trust, 16 % have very high trust and only 1.6% mention a low trust level.

Regarding the post university graduates, 52% say they experience a high level of trust in the company considered to be the most socially responsible one, 27.9% have medium trust, 15.3% have a high level of trust, and 4.8% mention a low trust level.

It can therefore be concluded that most of the people who mention a trust level above the average are postgraduates, masters or with doctorate, which entitles us to say that there may be interdependency between the level of trust a person has in a company engaged in social responsibility and the person's education.

When analyzing the differences in perceiving the satisfaction, trust, loyalty and commitment felt depending on the last school graduated, it may also be noted that in the case of trust, there are no significant differences between the groups under analysis. On the other hand, in the case of satisfaction, loyalty and commitment, Asymp. Sig. is lower than 0.05, where it can be concluded that in terms of respondents' perception on satisfaction, loyalty and commitment felt towards the companies considered to be the most socially responsible ones, depending on the last school graduated, there are significant differences.

Analyzing the data on the correlation coefficients, in the case of satisfaction depending on the last school graduated  $K=-0.115$ ;  $S=-0.115$ ;  $\text{Gamma}=-0.173$  at a significance level of  $\text{Sig}=0.001$ , it can be said that there is a reverse and low connection between the two variables. Similarly, in the case of loyalty based on the last school graduated  $K=-0.084$ ;  $S=-0.083$ ;  $\text{Gamma}=-0.125$  at a significance level of  $\text{Sig}=0.012$ , it can be said that there is a reverse and low connection between the two variables. The same situation is in the case of commitment depending on the last school graduated  $K=-0.118$ ;  $S=-0.118$ ;  $\text{Gamma}=-0.175$  at a significance level of  $\text{Sig} = 0,000$ .

### **Identifying the differences in perceiving the degree of satisfaction, loyalty, trust and loyalty among people of different gender**

These analyses start from the assumption (H3.) that there are no significant differences in terms of satisfaction, loyalty, trust and commitment felt by people of different gender.

Analyzing the Independent Samples Test in table no. 3, it can be observed that in two cases Asymp. Sig.  $> 0.05$ , which entitles us to say that, indeed, there is no significant difference among the people of different gender in perceiving the degree of loyalty and commitment felt by consumers towards the companies considered to be the most socially responsible ones.

But in terms of the satisfaction and trust they felt, it may be seen that the differences are significant, in the sense that females have a higher degree of trust and satisfaction than males have towards the companies considered to be the most socially responsible.

**Table no. 3**

**Satisfaction, loyalty, commitment and trust among different gender consumers**

<b>Independent Samples Test</b>									
	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Diff	Std. Error Diff	95% Confidence Interval of the Difference	
								Lower	Upper
<b>Trust</b>	,280	,597	2,050	648	,041	,122	,059	,005	,238
			2,069	487,117	,039	,122	,059	,006	,237
<b>Satisfaction</b>	3,581	,059	1,985	648	,048	,124	,062	,001	,246
			2,092	550,188	,037	,124	,059	,008	,240
<b>Loyalty</b>	4,850	,028	1,360	648	,174	,085	,063	-,038	,208
			1,423	538,892	,155	,085	,060	-,032	,203
<b>Commitment</b>	16,928	,000	,523	648	,601	,035	,066	-,096	,165
			,562	576,612	,575	,035	,062	-,087	,156

*Source:* author's contribution

As Swaen and Chumpitaz (2008) argued, corporate social responsibility initiatives may have indirect influence on consumer trust, since they influence their perception of a company's quality of products and services. The social responsibility activities that help a company's reputation also highlight its specific positioning for its resources and for the quality of its products and services. Thus, having in mind the idea that a company's reputation serves as an index used by consumers to evaluate the products and a good reputation signals a higher quality product, we proceed to verify the hypothesis (H4.) according to which corporate social responsibility activities have a positive effect on Romanian consumers.

**Table no. 4**

**The impact of CSR on consumer trust**

No		Strongly disagree		disagree		Nor, nor		Agree		Strongly agree		Mean
		freq	%	freq	%	freq	%	freq	%	freq	%	
1.	The products and services offered by these companies give me a sense of trust	13	2,0	17	2,6	150	23,1	384	59,1	86	13,2	<b>3,79</b>
2.	I trust in the products and services offered by these companies	10	1,5	13	2,0	121	18,6	395	60,8	111	17,1	<b>3,90</b>
3.	I feel safe in terms of quality when buying the products of these companies	10	1,5	27	4,2	117	18,0	361	55,5	135	20,8	<b>3,90</b>
4.	These companies are consumer oriented	11	1,7	24	3,7	118	18,2	351	54,0	146	22,5	<b>3,92</b>
5.	These companies are honest to their consumers	13	2,0	32	4,9	204	31,4	320	49,2	81	12,5	<b>3,65</b>

*Source:* author's contribution

A simple analysis of the frequencies and average (see Table no. 4) highlights that 60.8% of the respondents trust to a large extent the products and the services provided by the three companies mentioned above as the most socially, while 17.1% trust them to a very large extent. 59.1% of them claim to a large extent and 13.2% to a very large extent that the products and services offered by these companies give them a sense of trust. 55.5% of the respondent agree to a large extent and 20.8% to a very large extent that they feel safe in terms of quality when buying the products of these companies. 54% of them claim to a large extent and 2.5% to a very large extent that these companies are open to their consumers, while 49.2% largely and 12.5 % very largely say they agree that these companies are honest to their consumers.

### **Conclusions**

From a theoretical perspective, this paper provides an insight on the impact the corporate social responsibility activities carried out by companies operating in Romania have on the Romanian consumer trust.

Thus, following the analyzes, it can be seen that in the case of Romanian consumers too, the companies considered to be the most socially responsible give them a sense of trust in their products and services, and moreover, their products and services provide a sense of trust. Consumers feel confident in the quality of their products and services when purchasing them, and the companies are considered to be open and honest to their customers.

Practically, corporate social responsibility can become a win-win strategy for the Romanian companies as well, given the consumers' reaction to their social responsible activities.

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