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The Strategic Impact of CSR Consumer-Company Alignment

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Abstract

The impacts of businesses on both environment and societies urge consumers to reflect on the sustainability of the current business approaches, and push them toward a greater environmental and social responsibility. Therefore, in order to establish a long-lasting relationship with their consumers, companies have to interpret and manage such increasing consumer awareness and, consequently, align their business activities to it. Following this lead, we propose a methodology for assessing the fit among Corporate Social Responsibility (CSR) commitment, as disclosed by a company in its Sustainability Report, and consumer demands and perceptions about its social and environmental performance.

Keywords: Consumer-Company fit, Corporate Social Responsibility, Stakeholder Orientation, Global Reporting Initiative;

1. Introduction

The environmental and social impacts of businesses, especially as regards multinational companies, urge consumers to reflect on the sustainability of the current business approaches, and to become more responsible and sensible toward environmental and social issues (Brunk & Blümelhuber, 2011; Capece & Costa, 2011). This trend is confirmed by consumer purchase intentions, which are positively related to their awareness of company CSR activities (Lee & Shin, 2010; Costa & Evangelista, 2008; Calabrese, Costa, & Menichini, 2013a). The demand that firms operate in a socially responsible way involves not only consumers, but a comprehensive set of stakeholders, such as employees, investors, lenders, governmental agencies, and other stakeholder groups (Capece & Costa, 2009; Greco, Cricelli, & Grimaldi, 2013). On the one hand, companies are called to strongly improve their CSR commitment, converting their business activities in more sustainable ones. On the other hand, companies need to demonstrate how they are committed in CSR activities, and to understand if consumers and other stakeholders perceive and are satisfied with their CSR commitment, or not (Calabrese, Costa, Menichini, Rosati, & Sanfelice, 2013b). In other words, firms need to effectively communicate their increasing CSR efforts and make stakeholders realize it (Schmeltz, 2012; Du, Bhattacharya, & Sen, 2010). For this reason, it becomes imperative to understand consumer feedbacks to CSR (Tian, Wang, & Yang, 2011). These feedbacks are dependent on either congruence or gaps that consumers perceive between a company commitment and their values, preferences and lifestyles (Sen & Bhattacharya, 2001). A feedback on CSR activities allows companies to understand consumer preferences about social and environmental problems (Becker-Olsen, Cudmore, & Hill, 2006) and, consequently, help companies to
align themselves with consumer values and beliefs. However, it is important to note that the nature of the consumer feedback depends on the typology of consumer: different typologies of consumers may have different perceptions and expectations with regard to the same company CSR behavior (Öberseder, Schlegelmilch, & Gruber, 2011; Mohr & Webb, 2005). Following this lead, in this paper, we propose a methodology for assessing the fit, or lack of it, among CSR commitment, as disclosed by a company in its Sustainability Report, and consumer demands and perceptions about its economic, social and environmental CSR efforts. This methodology measures consumer-company fit basing on Global Reporting Initiative (GRI) guidelines, content analysis of Sustainability Report and consumer surveys about their CSR expectations and perceptions.

2. Literature review

Specific assessment methodologies can support companies in their value creation paths (Costa, 2012; Calabrese, Gastaldi, & Levia Di Ghiron, 2005; Calabrese & Scoglio, 2012; Capece, Cricelli, Di Pillo, & Levia Di, 2012), but often they do not take into account the central role of consumers in such value creation process. Nowadays, consumers are increasingly interested and involved in environmental and social concerns and are becoming more demanding in their purchase choices (Mohr, Webb, & Harris, 2001). Indeed, they prefer to select those companies that meet their values and beliefs (Lee, Park, Rapert, & Newman, 2012; Calabrese, 2012), namely those that care for environmental and social problems. If CSR is capable of conciliating social and environmental issues with company core business activities, it allows establishing a lasting relationship with company stakeholders (Porter & Kramer, 2011). Moreover, stakeholders (in general) and consumers (in particular) can punish companies that present themselves as socially responsible but, instead, are recognized as socially irresponsible (Kotchen & Moon, 2011; Lange & Washburn, 2012). For companies, it becomes imperative to understand consumer feedbacks to CSR, which are dependent on either congruence or gaps that consumers perceive between a company commitment, as revealed by its CSR conduct, and consumer values, preferences and lifestyles (Costa & Menichini, 2013). If company CSR activities and policies do not fit with consumer values and beliefs, their positive effect could be lessened (Becker-Olsen et al., 2006).

For these reasons, practitioners and academics recognize the necessity of specific methods and tools for CSR consumer-company fit systematic assessment (Costa & Menichini, 2013; Lee et al., 2012). Lee et al. (2012) note that, although there are several researches focused on the fit between a company and its CSR initiatives (Jang, 2008; Lee, Park, & Pae, 2008), little or no empirical research focuses on the consumer-company fit regarding CSR dimensions. In order to overcome such limitations, this study aims to propose a methodology suitable for a more systematic assessment of a company CSR commitment, focused on all CSR dimensions, and not only on occasional CSR initiatives.

Our analysis is based on three variables: 1) the CSR company commitment, as disclosed in its Sustainability Report; 2) the company commitment perceived by its consumers; 3) the CSR commitment that consumers require to the company. The alignment between the disclosed and perceived commitment, and between the disclosed and required commitment, constitutes a measure for the CSR consumer-company fit.

The proposed approach aims to offer guidelines about which consumer should be object of focused CSR initiatives, aimed on improving consumer perception and, consequently, the consumer-company alignment.

3. The Methodology

In this paper we propose a methodology that provides an assessment of CSR consumer-company fit basing on the information reported in the Social Report (disclosed commitment) and the consumer perception of it (perceived commitment). Moreover, the methodology takes into account the importance that consumers attribute to CSR activities (required commitment). It is based on the comparison among the three commitment aspects (disclosed by the company, perceived and required by the consumer) and its outcome constitutes the basis for future CSR strategies about the enhancement of consumer-company alignment.
If a company CSR commitment is not perceived by consumers, the problem could stand in an ineffective communication strategy of the company CSR activities, otherwise the issue to face could be an insufficient commitment of the company in that area.

In order to employ the CSR position matrix the evaluation of three variables is required:

1) The “disclosed commitment” (DC) of the company evaluated by means of the content analysis of its Sustainability Report (Bouten, Everaert, Van Liedekerke, De Moor, & Christiaens, 2011).

2) The “required commitment” (RC) that stakeholders expect from the company CSR activities measured by means of stakeholder surveys (Costa & Menichini, 2013).

3) The “perceived commitment” (PC) as the measure of the stakeholder perception of CSR activities measured by means of stakeholder surveys (Costa & Menichini, 2013).

The Content Analysis is a research methodology that allows to evaluate textual information in a standardized way (Krippendorff, 2004) and it has been widely used to analyze and discover patterns in CSR reporting (Tewari, 2012; Parker, Fraunholz, & Zutshi, 2012). The content analysis of the Sustainability Report and the measurement of the commitment variables (DC, RC, PC) are based on the Global Reporting Initiative’s Sustainability Reporting Guidelines (Bouten et al, 2011; GRI, 2011). The GRI presents a structured framework of the CSR reporting that is subdivided into three sustainability dimensions: economic (EC), environmental (EN) and social. The GRI social dimension is then decomposed in four sub-dimensions: labor practices and decent work (LA), human rights (HR), society (SO) and product responsibility (PR). Each GRI dimension and sub-dimension is composed of several indicators describing specific CSR activities or issues.

The proposed methodology allows a company to identify the weaknesses of its CSR strategies, both in terms of commitment and communication. Indeed, a low perceived CSR commitment could be either caused by a scarce CSR effort or by an ineffective communication of it. Stakeholders are asked to assign both a level of importance (RC) and a level of performance (PC) to the company CSR practices, according to the same GRI indicators employed in the content analysis of the Social Report (DC).

4. An application to the food retail industry

We apply as exemplification the proposed methodology to one of the largest supermarket chains in Italy. The overall outcome of the methodology shows that there is a good consumer-company fit (DC≈RC) in terms of stakeholder expectations (RC) being satisfied by the company commitment (DC) for the economic dimension (EC) and two social sub-dimensions, Labor Practices (LA) and Human Rights (HR) (Figure 1). On these CSR issues, the company under analysis appears to fit the life-style and ethical values of its stakeholders. Besides, there are three disalignment (RC≠DC) for the environmental (EN) and social (PR, SO) CSR areas, that hinder the company achievements in satisfying stakeholder expectations. Indeed, the expected commitment values (RC) are all very high.

All CSR areas evidence disalignment (PC<RC) in terms of differences between the perceived commitment (PC) and the required commitment (RC). These results show that the company stakeholders demand a stronger CSR effort with respect to the one they perceive: the most critical CSR areas are EN and LA.

![Figure 1. GRI dimension and sub-dimension: PC, RC and DC.](image-url)
Besides, there is a good alignment between communicated and perceived commitment (DC≅PC) for two social sub-dimensions: society (SO) and product responsibility (PR). In these areas the company communication of its CSR programs gains public recognition, while problems of ineffective communication arise for the other dimensions, in particular, for the economic dimension (EC) and the labor practices sub-dimension (LA).

5. Conclusions

In this paper, an innovative CSR methodology is proposed, in order to better understand the alignment between a company and its consumers, in terms of CSR activities. The methodology compares company commitment with consumers’ perceptions and requirements in terms of CSR practices, underlining the difference between what consumers consider imperative and what they observe in the company. The methodology can be applied to any industry and it may be considered a feasible tool for realizing comparative analysis of the same industrial sector about company CSR strategies and CSR performances.

In the proposed methodology, the alignment analysis should be considered as a whole. A PC>DC result, for example, portrays an effective communication of CSR commitment, because the stakeholder perceived commitment is superior to the commitment expressed in the Social Report. Nevertheless, if this satisfactory result is not accompanied by a DC>RC condition, it could hide a scarce commitment, because the commitment expected by stakeholders is higher than the one disclosed by the company. For these reasons, managers have to match the information of the three alignments (among communicated, required and perceived commitment) in order to obtain the correct interpretation of each result. Finally, the methodology provides guidelines for CSR corrective actions aimed to align and to harmonize the three variables by reducing their gaps.

References


