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Customer Perceptions of Responsible Retailing in Australia

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Abstract

For retailers, the adoption of Corporate Social Responsibility (CSR) can act as a source of
differentiation and affect reputation, customer loyalty, and competitive advantage. Despite
these potential benefits, there has been limited empirical investigation of CSR within the
retailing literature. This paper proposes that for retailers to implement CSR to strategic
benefit, they must understand how their customers perceive the concept. This paper utilises
Carroll’s (1979, 1991) four-part framework of corporate behaviours to operationalise the
concept of CSR. To build on Carroll’s (1979, 1991) framework, respondents are asked to
identify specific behaviours that constitute socially responsible behaviour for a retail
supermarket. Results support the four corporate behaviours proposed by Carroll, but do not
support the rank order of economic corporate behaviours being first and foremost. The
findings suggest the inclusion of ‘supply chain management’ and ‘provision of customer
value’ as additional factors for retailer CSR. From these findings, an initial model of retailer
CSR is proposed for further investigation. For academics, such a model provides greater
clarity in understanding CSR, allowing future development across alternative retail settings.
The model provides retailers with a tool for implementing CSR for strategic benefit, by way of
meeting customer CSR demands.

Keywords: Corporate Social Responsibility, Retailing, Business Ethics

Background to the Study

Despite considerable research into the concept of CSR, much ambiguity remains over its
effectiveness as a marketing tool (Maignan and Ferrell, 2003). Although previous research
has stated that CSR programs can positively affect consumer purchase intentions and product
association (Brown and Dacin, 1997), there is a limited understanding of CSR within retailing
research (Piacentini, MacFadyen and Eadie, 2000) and limited evidence that it affects
customer purchase behaviour (Simon, 1995). In identifying the types of activities that retail
customers perceive as constituting CSR this paper provides a model to assist in understand
CSR from a retail perspective. The model aims to provide retailers with the ability to
implement effective CSR plans by better defining the responsibilities of retailers.

Corporate Social Responsibility

There have been a number of models proposed to define corporate social responsibility;
however, they have been primarily based in the management literature. Carroll’s (1979) four-
part definitional framework was among the first of these, and proposed four specific corporate
behaviours, economic, legal, ethical, and philanthropic, which constituted CSR. This four-part
The framework proposes that economic responsibilities are the first and foremost social responsibility of business, requiring an organisation to produce goods and services that society demands, and sell them at a profit. The second responsibility of business is legal, and is defined as “obeying or complying with the law” (Carroll, 1979, p. 500). The third component of the framework emphasizes ethical responsibilities, which are additional behaviours and activities not required by law but expected by society. Finally, philanthropic responsibilities reflect a common desire to see business actively involved in the betterment of society beyond its economic, legal and ethical responsibilities. The ethical and philanthropic corporate behaviours are purely voluntary, and the decision to engage in them is not mandated or required by law. Carroll (1979) suggests that the four corporate behaviours are distinct, typically represent weightings of 4:3:2:1 respectively, and can be categorised into sub-groups of ‘required’ (economic and legal), ‘non-required’ (ethical and philanthropic), and ‘non-economic’ (legal, ethical, and philanthropic) corporate behaviours (Carroll, 1979).

Building on the framework of Carroll (1979), Wartick and Cochran (1985) and Wood (1991) proposed three-dimensional models of CSR, termed corporate social performance (CSP) models. Wartick and Cochran’s (1985) model was based on principles, processes, and policies of socially responsible behaviour. The model suggests that corporate social involvement is based on the principles of social responsibility (economic, legal, ethical, philanthropic), the process of social responsiveness (reactive, defensive, accommodative, proactive), and the policies of issues management (issues identification, analysis, and response). The principles of social responsibility that Wartick and Cochran (1985, p. 767) propose are based on Carroll’s four-part model. In addition, Wood’s (1991) CSP model of principles, processes, and outcomes provides an outline for assessing corporate social responsibility or performance. However, the framework focuses on the social impacts of corporate performance rather than other stakeholder issues and ignores the responsibilities of companies associated with other stakeholders (i.e. customers). In reorienting the CSP model, Swanson (1995) attempted to integrate normative and descriptive approaches to business in society through concepts of value neglect and attunement. However, a limitation of the models is that they do not consider CSR from the consumer’s perspective.

Carroll’s (1979, 1991) framework of CSR corporate behaviours has proved a useful starting point for the management models of CSR/ CSP described above. As such, this paper revisits Carroll’s work to operationalise CSR from a marketing perspective. In doing this, the paper focuses on customer perceptions of CSR within the retail industry, to develop a retail model of CSR. The importance of CSR for retailers is now discussed.

**Importance of CSR for Retailers**

Previous studies have investigated the concept of CSR in a variety of settings, from Small-and-Medium-Sized Enterprises (SMEs) (Sarbutts, 2003) to banks (Peterson and Hermans, 2003). However, despite several authors acknowledging that retail customers expect retailers
to have a certain responsibility to society (Dawson, 2000; Gilbert, 1999; Girod, 2003), there is limited investigation within retailing research. Girod (2003) adds that CSR strategies form a vital element of European retailers’ branding strategy in the twenty-first century. As a result, retailers such as the Body Shop and Ben and Jerry’s Ice Cream in America align their brand image with socially responsible behaviour. However, a caveat for retailers in building a socially responsible image is that customer’ CSR expectations may rise and as a result the retailer may be open to a wide range of potential criticisms (Balabanis, Phillips, and Lyall, 1998; Piacentini, MacFadyen and Eadie, 2000). To overcome the caveat of retailer CSR strategies noted by Piacentini, MacFadyen and Eadie (2000) this paper proposes that it is important for retailers to understand their customers CSR perceptions. Given the need for such information, the lack of research into aspects of CSR as it applies to retailer customers perceptions is concerning. As a result, this paper intends to investigate CSR from the retail consumers’ perspective. The aims will test an existing model of CSR, proposed by Carroll (1979, 1991) and understand the specific activities that customers perceive as constituting CSR. In order to provide a scope for this project, retail supermarkets have been chosen as the specific retail category under investigation as they represent the largest sector retail.

**Research Methodology**

This paper investigates retail customers’ perception of CSR, utilising the existing framework of CSR corporate behaviours developed Carroll (1979, 1991) as a theoretical foundation. In order to investigate this objective, hypothesis 1 (H1) was developed.

**H1:** Respondents (retail customers) will perceive economic responsibilities as most important, followed by legal, ethical, and philanthropic responsibilities.

This hypothesis is in line with Carroll’s (1979) proposition that economic responsibilities are first and foremost, followed by ethical, legal, and philanthropic respectively. From this foundation, customer perceptions of CSR are identified and incorporated in an attempt to build an initial framework of retailer CSR from a customer perspective. The study surveyed 209 undergraduate and postgraduate students from a major Australian University. It was a requirement that respondents regularly shopped at a supermarket, however it was not necessarily that they were the main household shopper.

A survey instrument was administered to collect the data, with the objectives of the data collection being two-fold. Firstly, an adapted version of Aupperle’s (1984) instrument was utilised to measure respondents’ perception of CSR based on Carroll’s (1979, 1991) corporate behaviours. The Aupperle (1984) instrument was originally developed to measure CSR perception based on Carroll’s (1979) model with respondents allocating up to 10 points among four options, in 15 sets of statements, to give overall weightings of each CSR component, economic, ethical, legal, and philanthropic.

The second objective of the instrument attempts to understand the specific activities that customers’ perceive as constituting CSR behaviour for a retail supermarket. To this end, respondents were asked to indicate up to three specific activities that constitute CSR behaviour for a retail supermarket. The responses were collated and grouped into categories. As this question was asked after the respondents had been exposed to the Aupperle (1984) instrument, it was expected that the economic, legal, ethical, and philanthropic categories of Carroll’s (1979) model would be apparent within the responses. Of particular interest were the
additional categories that may be identified, and in turn could propose an extension to Carroll’s (1979, 1991) model. The results of the data collection will now be discussed.

Results

Because respondents were required to allocate up to ten points amongst each set of four statements in the adapted Aupperle (1984) instrument, it was possible to determine the mean scores for each of Carroll’s (1979) four domains and compare them to assess the relative priority the respondents placed on economic, legal, ethical and philanthropic corporate behaviours in retail supermarkets. Table 1 shows the mean scores, along with other descriptive statistics, for each of the four domains.

Table 1: Mean Scores and Descriptive Statistics for Carroll’s (1979, 1991) Corporate Behaviours

<table>
<thead>
<tr>
<th>Corporate Behaviours</th>
<th>N</th>
<th>Mean</th>
<th>Std Deviation</th>
<th>%</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>209</td>
<td>2.50</td>
<td>0.768</td>
<td>25.0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Legal</td>
<td>209</td>
<td>2.53</td>
<td>0.591</td>
<td>25.3</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>Ethical</td>
<td>209</td>
<td>2.46</td>
<td>0.568</td>
<td>24.6</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Philanthropic</td>
<td>209</td>
<td>1.86</td>
<td>0.685</td>
<td>18.6</td>
<td>0</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: Analysis of survey data

The weightings provided in Table 1 do not approximate the suggested scores of 4:3:2:1 for economic, legal, ethical and philanthropic principles respectively, originally proposed by Carroll (1979, p. 500). Rather, the findings demonstrate that the respondents allocate almost equal weightings to economic (2.50), legal (2.53), and ethical (2.46) components followed by philanthropic (1.86). Although there is little difference in the first three corporate behaviours, respondents tended to view legal responsibilities as paramount followed by economic and ethical corporate behaviours.

The second research objective of the paper is to investigate if there are additional categories to Carroll’s (1979, 1991) corporate behaviours, that respondents viewed as necessary in retail supermarkets meeting their social responsibilities. To this end, respondents were required to allocate up to three specific activities that they considered constitute CSR for a retail supermarket. From the 209 respondents, a total of 108 identified CSR behaviours, resulting in a total of 308 specific activities identified (respondents were required to identify up to three). For analysis purposes, the total responses (308) and total respondents (108) were analyses. The total responses were categorised as either relating to one of ‘Carroll’s’ corporate behaviours, economic, ethical, legal, and philanthropic, or as an ‘other’ category. For the total respondents, the analysis considered whether all of the respondent’s responses were ‘Carroll’ categories (Carroll only), all were not ‘Carroll’ categories (Other only), or if the respondent’s responses were mixed with ‘Carroll’ and ‘other’ categories (Mixed). Table 2 provides a summary of the specific activities that respondents identified as constituting CSR for a retail supermarket, the results are categorised as ‘total responses’ and ‘total respondents’.
Table 2  Specific Activities that Constitute CSR Behaviour for a Retail Supermarket

<table>
<thead>
<tr>
<th></th>
<th>Total responses</th>
<th>Total respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Carroll’s Category</td>
<td>Other Category</td>
</tr>
<tr>
<td>N</td>
<td>203</td>
<td>105</td>
</tr>
<tr>
<td>%</td>
<td>66</td>
<td>34</td>
</tr>
</tbody>
</table>
Source: Analysis of survey data

As respondents had already been exposed to the Carroll categories in the Aupperle (1984) instrument, it was expected that the economic, legal, ethical, and philanthropic categories of Carroll’s (1979) model would be apparent in the responses. As such, the results from this question provided insight into whether respondents identified additional categories as constituting CSR for a retail supermarket, beyond those identified by Carroll (1979, 1991). Of the total responses 66% related to one of Carroll’s categories, with 34% being ‘other’ categories, not fitting into either economic, legal, ethical, or philanthropic. Of these additional behaviours, supply chain management and providing customer value were most frequently identified as socially responsible behaviours for retail supermarkets. The specific activities identified by respondents allow an initial model of retail CSR to be formulated. The initial model is proposed in Figure 1, and provides two fundamental benefits. Firstly, for academics, this model allows a starting point from which customer perceptions of CSR can be operationalised and further investigated across alternative settings. For practitioners, the model provides an understanding of what specific behaviours constitute CSR within each specific category, for example, economic CSR behaviours are represented by E₁ to Eₙ, ethical CSR behaviours by ET₁ to ETₙ, and so on for each category identified in the research.

Figure 1: An Initial Framework of Retail Customer Perceptions of CSR

Conclusion

Within retailing research there has been a notable lack of empirical investigations into aspects of CSR as it applies to customer perspectives. This paper has proposed an initial step in understanding CSR from this perspective by testing the framework of CSR corporate
behaviours proposed by Carroll (1979, 1991) and proposing an initial framework of retailer CSR. Results identified that economic corporate behaviours were not first and foremost for retail customers. In addition, the specific activities respondents perceived as constituting CSR proposed two additional corporate behaviours that constitute retailer CSR. The model provided in this paper builds on Carroll’s corporate behaviours, to include supply chain management and customer value as factors for retail CSR. By identifying the types of activities that retail customers perceive as constituting CSR, and proposing two additional categories on top of Carroll’s corporate behaviors, this paper has presents a model of retailer CSR. This model provides retailers with the ability to implement effective CSR plans by better defining the responsibilities of retailers, as perceived by their customers.

References


