

# Corporate Social Responsibility as a Factor Promoting Customer Loyalty in the Latvian Retail Sector

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 <http://dx.doi.org/10.5755/j01.eis.0.16.31325>

The retail sector is an important engine of the national economy and an indicator of the development of the national economy. Over the last ten years, the total retail turnover index has increased by 31%, which highlights the acquisition of competitive advantages. Businesses need to fight strategically for consumers in an environment where information and services are widely available. Promoting customer loyalty is important for companies, but with the realization of responsible and sustainable operations, corporate social responsibility is one of the ways to promote it. It is important to understand how important corporate responsibility is to consumers and what corporate social responsibility activities are now important to consumers to draw conclusions about their impact on customer loyalty. The aim of the current research is to identify corporate social responsibility activities that promote customer loyalty in the Latvian retail sector. In order to achieve the aim of the work, the following tasks have been set: (1) to study theoretical aspects of corporate social responsibility and customer loyalty; (2) to develop a questionnaire to assess public opinion on the importance of corporate social responsibility in the food retail sector and to conduct an in-depth interview to find out the opinion on the results of the questionnaire in practice; (3) to identify the corporate social responsibility activities that are important to society and promote the loyalty. The research question put forward is: What corporate social responsibility activities affect customer loyalty? For analysis of statistical data, the authors use such methods as internal coherence analysis (Cronbach's alpha), frequency analysis, ranking, factor analysis, graphical analysis. In order to identify the factors influencing corporate social responsibility in the Latvian retail sector, a survey was carried out. As a result of factor analysis a scheme of corporate social responsibility activities was developed for companies in the food retail sector, grouping together the most important directions and activities of corporate social responsibility for consumers in order to promote the customer loyalty.

**KEYWORDS:** customer loyalty, corporate social responsibility, retailing, competitiveness, corporate citizenship.

Retail is an area that every member of society faces, whether it is the retail sale of food or clothing and footwear, or the retail sale of home and garden goods. Consequently, retail trade is an important engine of the national economy, the development of which also indicates the development of the national economy. (Liniņa, 2018). It is important to note that between 2010 and 2020, the total turnover index of the retail sector increased by 31%, while the number of retail enterprises has been declining over the years (Official Statistics Portal, 2021), which in turn may mean increased competition in the sector. The development of the retail sector and the intensi-

EIS 16/2022

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Submitted 05/2022

Accepted for publication 06/2022

## Abstract

## Introduction



European Integration Studies  
No. 16 / 2022, pp. 135-149  
[doi.org/10.5755/j01.eis.0.16.31325](http://doi.org/10.5755/j01.eis.0.16.31325)

fication of the competitive situation mean that companies need to plan strategically in the fight for the consumer, who is the main person who is able to influence the company's operations with his decision and purchase. This means that retailers need to think about how to better meet consumer expectations and boost their satisfaction with a service or product (Zvirgzdiņa et al., 2015). It must be borne in mind that this task has become more difficult with the development of globalization and the availability of digital technologies and the Internet, as today's consumers are more informed than they used to be. The consumer has easy access to a wide range of information on the products available on the market, prices and distribution channels, different views on the product (Pires et al., 2006). This means that the availability and exchange of consumer information helps the consumer to make a faster purchase decision, but at the same time creates a difficult-to-control brand image.

With increasing competition in the retail sector, as well as the availability and abundance of information, businesses need to fight strategically for the consumer. One of the main tasks of each company is to satisfy the wishes and needs of consumers, which results in a business-consumer relationship, where the company attracts and retains the consumer, increases turnover, market share, makes a profit, but in the meantime the consumer receives the desired product or service in the right place (Liniņa, 2018). Customer loyalty is one of the main goals of companies, because they are one of the greatest values of companies - it is recognized that it is more profitable to retain a customer than to attract a new one, as well as loyal customers are happy to recommend a brand to which he is loyal to others by promoting a positive word of mouth that is considered good and credible advertising (Stanisavljević, 2016).

Customer loyalty is formed for many different reasons, but one of the factors influencing loyalty and purchase decision is the added value of the product for today's consumer, who keeps up with the world news. The added value is provided by the current issue of sustainability, ethical and socially responsible operations. (Gürlek et al., 2017). Consumers, it has been shown prefer companies that act responsibly in their actions, such as corporate social responsibility. Although, it has to be admitted that not all research provides such conclusions. Thus, for example, a survey of supermarket customers on the impact of the corporate social responsibility on their satisfaction and loyalty, conducted in 2019 (Linina et al., 2019) demonstrated that customers in supermarkets in the Baltic States exhibited a relatively low loyalty ratio for the company. The retail companies were not yet taking every opportunity to attract and retain consumers. Participation in and organization of the social projects (i.e. corporate social activities) in the eyes of consumers, according to this research, were the most insignificant factors in actually choosing the particular supermarket for shopping, whereas the same exact factors were ranked high on the general evaluation scale.

The responsible behavior is particularly important in the retail sector, as market participants are defined as a bridge between the consumer and the supplier and are generally managed by many stakeholders (Jones et al., 2007). Corporate social responsibility in the activities of a retailer is an important factor, because they have a great influence on consumer behavior, habits, have the opportunity to influence demand and supply, which in turn can influence not only the consumer but also suppliers (Musso & Risso, 2006).

With the actualization of sustainable and responsible activities for today's consumer, along with the abundance and availability of information on things of interest, as well as increasing competition for consumers in the retail sector, it is important to promote customer loyalty. It is important because it provides the company with an independent customer who is loyal to the products, resistant to competitors' marketing activities, promotes turnover, increases market share. One of the ways to promote the customer loyalty in this prism of the situation is strategic action within

the framework of corporate social responsibility. The authors believe that it is important to conduct a study to find out what are the directions and activities of corporate social responsibility, which are important for the consumer in the Latvian retail market, which in turn would be able to build customer loyalty. The aim of the current research is to identify corporate social responsibility activities that promote customer loyalty in the Latvian retail sector. In order to achieve this aim, the following tasks have been set: (1) to study theoretical aspects of corporate social responsibility and customer loyalty; (2) to develop a questionnaire to assess public opinion on the importance of corporate social responsibility in the food retail sector and to conduct an in-depth interview to find out the opinion on the results of the questionnaire in practice; (3) to identify the corporate social responsibility activities that are important to society and promote loyalty. The research question is the following: What corporate social responsibility activities affect customer loyalty?

The customer loyalty is a topical issue for today's companies. Given that the goal of business is to make a profit from all processes, but the consumer is important for its implementation. An important factor in driving turnover is the consumer who is satisfied with the product or service received, but more importantly, if this satisfied consumer becomes a loyal consumer (Liniņa, 2018) Customer loyalty is an important factor in the company's competitiveness in various types of markets - both unsaturated and saturated, because it ensures the company's sustainable operation (Abu-Alhaija et al., 2018). Often, consumers are not only looking for a product or service, but also for the experience that comes with it, demanding not only a comprehensive offer, but a personalized experience that can give the company a different edge from its competitors. In turn, this consumer experience, which they seek and purchase, also promotes customer loyalty (Pekovic & Rolland, 2020).

Customer loyalty is defined as "a strong commitment to re-purchase a product or service in the future that favours re-branding, regardless of the overall situation and surrounding factors, as well as competitors' marketing efforts to encourage switching behaviour" (Oliver, 1999). Rai and Medha (2013) mention that the customer loyalty is defined as the willingness of consumers to repurchase the same goods and services under a particular brand, as well as the desire of consumers to recommend branded products or services to family, friends, relatives and other acquaintances. Therefore, the customer loyalty is considered to be one of the most important goals of companies to promote business development, which makes the term loyalty relevant among companies (Khan, 2013).

Customer loyalty is considered to be a valuable result of a company's marketing activities. Loyalty is an attitude that is formed towards things, actions, and at the same time also towards brands. It is emphasized that loyalty forms the consumer's relationship with the brand, which can take the form of multiple purchases under a particular brand, regardless of the actual circumstances of the purchase, such as price, advertisements designed to change consumer behaviour (Uncles et al., 2002.). Loyalty is an important indicator of a company's performance, as it not only means creating value and satisfaction for the consumer, but also encourages them to make recommendations to family, friends, colleagues, confirming that loyalty is not just a behaviour caused by preferences, but a condition created by determination (Filipe et al., 2017). It is recognized that it is more profitable for companies to retain an existing consumer than to attract a new one, as the existing consumer can spend more and the cost of attraction has decreased (Liniņa, 2018). A loyal customer could not only make larger purchases within one company, but also reduce marketing costs, because regardless of competitors' efforts to change consumer behaviour, it would continue to make purchases, promoting turnover at a particular brand. Consequently, a retained customer is more valuable and profitable than an acquired customer (Filipe et al., 2017).

The loyalty is promoted by various factors such as trust, customer satisfaction, emotions, enjoyment, customer involvement, customer commitment, product, service quality perception, brand reputation, brand image, risk perception, value perception, benefits, switching costs, consumer relationship management, advertising, habits, religion, brand experience, employee-customer interaction, employee involvement in business processes (Abu-Alhaja et al., 2018), price awareness, store image, industry brand awareness, impulsivity (Cho et al., 2015). It is also necessary to be aware of the negative factors in customer loyalty that can promote or reduce it, such as customer fear, regret, boredom.

Customer loyalty can be promoted and influenced by many different factors, which, in the authors opinion, companies can influence, such as brand image, advertising, employee involvement in the business process. There are factors that companies can partially influence, such as brand experience, service or product quality perception, consumer relationship management, as well as factors that cannot be influenced by the company, as they depend entirely on the customer, such as values, emotions, habits. .

Customer loyalty is divided into 4 other types - the consumer is a prisoner who has no choice to shop elsewhere, but there is no reason to perceive the brand negatively; the consumer is a convenience seeker accustomed to a certain routine of low-engagement products, and the brand is perceived with neutrality but a drive for convenience; a satisfied consumer who values the brand, develops a positive attitude and, if possible, recommends it to others; a consumer completely loyal who rarely considers other brands and is happy to attract other customers to that brand (Dapi & Phiri, 2015). In his turn, Oliver (1999) proposed the division of customer loyalty into four dimensions - cognitive loyalty, emotional loyalty, trust loyalty, action loyalty. It is emphasized that not all dimensions are equally relevant in all sectors, and it is emphasized that dimensions may not be secondary but mutually reinforcing. The divisions of loyalty are many and varied, but the main characteristics of the types of loyalty are customer attitudes, actions and the impact of loyalty. According to the authors, these three common denominators are the most important for these types of loyalty, because they determine how strong the customer's loyalty is and how resilient it is to the marketing tools of other competitors, as well as price changes.

The concept of corporate social responsibility (hereinafter - CSR) is not new and is already known and practiced in business, but the approach to the definition of the concept is different. Although the World Business Council for Sustainable Development recognizes that there is no universally accepted definition of CSR, it is agreed by international meeting as the quality of life of families, as well as the quality of life of the local community as a whole ", and it is mentioned that the direction of CSR is in human rights, labor rights, environmental protection, supplier relations and community involvement (World Business Council for Sustainable Development, 1998). The European Commission has defined CSR as "the concept whereby companies incorporate social and environmental concerns into their business on a voluntary basis and in interaction with stakeholders", stating that CSR activities go beyond companies' legal obligations to society and all stakeholders (Eur-Lex, 2011). CSR is considered to be a voluntary responsibility for the impact of the company's activities on society, the environment, divided into two dimensions, internal: in relations with employees and the management model; external: public relations, stakeholders, environmental impact.

Authors of scientific articles and literature also offer several adaptations to the definition of CSR. For example, Kotler and Lee (2005) define CSR as "a commitment to the well-being of society through discretionary business practices and investment of corporate resources", emphasizing the importance of volunteering, which is not expected to be required by law or ethics. According to A. Carroll (1991) CSR is described as the company's simultaneous economic, legal, ethical and

philanthropic responsibility implementation. Carroll (2021), mentions that the concept of CSR, the word “corporate” is attributable to a variety of companies - both large and small. At the same time, the word “social” is applied to people, society, the well-being of society, stakeholders - both in a smaller circle and on a larger scale. The word “social” is applicable not only to humans as a society, but also to the question of other creatures - animals, plants and nature in general. The word ‘responsibility’ refers to holding companies accountable to the public, being aware of their potential and impact on society. CSR is also defined as “the company’s commitment to improving and promoting sustainable economic development with employees, their families and society as a whole, by improving the quality of life, which is also beneficial for business development (Al-Ghamdi & Badawi, 2019). Given the recent growing urgency of globalization, CSR is a collection of good practices that are a fundamental element of a company’s response to what is happening in society, gaining the trust and support of stakeholders. CSR has become an important element of a company’s strategy to not only become competitive, but also to promote responsible operations. (Rodriguez-Gomez et al., 2020). Lisa Wan and other authors point out that CSR definitions focus on the commitment of companies to activities such as improving the environment, supporting minorities, socially responsible employment, responsible production and entrepreneurial practices within animal and human rights (Wan et al., 2016). In summary, CSR is a voluntary activity of a company aimed at strategically directing the resources obtained as a result of profit to promote the benefit of society and the environment.

It is necessary to take into account this tendency of the society to follow the activity of companies and its evaluation is related to a series of scandals that draw the public’s attention and make you think when evaluating which company and its activities you support with your purchase. At the same time, the increase in public interest in CSR activities can be explained by the growing pressure from the public on topical issues related to CSR, such as environmental protection and working conditions. Of course, along with the public interest, the interest of the media is also developing, as well as the involvement of the companies themselves in the activities. Today, the environment in which companies have to operate is becoming more accessible to the public and their evaluation, which in turn makes it necessary to keep up with this issue in order to promote not only responsible operations but also competitiveness in an environment where it is necessary to promote a positive brand image. may also have a positive effect on consumer attitudes (Wan et al., 2016). Exposing the public to information about corporate social responsibility changes in general changes consumer attitudes and perceptions about business practices in general. Negative examples of CSR in consumers are considered to lead to negative associations, while positive examples are positive. This, in turn, can affect consumers’ willingness to buy products and the development of companies’ products (Rodrigues & Borges, 2015). Therefore, it is necessary to understand that with the development of information flow and availability, as well as social activities, companies must not only provide quality products or services, but also consider ways to add value to the company itself as a citizen in society.

Retail is an important sector of economy for consumers, as it accounts for a large proportion of their daily purchases, so it is important for retailers to be aware of CSR activities that are relevant to their activities and could also be relevant to their stakeholders, such as consumers (Deepa & Chitramani, 2015). Today, consumers are strongly interested in various CSR-related business activities, such as environmentally friendly products, cooperation and assistance to the local community, thus preferring to focus on companies that are socially responsible, but at the same time avoid companies that not only do not comply with additional CSR activities, but also engaged in illegal activities, did not care about the environment and their employees. It is becoming increasingly important for consumers to decide what they support with their purchase. Although there is

little research on consumer responses to CSR activities by retailers, it is believed that retail companies that implement CSR activities can secure and maintain long-term relationships with their customers (Dang, et al., 2020). Although CSR activities and consumer relations with the business are considered to have an indirect link in favour of the business, it must be borne in mind that aggressive and false CSR activities can do the opposite in a business-to-consumer relationship that can influence purchases and thus turnover. In order to avoid the inappropriate CSR activities that may have the opposite effect, it is advisable for companies to assess which course of action is more appropriate in the first place to promote competitiveness. factor, emphasizing the company's difference from competitors. Second, it is important for a company to understand which of the CSR directions and what activities might seem important to stakeholders in attracting their attention. Third, the company needs to assess whether the chosen CSR direction or activities are consistent with the overall direction of the company, so as not to cast doubt on the true intentions of the activities (Smigielska & Oszkowska, 2017).

Retailers act as intermediaries between the consumer and the producer, which means that they have a major role to play in determining what consumers can choose. By successfully implementing CSR activities, communicating them, companies can attract the attention of consumers, build relationships with those for whom socially active activities are important (Pivato, et al., 2008). Retailers represent not only themselves but also the manufacturer, which means that retailers are able to shape consumer demand when communicating with consumers, which in turn means a certain level of responsibility - to make sure that consumers make informed purchases that meet their expectations of fair use. and clear business practices and communication with consumers without misleading them about availability, price and quality (Smigielska & Oszkowska, 2017).

The retail is a significant sector that reaches a wide range of societies and also connects consumers with producers, involving other actors in the business chain. Within the framework of CSR, the retail industry has many directions within which to operate and achieve benefits. It is recognized that it is becoming increasingly important for consumers today to be socially responsible, so not only will they act within their own responsibilities, such as caring for the environment, but they will also make sure that the company they support with their purchase is also socially responsible (Chun & Bang, 2016). Dapi- Phiri study also states that consumers, especially in developed countries, pay particular attention to a company's CSR activities, and that it is in the company's interest to maintain a positive relationship with customers in order to promote a strong brand with customer loyalty that can be done through CSR activities (Dapi & Phiri, 2015). It is important to take into account that consumers are attentive when evaluating companies' CSR activities and are often sceptical about them, citing honest and transparent behaviour within CSR as important factors. The company's CSR activities must be in line with the company's corporate values in order to create a sense of trust for the consumer. CSR is not only an essential marketing tool to attract consumer attention and promote customer loyalty, but it is primarily a strategic activity whose activities are not only about the visual image, but also about the value achieved and the positive impact on society (Rivera et al., 2018). The customer loyalty is the goal that companies strive for, because as mentioned, a loyal circle of customers means security for competitors' activities, price changes, as well as is a more advantageous aspect from the point of view of marketing budget. Today's society is not only interested in the best value for money, availability, but also in whether the company is reliable and responsible. CSR activities have a positive impact on the development of customer loyalty, with customers positively assessing the concern for customers, society, the environment and the overall development of society. The customer loyalty through CSR activities is based on the added value that the customer gains from using the product or service (Al-Ghamdi & Badawi, 2019; Mandhachitara & Poolthong, 2009).



In order to find out which factors of corporate social responsibility are the most important for consumers in the framework of building customer loyalty, a survey was conducted, for which a research tool - a questionnaire - was developed (see Appendix 1). The questionnaire was distributed by e-mail within various organizations and companies between April 18 and April 30. 421 respondents participated in the questionnaire. The questionnaire was divided in 3 sections, A, B and C respectively (each of them divided in subsections): Section A - profile of respondents; Section B - questions to find out consumers' attitudes towards corporate social responsibility activities; Section C - questions to find out which corporate social responsibility activities are most important for consumers.

| Sections of questionnaire   | Item codes | Measurement   |
|---|------------|---|
| Demographic profile   | A1 – A4    | Multiple choice questions (1 answer to be selected) |
| General attitude of the respondents towards CSR                   | B1 – B5    | 5-point Likert scale                                |
| Most important and topical CSR activities in respondents' opinion | C1 – C5    | 5-point Likert scale                                |

Source: Authors

In the section A, the profile of the respondents was determined with questions about their gender and age: male/female; up to 18 years; 18-24 years; 25-34 years; 35-44 years; 45-54 years; 55-64 years; 65 and over years. The education obtained by the respondent was asked in the division: primary education, secondary education and higher education. In the section A, the employment of the respondents was also clarified within the profile of the respondent, dividing the answer variants into categories: student; students; the employee; unemployed; pensioner. Employed persons are persons who "during the reference week performed any work for payment in cash or for remuneration in goods or services" (Portal of Official Statistics, 2021), as well as persons employed as self-employed persons, farmers or homesteads for the production of products for own consumption or sale, as well as persons engaged in professional practice are referred to as employees (Ibid.). An unemployed person is a person who "did not work anywhere during the reference week and was not temporarily absent from work, actively sought work during the last 4 weeks, was ready to start work immediately (within the next 2 weeks) if he / she found a job." Within the framework of the section A, the level of the respondent's income before taxes was also clarified, dividing the answer options: up to 500 euros; from 501 euros to 1150 euros; above 1151 euros, the division is based on the press release of the Central Statistical Bureau on the average wage, where it is mentioned that the average monthly gross wage for full-time work has reached 1147 euros (Ibid.). According to the data of the Cabinet of Ministers, from January 1, 2021, the minimum monthly salary is 500 euros. (Cabinet of Ministers, 2020). Thus, the author of the study has assumed that a low monthly income would be up to 500 euros, on average from 501 euros to 1150 euros, while high above 1151 euros.

Questionnaire sections B and C were designed according to the Likert scale principle. This scale is used to assess attitudes on a five-point scale in quantitative terms as part of data analysis (Boone & Boone, 2012). The scale is formed by the degree of expressiveness, without defining sequence differences or distances from one point to another (Kristapsone, 2020). In the section B, the score according to the Likert scale was: disagree; partially agree; neither agree nor disagree; partially agree; fully agree. In the section C, an evaluation according to the Likert scale grades was the following: not important; insignificant; quite important; important; very impor-

## Method

**Table 1**

Summary of questionnaire design

tant. The aim of the section B within the questionnaire is to find out the general attitude of the respondents towards the CSR. This section includes the following statements: “Corporate social activities are significant for the company development”; “CSR activities influence the purchase decision”; “Impact of the company’s CSR activity on the willingness to pay more”; “CSR activities promote trust in the company”; “The company’s CSR activities promote satisfaction with the purchase decision”. The authors believe that the main initial factor for CSR to develop loyalty to the retailer is that the concept of CSR seems important and relevant to the consumer. If the company’s activities within the framework of CSR are not important to the consumer, then there is no reason to develop the loyalty promoted by CSR. Trust in a company affects the willingness of consumers to recommend the company to others, the consumer’s purchase decision, as well as loyalty. Trust is one of the components that promotes loyalty; thus, the CSR activities are one of the reasons why trust can be built.

The aim of the section C of the questionnaire is to find out which CSR activities are the most important and topical in the opinion of the respondents, assuming that they would have a greater opportunity to promote consumer loyalty. The section C is divided into 5 sub-sections in the following way: the C1 contains statements regarding company support for sports and cultural activities, engagement in the charity programs, as well as in promotion of the societal well-being; the sub-section C2 consists of seven statements related to environmental protection (“The company participates in and sponsors environmental protection measures”; “The company designs and develops an environmentally friendly product / service”; “The company is aware of and controls the impact of its activities on the environment”; “The company is aware of and controls the pollution caused by its activities”; “The company carries out activities to protect the environment”; “The company controls and optimizes the use of raw materials”; “The company controls and recycles the generated waste”); the C3 sub-section in 7 statements targets corporate ethical responsibilities; the sub-section C4 of the questionnaire comprises statements regarding the legal liability (“The company operates in accordance with national laws and regulations”; “The company operates in accordance with the regulations applicable to it”; “The company operates in compliance with legal framework”; “The company implements mandatory legal requirements for products and services”); the sub-section C5 proposes 7 statements regarding economic responsibilities (The company operates by controlling production costs”; “The company promotes customer loyalty”; “The company is constantly improving the quality of products and services”; “The company ensures long-term economic success”; “The company follows a competitive pricing policy”; “The company is trying to improve its economic performance”; “The company is working to improve productivity”).

Using the Cronbach’s alpha coefficient in the internal consistency analysis, all blocks were evaluated as internally matched in the Cronbach’s alpha coefficient ranges of  $0.8 < \alpha < 0.9$  indicating a good value.

The questionnaire was distributed by e-mail, sending it to various companies and organizations within and outside Riga. The study was conducted in April 2021. The survey was divided into three blocks - profile of respondents, attitude towards corporate social responsibility, attitude towards corporate social responsibility activities to find out the attitude of respondents towards corporate social responsibility, its activities, which in turn would be linked to customer loyalty and develop corporate social responsibility. a model of activities that would promote the development of customer loyalty in food retail companies.

In order to find out the sample size required for the study, the authors used data from the Central Statistical Bureau on the population of Latvia aged 15 and over, which presents the general set of the study. According to the data of the Central Statistical Bureau, in 2020, there are 1,602,487



inhabitants aged 15 and over in Latvia (Official Statistics Portal, 2021). In order to obtain representative data within the study at 95% confidence and 5% error margin, 385 respondents should be surveyed (Kristapsone, 2020). Within the framework of the questionnaire, 421 respondents were interviewed, thus the obtained data are representative.

421 respondents participated in the questionnaire, of which 341 respondents or 81% were women, but only 80 respondents or 19% were men. This distribution of respondents can be explained by the fact that most women buy food in households, however, the author points out the distribution of these respondents as a limitation of the study, which may affect the results of the survey. 2.1. The figure shows the age of the respondents. The smallest group of respondents is over the age of 65 - 4% of the total number of respondents, but the next is the age group from 18 to 24 - 5%. No respondents under the age of 17 participated in the questionnaire. There is a relatively even distribution in the age groups from 25 to 34 years; from 35 to 44 years; from 45 to 54 years; from 55 to 64 years, respectively 14%; 25%; 25%; 26%. The lack of an even distribution between the ages of 18 and 64 is also considered a limitation of the study, as consumers' perceptions of corporate social responsibility and the topicality of activities may differ, which, in turn, should be taken into account when implementing strategic corporate social responsibility. from the company's target audience. Taking into account the uneven distribution between the ages, it is not possible to analyze the results according to the distribution of the groups of respondents within the framework of the study. Within the framework of the questionnaire, 41 respondents or 10% of the total number of respondents with secondary education participated, but the remaining respondents with a higher (university) education.

Within the framework of the questionnaire, the author found out the occupation of the respondents. Student answer options were offered; students; the employee; unemployed; pensioner, as well as the answer variant "other", in which the respondents answered "working pensioner", "both student and employee". 383 respondents who are employed, 18 respondents who chose the answer "other", 13 students, 6 pensioners and 1 unemployed person took part in the questionnaire. The majority of respondents, 233 respondents or 48% of the total number of respondents, receive a medium-level salary after taxes, which ranges from 501 euros to 1150 euros, while 35% receive over 1151 euros after taxes. The remaining 80 respondents or 17% receive a low salary or up to 500 euros.

Based on the results of the section B on the request to evaluate the statements in order to find out the respondents' attitude towards corporate social responsibility, it is possible to observe that there is no equivocal or partial disagreement with the proposed statements. There is also no equivocal agreement with the section's statements. Instead, the answers to the "neither agree nor disagree" answers are mostly scattered, which indicates the neutrality of the respondents, as well as the agreement to the "partly agree" answers. Consequently, the overall attitude of the respondents has a neutral, positive trend. The authors also considered the comparison of the answers of the section B with each other according to the positive, neutral and positive evaluations. When analyzing the ratings of statements on the response scale, the ratings are divided into a negative rating of "1", "2", a neutral rating of "3", a positive rating of "4", "5".

The statement that the corporate social responsibility of a retail company is important for the respondent has a high proportion of positive assessments, as well as an average proportion of neutral assessments. Very few respondents assessed this statement negatively. Referring to the data obtained in Block A that the factors "retailer reputation", "corporate social responsibility activities" are assessed as the least important factors, the author concludes that the idea of corporate social responsibility is important for consumers, however, when making a purchase

decision, this factor is not as important as, for example, the quality of the goods, the price, the assortment and the location of the store as a whole. This means that it is worthwhile for retailers to consider CSR activities, but at the same time recognizing the need to develop a good price, quality offer, because the importance of CSR can contribute to the development of loyalty in the right context, because the concept of CSR is relatively important.

**Table 2**

Comparison of Block B responses by importance of statements

| Item code | Statement                           | Evaluation             |                    |            |                 |                     |
|-----------|-------------------------------------|------------------------|--------------------|------------|-----------------|---------------------|
|           |                                     | Completely disagree -1 | Partly disagree -2 | Neutral -3 | Partly agree -4 | Completely agree -5 |
| B1        | Significance of CSR                 | 4.51%                  | 4.28%              | 27.08%     | 47.27%          | 16.86%              |
| B2        | Influence on purchase decision      | 9.26%                  | 12.83%             | 38.95%     | 33.49%          | 5.46%               |
| B3        | Readiness to pay more               | 10.45%                 | 19.48%             | 35.15%     | 28.98%          | 5.94%               |
| B4        | Trust                               | 5.23%                  | 6.89%              | 31.12%     | 43.47%          | 13.30%              |
| B5        | Satisfaction with purchase decision | 5.70%                  | 6.65%              | 35.15%     | 37.05%          | 15.44%              |

Source: Authors

Similarly contradictory answers are about the impact of corporate social responsibility on the consumer's purchasing decision - the proportion of positive and neutral answers is equal, but significantly higher than the proportion of negative answers. The author believes that in this case the set of four most important factors is also important, while corporate social responsibility could be one of the decisive factors in choosing between similar companies, which in turn can be an important factor in developing loyalty. Comparing the responses of the section B according to the importance of the statements, there is a positive effect on the role of corporate social responsibility in promoting consumer confidence in the food retailer, as well as in promoting consumer satisfaction with the purchase. More than half of all respondents have positively assessed the statement "corporate social responsibility activities promote trust", but a relatively small proportion have answered negatively. A similar assessment is made for the statement „corporate social responsibility activities promote satisfaction with the purchase decision“. Both of these statements are related to the development of customer loyalty. The statement "the company's CSR activities affect the willingness to pay more" has the same proportion of the importance of the statements as negative, positive and neutral, which indicates an uncertain position of the respondents in this statement, considering that other section B statements are more neutral and positive rather than negative. At the same time, an important factor must be taken into account, such as the willingness of respondents to pay more if social corporate responsibility is implemented. The author considers that the assessment of this statement is directly related to the respondents' pre-tax revenue level, given that only 35% of pre-tax revenue is high, as well as the importance of the factor „product price level" when choosing a food retailer. Low and medium revenue levels can be considered as a barrier to respondents' willingness to pay if a retailer implements corporate social responsibility activities. Sub-section B3 statements indicate that, although consumers have a neutral or positive view of CSR activities, they will carefully consider the need to pay more for a product due to CSR activities.

In order to understand which of the corporate social responsibility activities offered by the sub-section C are the most important for the respondents the authors performed a factor analy-

sis. The factor analysis requires at least 100 respondents, and the number of respondents must be twice the number of factors to be analyzed (Foster, 2002). It is also necessary to check the existence of correlative coincidence and the applicability of factor analysis (Jansons & Kozlovskis, 2016). This can be done with the KMO and Bartlett test available in the SPSS program, the criterion of which varies from 0 to 1, showing how it is possible to use the prepared information for factor analysis based on the size of the criterion. The results of the KMO and Bartlett test are presented in the [table 3](#).

Applying the KMO and Bartlett test to the C-block factors, the criterion 0.943 is obtained, which, after the specified interpretation of the criteria “> 0.9”, indicates that it is possible to apply the proposed factors to the factor analysis almost completely. It can be seen that five groups of factors have

been identified in the SPSS environment within the framework of factor analysis. All factors exceed the specified model values of 0.5, thus none of the factors is excluded from the factor analysis. The [table 4](#) summarizes the groups of factors developed in the framework of factor analysis, arranging the factors according to the proportion of positive evaluation in descending order from the highest to the smallest proportion, indicating also the proportion of serial numbers to find out which factor group is most important among respondents and which factors groups are the most important.

The factors were divided into five groups:

- » Environmental responsibility - the company's responsibility to take care of the impact of its activities on the environment, to implement measures that reduce the impact of operations on the environment, as well as to take preventive measures to prevent negative effects on nature and environmental pollution.
- » Economic responsibility - the company's responsibility to ensure that the financial resources obtained as a result of profits through consumer support are used to implement productive and efficient operations of the company, product development, reducing the inefficient use of resources.
- » Ethical responsibility - the company's responsibility to act in accordance with best practices and best principles, following the company's assumptions about ethical conduct, setting guidelines for the company's ethical conduct to help take responsibility for its customers, employees, market participants such as competitors and society as a whole.
- » Legal responsibility - the responsibility of a company to act in accordance with certain aspects, which applied to the company both as a party operating in the industry and as a provider of services and workplaces.
- » Responsibility to the society - the company's responsibility is not only to follow the relevant operating principles, but also to benefit society, the environment, culture, as well as sports and charity by engaging in sponsorship activities.

The hierarchy of factors where three higher positions are taken by the legal, environmental and human rights (2,75; 12,1667; 14,8571) ones clearly demonstrate the Latvian consumers' perception of the role of CSR in the society. That is to say, first, the consumers feel legally rather unprotected - they are not sure that their consumer rights would be sufficiently protected, espe-

| KMO and Bartlett's Test                         |                    |           |
|---|--------------------|-----------|
| Kaiser-Meyer Olkin Measure of Sampling Adequacy |                    | ,943      |
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 10579,190 |
|   | df                 | 378       |
|   | Sig.               | ,000      |

Source: Authors

**Table 3**

KMO and Barrett's test results (Source: author's data collection SPSS environment)

**Table 4**

Interpretation and ranking of the grouping of factors proposed by the factor analysis according to the proportion of positive evaluation

|      |         |  |   |
|------|---------|--|---|
| C4.4 | 1       | Legal requirements for products, services  | Responsibility to act in accordance with the established aspects  |
| C4.2 | 2       | Regulations                                |   |
| C4.1 | 3       | Laws, norms                                |   |
| C4.3 | 5       | Legal bonds                                |   |
|      | 2.75    |  |   |
| C2.4 | 7       | Environmental pollution                    | Responsibility to take environmental protection and prevention measures.  |
| C2.7 | 8       | Waste                                      |   |
| C2.5 | 10      | Environment protection                     |   |
| C2.6 | 13      | Raw materials                              |   |
| C2.3 | 15      | Environment                                |   |
| C2.2 | 20      | Environmentally friendly product / service |   |
|      | 12.1667 |  |   |
| C3.6 | 9       | Human rights                               | Responsibility within the framework of the best principles towards our customers, employees and society as a whole                  |
| C3.7 | 11      | Recruitment policy                         |   |
| C3.1 | 12      | Social and ethical norms                   |   |
| C3.2 | 14      | Ethical activity                           |   |
| C3.3 | 17      | A good citizen                             |   |
| C3.4 | 18      | More than a law, norms                     |   |
| C3.5 | 23      | Code of Ethics                             |   |
|      | 14.8571 |  |   |
| C5.3 | 4       | Quality of products, services              | Responsibility to use financial resources to improve the company's productivity, product quality, promote the company's development |
| C5.5 | 6       | Price policy                               |   |
| C5.2 | 16      | Customer loyalty                           |   |
| C5.4 | 18      | Economic success                           |   |
| C5.7 | 19      | Productivity                               |   |
| C5.6 | 21      | Economic indicator                         |   |
| C5.1 | 22      | Production costs                           |   |
|      | 15.1429 |  |   |
| C2.1 | 24      | Environmental protection activities        | Responsibility to provide benefits to parties not involved in the company's operations - environment, culture, sports, charity      |
| C1.3 | 25      | Quality of life in society                 |   |
| C1.2 | 26      | Charity activities                         |   |
| C1.1 | 27      | Cultural, sports activities                |   |
|      | 25.5    |  |   |

Source: Authors

cially regarding the product and service quality, therefore they associate the social responsibility of the company primarily with this aspect. The second ranked is the environmental factor (albeit there exists a quite large gap between the first and the second positioning of the factors) mostly associated with the environmental pollution and waste management. It is rather interesting that

the retailers' activities in the field of recruitment, ethical behaviour, etc., that in theory are the most visible aspects of the CSR take only the third position in this hierarchy. It can be explained by the fact that by the consumers' distrust by and large to the public statements of the companies regarding their social activities. At least partly it can be caused by the fact that not all companies publish their annual CSR and/or sustainability reports, and even if they publish the reports, they are rather formal and do not reach the existing and potential consumers. Perhaps the most surprising is that the last two positions are being taken by the economic (15,1429) and charity and life quality enhancing, in general, (25,5) factors. Does it mean that the economic and philanthropic activities are not as important as the legal and environmental ones in the eyes of people? It is not as univocal as it may seem at the first glance. In our opinion, it depends on the context in which the question is being asked. Thus, for example, if asked about the reason of choice of the particular food retailer, the main factors mentioned are the following: the store location, product quality, etc. But if asked about their attitude towards the retailer, the social responsibility aspects are the most important factors. This is a matter of the so-called "false loyalty." This is a question to be solved by the retailers by the means of regular information, publishing the CSR reports, popularizing their socially oriented activities.

The next step of the current investigation is to research the relation between the CSR communication and consumer loyalty in the retail field.

- 1 The research question of the current investigation has been answered - the main activities promoting customer loyalty are compliance with the legal requirements of corporate social responsibility in the provision of products and services, compliance with regulations, laws, norms and legal bonds.
- 2 Important factors of the consumers' choices when selecting a food retailer are: product quality, product price levels and store location, product offerings, but least important are factors such as the retailer's reputation and corporate social responsibility activities.
- 3 According to the research, the ranking of the social responsibility factors according to the positive evaluation is the following: (1) Legal factor – 2,75; (2) Environmental factor - 12.1667; (3) Human right factor - 14.8571; (4) Economic factor - 15.1429; and (5) Philanthropic factor – 25,5. In our view this ranking can be explained by two main reasons – the general public distrust in declared values and the lack of information about the CSR activities.
- 4 In order to find solutions for the use of corporate social responsibility in promoting customer loyalty, it is necessary to study further the factors that would promote the topicality of corporate social responsibility in the food retail sector among the public. Measures should be taken to raise consumer awareness of corporate social responsibility activities, which would add value to consumer purchases, which in turn could influence the development of customer loyalty. These measures can include informative campaigns, publishing of CSR reports, participating in the public activities, or, in other words, to become more visible, thus more competitive.

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## Conclusions

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