

**UNIVERSITY OF ECONOMICS  
PRAGUE**

**DIPLOMA THESIS**

**2014**

**Zuzana Štěpánková**

University of Economics, Prague

International Business – Central European Business Realities



# The Importance of Business Sustainability: Perception of Corporate Social Responsibility and its impact on Czech Consumers' Purchase Behaviour

Author: Zuzana Štěpánková

Thesis instructor: Ing. Markéta Lhotáková Ph. D.

Scholar year: 2013/2014

Declaration:

I hereby declare that I am the sole author of the thesis entitled “*The Importance of Business Sustainability: Perception of Corporate Social Responsibility and its impact on Czech Consumers’ Purchase Behaviour*“. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on May 15th 2014

---

Zuzana Štěpánková

## Acknowledgement

~

Hereby I would like to express my sincere gratitude to my supervisor Ing. Markéta Lhotáková Ph.D. for her useful comments, remarks and engagement through the writing process of my master thesis.

~

Furthermore, I would like to take this opportunity to thank to my parents for believing in me and always allowing me to do what I wanted to do in my life while giving me guidance, support and love. I can be the person I am today only because of the amazing example the two of them set for me.

~

Lastly, I would like to thank to all 186 people who devoted few minutes of time on such a short notice (12 minutes on average), filled my questionnaire and made my thesis possible.

## **Abstract**

Corporate social responsibility (CSR) has been receiving a considerable attention from researchers in recent years, especially with regard to consumers' perception. This thesis is exploring perception of corporate social responsibility among Czech consumers and aims to discover whether or not it has an impact on them while purchase decision making. Czech consumers appear to have an interest in CSR but they are generally little informed about organizational CSR activities. Moreover, findings showed that low awareness and trust determine high scepticism among Czech consumers towards CSR activities. Eventually, even though Czech consumers generally wish to support socially responsible organizations, they perceive CSR as rather peripheral factor of purchase since they prioritize traditional purchase factor such as price and quality.

**Key words:** Corporate Social Responsibility, CSR, perception, consumer, purchase behaviour

## **Abstrakt**

Koncept společenské odpovědnosti firem (Corporate Social Responsibility – CSR) získává během posledních let stále více pozornosti, zvláště ve spojení s chováním spotřebitelů. Tato diplomová práce se zabývá vnímáním společenské odpovědnosti českými spotřebiteli a zkoumá, jak čeští zákazníci nahlíží na firemní aktivity spojené se společenskou odpovědností a jestli je pokládají za důležité při jejich nákupním chování. Výzkum ukázal, že čeští spotřebitelé jeví zájem o společenskou odpovědnost a přikládají jí poměrně velikou důležitost, ale nejsou dostatečně informováni o aktivitách českých firem. Nízké podvědomí a nedůvěřivost se odráží ve vysokém skepticizmu českých spotřebitelů a společenská odpovědnost je viděna spíše jako druhotný faktor ovlivňující nákupní rozhodování.

**Klíčová slova:** Společenská odpovědnost, CSR, vnímání, spotřebitel, spotřebitelské chování

# TABLE OF CONTENT

## CHAPTER 1 - Introduction

1.1	Social Responsibility Background .....	1
1.2	Problem Definition .....	2
1.3	Research Objective .....	3
1.4	Personal Motivation .....	5
1.5	Thesis Outline.....	5

## CHAPTER 2 - Literature Review

2.1	What Is CSR and What Does It Mean?.....	7
2.2	Organizational Motives for Contributing to CSR .....	9
2.3	Different view on CSR.....	10
2.3.1	Arguments against CSR .....	10
2.3.2	Arguments for CSR.....	12
2.4	CSR and Consumer .....	14
2.4.1	Problems with Organizational CSR .....	14
2.4.2	CSR Communication and Consumers.....	15
2.4.3	Creating Value for Consumers.....	16
2.4.4	Theoretical Background of Consumer Buying Behaviour .....	18
2.4.5	Socially Responsible Consumer.....	21
2.4.6	Current Studies on Consumer CSR Perception and Buying Behaviour.....	22
2.4.7	Cross-country Patterns of CSR Perception .....	26

## CHAPTER 3 - CSR and the Czech Republic

3.1	Brief History and Development .....	28
3.2	Current Situation of CSR in the Czech Republic .....	29
3.3	Socially Responsible Behaviour of Czech Firms .....	31

3.4	CSR, Media and Education .....	33
3.5	Recent Research on CSR.....	33
3.5.1	Studies on CSR and Consumer Perception and Behaviour.....	35
3.6	Cultural Preposition towards CSR in the Czech Republic.....	36

## CHAPTER 4 - Research Approach and Outcomes

4.1	Research Methodology.....	41
4.2	Sample Characteristics .....	43
4.3	Research Findings and Analysis .....	44
4.3.1	Czech Consumers and their Perception of CSR.....	44
4.3.2	CSR and Purchase Behaviour .....	52
4.4	Research Summary .....	60
	Conclusion.....	64
	List of Figures .....	75
	List of Tables.....	75
	List of Graphs.....	75
	APPENDICES.....	77
	Appendix 1: Categorization of CSR Activities .....	77
	Appendix 2: Questionnaire.....	77



# Chapter 1

## Introduction

*“A good company delivers excellent products and services, a great company does all that and strives to make the world a better place“*

*William Ford Jr.  
Chairman of Ford Motor Co.*

### 1.1 Social Responsibility Background

There is a remarkable history and development behind the concept of Corporate Social Responsibility (CSR). We can track signs of the concern about business behaviour towards society for many centuries (mostly in developed countries). However, formal interpretation of CSR is primarily a product of 20<sup>th</sup> century, especially past 50 years (Carroll, 1999). Till today, most of the CSR related literature has been accumulated in the United States whence also Howard Bowen comes from, an economist and college president, who is considered to be father of CSR. Bowen believed business units were centres of power, influence and decision making, whose actions had direct impact on lives of citizens and he argued that social responsibility represents “*an important truth that must guide business in the future.*” (1953, cited in Carroll, 1999:270). Over past decades there have been many evolutionary theories of CSR aiming to map its development and implications.

CSR has become a multidisciplinary concept researched by many fields including strategic management, business ethics, sociology, accountancy, economics, human resources or political theory. The research starts with attempts to define the concept including areas such as its clarity and its strategic implication, justifying and questioning its existence and purpose, examining its

application, investigating of its relationship to consumers and ends with its importance and prospects towards future. Notwithstanding, even though there has been undertaken much research the concept remains to be veiled in vagueness. Despite of this fact, however, the concept of CSR is considered to be a solution which could possibly lead to sustainable development on the corporate level. Today as a result of globally raising seriousness of social and environmental problem, humankind is becoming more aware of limitations of our planet and its finite resources. Therefore the attention is increasingly driven towards the need of sustainable development.

The World Commission on Environment and Development (1987) defines sustainable development is as “*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*” It incorporates three basic pillars; social, environmental and economic. Whereas CSR is believed to correlate with all three pillars and is expected to bring a protection of areas such as human and labour rights, inequities in wealth, corruption or environmental issues which has significantly escalated in past decade. Multinational enterprises (MNEs) are responsible for success and failure of sustainable development as they are major cause of the trend of globalization. Unfortunately, even though globalization has many positive effects on world economies, it has accelerated serious negative impact of humankind on our environment and adversely impacted quality of our environment but also social life in many parts of the world. CSR and sustainable development are concept and phenomenon, both rather controversial, though publicly agreed as necessary for our future existence.

## **1.2 Problem Definition**

Corporate social responsibility has been gaining an increasing attention in past decade and the research proved that there is positive relationship between consumer and CSR. Firms which incorporated CSR into their activities and put people, environment and ethics before profit have created themselves a niche in consumers’ minds which gave them new competitive advantage and enabled them to fight competition. However, socially responsible behaviour represents completely new meaning and reaches different dimensions when being examined from the consumer point of view. Generating positive attitude on CSR from the consumers depends on many factors such as how the firms understand and perform their CSR initiatives and finally, how they communicate

them to public. It is very easy for firms to fall into trap of “CSR business“ rather than strategically incorporate it in overall corporate strategy. However, this is essential factor which influences consumers’ trust, their attitudes and reactions to CSR.

There have been numerous studies examining the relationship between consumer and CSR, however, there has been very little research done on this topic in the Czech Republic. Corporate social responsibility does not have long tradition in the country and it was not generally known before the collapse of Communist regime in early 1990s. Nowadays, CSR in the Czech Republic is based on the principle of voluntarism and until 2012 there had not been any authoritative body which would be directly responsible for this field. Presence of CSR in the Czech Republic is from large extent influenced especially by the presence of international organizations. Nevertheless, even Czech companies have started to realize their duty have towards society and environment they operate it and they incorporate CSR into their primary activities to become good corporate citizens. However, the phenomenon of corporate social responsibility is much more complex concept than Czech firms sometimes think.

Eventually, studies showed that the awareness of CSR is not very high but Czech public indicates special interest in the topic. The inconsistency of results in existing researches and lack of knowledge on the impact of CSR initiatives on the attitudes and behavioural intentions of Czech consumers represents field for future study.

### **1.3 Research Objective**

Few studies were conducted on CSR but they mostly scrutinized the problem from the firms’ point of view rather than consumers. In spite of the increasing emphasize on how to effectively design CSR strategy, how to implement and perform it effectively there is little known about the effects of these actions on consumers. Essentially, the only research conducted in the Czech Republic aiming to map attitudes of consumers towards CSR were two studies from Tambor Ipsos. Thus there remains gap in knowledge related to the relationship of consumers and CSR, and the main goal of this thesis is to examine Czech consumers’ CSR recognition and its influence on their purchase behaviour. The research is going to focus on what is the level of general awareness of CSR among Czech consumers, how do they perceive the concept and its initiatives performed

by Czech firms and till which extent it influences them while making purchase.

The purpose of this thesis is to extend current literature on impact of the CSR on consumer behaviour in the Czech Republic. Moreover, considering the importance of CSR, its potential contribution to sustainable development and its persisting immaturity of knowledge of CSR in relation to customers in the Czech Republic, I believe that every insight into CSR concept is valuable. Furthermore, the research is not only going to make a contribution to the knowledge of the underlying dynamics of the impact of CSR initiatives in consumer's buying decision process but it can also deliver managerial implications as managers can gain better understanding of what do public expect from them and which way, how far and where to go in helping the society. Therefore for the purpose of identifying and outlining trends in approaches of Czech consumers towards CSR when purchasing, the study will aim to answer following questions:

1) ***Do Czech consumers know what CSR is, and how it looks in practice?***

- Are consumers well informed about organizational CSR activities? Can they recall any CSR activities they have come in contact?
- What initiatives do they consider as the most important?
- How do they understand the division of responsibility for social and environmental issues?
- What is the general level of scepticism towards CSR among Czech consumers?

2) ***Does CSR influence consumer purchasing behaviour in the Czech Republic?***

- Do consumers intentionally engage in purchase of socially responsible products?
- Are Czech consumer willing to pay higher price for products related to CSR?
- Does the impact of CSR on consumer behaviour depend on the social issues?
- Does CSR influence their image of given firm?
- Is it important for them that firms they purchase products from has a good reputation?
- How do they perceive socially irresponsible behaviour and does it discourage

them from purchase?

- Do they believe in contributing to positive change by purchase of socially responsible product?

Eventually, in order to follow the information from the second chapter, the research will try to align the findings interpreted thorough the chapter which represents theoretical background of the thesis with our new research findings.

## **1.4 Personal Motivation**

While working four years in Starbucks Coffee Company I was very impressed by implementation and nature of social responsibility in the company. It is been widely recognized that CSR is deeply embedded in every aspect of the company which I believe is one of the reasons for employee motivation and enthusiasm to literarily live for their colleagues, the company, coffee culture and happy customers. Not only the company took significant effort in internal CSR directed towards its products and employees, but thorough the time me and my colleagues regularly organized and took part in numerous community and charitable events. Also, it was great pleasure to sometimes see our customers engaging into our initiatives. I have always had particular interest in the areas of business ethics and corporate social responsibility. Last year, during my semestrial exchange abroad I studied courses of CSR and sustainable development and I found the subjects very appealing. Moreover, I have also participated in few volunteering programs whereas the most recent one was working with children in Taiwan last summer. Therefore I have decided to choose CSR for the topic of my master thesis and analyse perception of the concept among people from my country.

## **1.5 Thesis Outline**

The thesis consists of four chapters. After the introduction of research problem and objectives in the first chapter, the second chapter provides a brief background of CSR in order to gain understanding of theoretical knowledge of the concept. Bearing in mind the complexity of CSR, the second chapter introduces dimensions of CSR, which I believe are important for the

understanding of consumer recognition of CSR. The chapter begins with an outlook of existing literature introducing different views, motives for engaging to CSR and its communication, and follows with theoretical background on consumer decision process. In the last section of the chapter, I looked at the concept from the consumer's point of view, described socially responsible consumer behaviour and introduced findings on the topic from previous studies.

The third chapter starts with short overview of history and development of CSR in the Czech Republic, presents current situation in the country, how Czech companies perform their socially responsible activities, engagement of media and summarizes the most significant Czech studies which have been conducted on the topic so far. The chapter four relates to the research itself. It starts with outlining the methodology, sample characteristics and then analyses research findings. Eventually, the end of chapter four is devoted to the summary of research outcomes and conclusion of the study. The references, questionnaire used for data collection and other supplementary information are attached in Appendix at the end of my thesis.

# Chapter 2

## Literature Review

### 2.1 What Is CSR and What Does It Mean?

Yet it is difficult to generalize CSR, the central idea behind it is relatively clear. It is generally understood that organizations' contribution to society does not only consist of creation of economic value but also emphasizes three dimensions of value creation such as economic, social and environmental (Graafland and Van der Duijn-Schouten, 2012). CSR is perceived as a concept where organizations can use their impact in beneficial way to the society and contribute to sustainable growth while obtaining benefits for themselves as well. However, an intensive debates happening between academics, researchers and corporate executives over the past years led to numerous interpretations of what CSR actually means. In his work Masaka (2008:14) pointed CSR to be a brilliant term because: *"it means something, but not always the same thing to everybody"*. Considering numerous researchers who attempted to define CSR, the most attention was given to Archie Carroll (1991) who proposed that CSR has four main responsibilities; economic, legal, ethical and philanthropic. In his belief, these four dimensions can be translated into theory of organizational stakeholders to whom organization has responsibility. Apart from philanthropic and societal approaches, the stakeholders' theory is the most common understanding of corporate social responsibilities.

The theory was originally developed by Freeman (1984) who suggested that organizations have responsibility to various stakeholders who have legal and moral claim of the business activities they are affected by. Literally, Freeman (1984:43) said that *"shareholders may bring an action against to directors of failure to perform required duty of care."* Those stakeholders are understood to be all individuals or groups that organizational existence depends on including: shareholders, employees, customers, investors, government, suppliers, local communities and public in general. Correspondingly, Peloza and Shang (2011) determined that socially responsible

behaviour towards these stakeholders involves activities such as: philanthropy, responsible business practices and product-related activities (for full categorization of CSR activities see *Appendix 1*). Nowadays, many disciplines or institutions recognize CSR according to their particular activities and challenges. Hence, modern CSR definitions tend to be biased towards specific fields and interests depending upon different challenges organizations are facing (Van Marrewijk, 2003). As an example of different approach and understanding of CSR, though with same goal towards sustainable growth, there are three different CSR definitions provided below which were created by three different entities such as; governmental body, global association and business corporation;

UK Government (2014): *“CSR is defined as the responsibility of an organization for the impacts of its decisions on society and the environment above and beyond its legal obligations, through transparent and ethical behaviour.”*

World Council for Sustainable Development (1998): *“Corporate Social Responsibility is the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.”*

DHL (n.d): *With “Living Responsibility”, we focus on environmental protection (Go Green), disaster management (Go Help) and education (Go Teach) and support employee volunteerism (Global Volunteer Day, Living Responsibility Fund).”*

Jacques Schraven, the chairman of VNO-NCW (the Dutch Employers Association), formerly said that there cannot be any universal recipe of CSR but corporate sustainability is custom-made process (cited in Van Marrewijk, 2003). As a result, every organization should choose approach to CSR which is the most aligned with their strategy and best matches their goals and value system, and is the best response to the conditions the organization operates in (Van Marrewijk, 2003). For instance, nowadays we can find organizations who in their CSR specify what they did not do well in the past with regard to their socially responsible behaviour and what



they aim to improve (Poll, 2007). In conclusion, after analysis of 37 definitions of CSR in his study, Dahlsrud (2008) denoted that, though being different, various definitions are always referring to the same dimensions even though they essentially fail to describe how to manage challenges related to CSR such as how to use the concept in specific context.

## **2.2 Organizational Motives for Contributing to CSR**

Van Marrewijk (2003) identified that businesses engage in CSR for three major reasons such as; an obligation organizations feel towards CSR, based on external pressure from their environment, governmental regulations and genuine interest. However, he neglected the importance of strategic implications CSR has for businesses.

Organizations' motives for CSR contribution can be extrinsic or intrinsic (Graafland and Van der Duijn Schouten, 2012). Extrinsic motives behind CSR are strongly related to organizational long term financial performance. Numerous empirical studies showed that there is a positive relationship between organization's profitability and CSR (Waddock and Graves 1997; Orlitzky et al. 2003; Posnikoff 1997; cited in Graafland and Van der Duijn Schouten 2012) and shareholder value. Effectively performed CSR helps to build and maintain firm's reputation, and brand and corporate image which are the most valuable assets organizations possess (Lowenstein, 2011). They create a connection with customers via direct influence on consumers' perception of the organization, purchase decision process, generating positive word of mouth and supporting customer loyalty. In addition, good corporate image goes hand in hand with good public relations including for instance governmental relation. In terms of strategic purpose organizations often use CSR in order to differentiate from competitors to gain market share, attract investors and collaborators, reduce risks, create opportunity for cost savings, acquire highly qualified labour or opportunity to ask a premium price for their products.

Concerning organizational internal environment, CSR helps to maintain shareholders relations and helps to maintain overall positive working environment. CSR supports a sense of community, enhances trust and teamwork, encourages employee motivation and attracts and retains employees (Phillips, 2013). According to all these reasons CSR is considered by many economists, including Michael Porter, a leading authority in competitive strategy, as an effective source of

competitive advantage as it underlines key organizational activities (Porter and Kramer, 2006). Eventually, CSR is widely understood as a strategic practice used by organizations for their success since contribution to economic, environmental and social pillars in organizational strategies is believed to create long term sustainability. On the other hand, intrinsic motives are merely related to non-financial initiatives for CSR contribution.

In some organizations managerial personal believes and moral values can be determining factor influencing CSR. There are two types of intrinsic motives; moral duty and expression of altruism (Graafland and Van der Duijn Schouten, 2012). Moral duty is derived from ethical principles, morality or religion which means that social responsibility is perceived as a commitment and obligation towards society to do good. On the contrary, altruism is purely non-egoistic act of one's desire to help others. Mohr et al. (2001) conducted study of what consumers perceive to be the main motivators of businesses for CSR and results showed that only 7% of respondents believed organizations' motives were altogether altruistic. Motivational factors of businesses' socially responsible behaviour are often questioned from ethical point of view and are sources of one of the main disputes over CSR clarity.

## **2.3 Different view on CSR**

The main controversy of CSR is based on lack of agreement between academics in literarily every aspect of the concept. The main problems with CSR are related to insufficient definition and conceptualization and therefore no accountability and measurement, the conflict whether profit be the only concern of businesses and the question of ethics. On the other hand proponents of CSR build their arguments on morality, rationality and the argument that CSR benefits environment but the firm itself as well.

### **2.3.1 Arguments against CSR**

Even though the stakeholder theory evidently indicates to whom organizations should be responsible to, however, it fails to specify what corporations are responsible for (Enderle, 2006 cited in Oberseder, 2013). Moreover, many organizations seem to perform CSR activities in very different approaches. Whereas some organizations enhance CSR in serious manner there are others

who use it merely as rhetorical instrument of public relations which lacks any concrete form (Oberseder, 2013). Under these circumstances, opponents of CSR argue that without any general conceptualization CSR represents ambiguous concept which can be hardly useful. Crane et al. (2008) stated that:

*“For a subject that has been studied for so long, it is unusual to discover that researchers still do not share a common definition of set of core principles, that they still argue about what it means to be socially responsible or even whether firms should have social responsibilities in the first place.” (p. 4)*

In addition, some researchers believe that without any clear definition, theoretical development of the concept, its measurement and transformation into practice is very difficult (McWilliams et al. 2006). Moreover, Davis (1973) stated that accountability and responsibility should always go along with each other. In this logic he cannot see a reason why should firms have responsibility for society and environment since there is no direct accountability in that area. Another opponents' argument is based on the conflict of CSR and profit making.

CSR scepticism is based on reasoning that business should primarily focus on profit and governments together with NGOs should manage social and environmental problems. The most prevalent argument against CSR is the classical doctrine of profit maximization (Davis, 1973). Milton Friedman is the best known opponent of incorporating CSR into business activities. In his article for New York Times (1970), Friedman clearly stated that the only responsibility of the business is to make profit. He believed that only people have responsibilities but not businesses. Therefore if executives wish to support social and environmental activities they should expend their own resources but corporate “money of employees“ because it would be against the major corporate interest such as maximizing the profit. In his book *Capitalism and Freedom* Friedman stressed that corporate social responsibility is merely a “*subversive doctrine in a free society*” (1962; cited in Davis 1973:318). In addition, pursuant to Friedman (1970; cited in Smith 1990) organizations do not possess competences to deal with to social problems and thus they should be solved merely by government because the government is more familiar of social issues.

Furthermore, some researchers believe that CSR only distracts organizations from their primary economic role and it would only cause businesses to lose money (Davis, 1973) and they

already contribute to the society by making profit (Jensen, 2001). Davis (1973) stated that performing social activities would harm organizational balance of payment because incurred costs will have to be added to the price of product which will make the products less competitive in international markets. Equally, this problem is discussed by Smith (1990), he describes it in fact of CSR creating organizational ‘competitive disadvantage’. Distraction of businesses from their initial purpose would, according to Davis (1973), caused financial harm to the organization with probability of little profit and it would bring inefficiency in performance of their key activities. In addition if businesses failed in performance of social activities it would inevitably hurt their corporate image (Davis, 1973). Other arguments against CSR are based on belief that although CSR activities generate a good will they are seen as a product of self-interest.

In his book *Wealth of the Nations*, a classical economist Adam Smith (1776:19) said: “*It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest.*” CSR is often claimed to be simply a product of corporate egoism and self-interest through which “*one’s actions are motivated by a concern for one’s own happiness*” (Raphael, 1994:57). Self-interest is a subject of extrinsic motivation. Apart from profit maximization, investments in the community can improve the quality of potential employees, or contributing to charitable organizations to take advantage of tax deductions can be an example of self-regarded behaviour (Hernández-Murillo and Martinek, 2009). Strategies, where altruism is embedded inside the organization and is integrated in organizational activities, supports organizational accountability and transparency. Whereas, enlightened self-interest, even though being a rational reason for engaging CSR in business, produces weak strategies which are often a matter accusations of manipulation and green-washing (Friend, 2012). Therefore for many researchers CSR is immoral and leads to manipulation by organizations for their self-interested motives (Masaka, 2008).

### **2.3.2 Arguments for CSR**

On the other hand, the arguments supporting CSR involve moral, rational and economical dimensions (Werther and Chandler, 2011). From moral point of view, proponents of CSR believe that “*companies have duty to be good citizens and to do the right thing*” (Business for Social Responsibility, n.d). During the graduation ceremony in Princeton University in 2012, a writer

Michael Lewis (2012) had very powerful speech where he stated: „*The role of luck is often undervalued. We often get credit for things which happened out of our control or with help of other people. Luck plays key role in our success. We got a fortune cookies of being born into our lives, having supportive families, getting good opportunities, being able to go to school etc. People are blind with their luck but with that luck comes obligation and therefore we have a responsibility to those who were not that lucky.*“ Lewis communicated a moral argument which can be used for reasoning of CSR. Translated into business, the organizational success comes from interaction and interdependent relationship between businesses and society therefore business should have responsibility towards them (Werther and Chandler, 2011). Therefore organizations should have duty of care to their environment.

Rational argument is explained by words of Davis and Blomstrom (1966, cited in Werther and Chandler, 2011:16) “*In a democratic society, power is taken away from those who abuse it.*”, The premise of the CSR supporters is that corporations “*because they are the dominant institutions of the planet, must squarely face and address the social and environmental problems that afflict humankind*” (McDonough, 1993). Organizations are believed to have social responsibilities in terms of correcting the wrongs which they are directly responsible for. Organizations realize profits by exploiting resources in their environment and therefore they are publicly expected to have an ethical obligation towards society and duty to contribute to CSR. Today CSR is not only seen as an ethical responsibility but public expectation as well. Especially, problems such as pollution, exhausting natural resources or poverty level wages were caused by business organizations. Furthermore, they have power to foresee and include societal problems in their business operations. In conclusion, Davis (1973) argued that CSR represents a medium how problems can be prevented before they occur whereas prevention is better than curing afterwards. The last dimension is economical.

Carroll (1999) believed that organizations should strive to “*make a profit, obey the law, and be a good corporate citizen*”. According to the economic argument, CSR enables organizations to mirror the concerns and needs of their stakeholders and therefore creates value. It creates win-win situation as it matches business operations with societal values and it brings benefits to all engaged parties. CSR influences every day operations of the businesses because their organizational activities constantly interact with their stakeholder groups (Werther and Chandler, 2011). There is

strong relationship between businesses and their environment. It is necessary to understand that with helping to create better environment and society firms will benefit themselves too and even though it sounds paradoxical, spending money on CSR will eventually increase profit in long run.

## **2.4 CSR and Consumer**

### **2.4.1 Problems with Organizational CSR**

There is a growing number of studies investigating CSR and consumer relationship. Along with the research, more than 88% of consumers think that organizations should acknowledge environmental and social problems while pursuing their business goals (Epstein-Reeves, 2010) and they have more favourable impression of organizations which are doing something to make the world a better place (Bronn and Vrioni, 2001). However, there are challenges related to CSR which have a major influence on consumers' perception of organizational CSR activities and determine till large extent if organization will gain return on their investment to CSR (Bhattacharya, 2013; cited in Rogers, 2013).

First challenge relates to the way how the organization integrates their CSR initiatives into their primary business activities. According to professor Bhattacharya, one of the mistakes organizations do is that they often tend to embed their CSR only in PR and communication, though it should be rooted in all activities throughout organizational value chain (2013; cited in Rogers, 2013). Above all, many organizations still understand CSR initiatives as philanthropy which constrains them from efficient formulation and implementation of their strategies. Second challenge responds to what kind of activities organization performs. *“Although the top 100 companies all have well developed websites detailing with their CR initiatives, how many of them do rigorous research to find out how their key stakeholders view these same initiatives?”* (Bhattacharya, 2013; cited in Rogers, 2013). An often mistake in managerial performance causing ineffectiveness is driving organization into CSR programs which do not relate to their stakeholders. Third, and the most essential issue which predominantly influences consumer perception, is how clearly and relevantly organizations communicate their CSR contribution to public (Nielsen, 2013; cited in Rogers, 2013). Communication of CSR activities is hazardous and organizations can cause

themselves harm either if they promote too much or too little (Alsop, 2002).

## **2.4.2 CSR Communication and Consumers**

Nevertheless, public calls for information about organizations' social and environmental actions in order to decide which companies to purchase from, invest to or work for (Alsop, 2002). Becker-Olsen et al. (2006) distinguished two levels of CSR communication; proactive and reactive. Reactive strategy does not require large investments, involves only little CSR communication thus is more likely to be altruistic. Alternatively, proactive way is more strategic driven and is characterized by frequent and aggressive promotion of CSR activities. Servaes and Tamayo (2013) found out that there is negative relation between CSR advertising intensity, firm's reputation and CSR value creation. In 2002, Phillip Morris Cos. spent \$250 million on the advertising campaign of their charitable activities which naturally made public wonder why not to spend more on philanthropy than publicity (Alsop, 2002). Consequently, in a survey of organizations which were considered as changing towards better and being socially responsible, Phillip Morris ranked 59th out of the 60 companies (Alsop, 2002). Under these consequences, there is generally reasonable concern about organizational CSR activities as they either tend to be over publicized or sometimes organizations realize less effort than what they actually claim.

For consumers' perception of CSR is it essential to recognize the organization and its CSR contribution to be trustworthy (Bronn and Vrioni, 2001). Unfortunately, there are organizations which are green-washing their environmental performance and thus giving misleading impression of their CSR practices and issuing perfected reports which are often anything but truth. According to Pert Čaník, a professor of business ethics of the University of Economics in Prague, unfortunately majority of the firms are creating only an impression of being socially responsible because it is cheaper, it looks appealing to public and it covers problems (Čaník, 2007). In 2008, Shell was criticized for violating their environmental report and breaching loyalty in advertising for claiming their two oil projects in Canada and the USA encompasses sustainable forms of energy (Environmental Leader, 2008). In reality, Shell's exploitation of Canadian oil sands deposits and building the biggest oil refinery in the USA did not help to sustainable energy production nor led to the contribution to sustainable future. Although consumers want to know about organization's CSR they also become easily doubtful. They tend to be sceptical towards CSR business activities

as they often cannot distinguish between good initiative and using marketing practices to create misleading impressions of organizational CSR. Mohr et al. (1998) scrutinized two negative public reactions to CSR activities; scepticism and cynicism.

Sceptics are people who tend to question validity of the facts (implementation of CSR) while cynics do not only doubt the fact, but ask what are the motives behind (firm's motives) (Bronn and Vrioni, 2001). Despite of consumers showing positive attitudes towards organizations engaging in CSR, there remains to be a perception of doing "*much ado about nothing*" which naturally leads to scepticism (Bronn and Vrioni, 2001). Marketers need to take an account of the fact that not only support of CSR but also the overall motivation behind affects public perception. Even though it is impossible to affect attitudes of cynics because of their permanent distrust, as stated by Mohr et al. (1998) consumers' scepticism about CSR can be decreased as knowledge increases. Therefore marketing initiatives should focus on informing consumers and use tools which will help to raise public awareness about their CSR initiatives (Bronn and Vrioni, 2001). Consequently, firms should choose path of consistent devotion and commitment to CSR together with fair hearing to real CSR programs and strategies (Elving and van Vureen, 2011). The most appropriate organizational approach to CSR is described by professor of Harvard Business School, Reynold Levi (1999, cited in Becker-Olsen, 2006:52)

*"Social endeavours must be consistent with firm's operation objectives (heart) and must be an expression of their values (soul)."*

### **2.4.3 Creating Value for Consumers**

In order for the organization to receive support of their stakeholders or customers, to be more specific, they need to create value in certain activity the organization performs. Value is created when stakeholder and organization come together; it is however based on individual preferences because people evaluate things differently (Holbrook, 2006). Green and Peloza (2011) conducted a research which showed that consumers differentiate between different forms of CSR. They perceive "*every initiative presented to them in relation to how it can add to the overall value*



*proposition for a purchase.*” (Green and Peloza, 2011:50). Along with their study there are three types of value CSR provides to the consumers; emotional, social and functional. By their nature consumers obtain emotional value when they purchase, for instance, environmentally friendly product. Social value occurs from how the purchase of product is perceived in terms of public as people tend to make judgments. And eventually, functional value involves the actual utility from using the product such as for example saving cost due to energy efficient appliances.

The Multi-faceted Value Model of CSR Activities (*Figure 1*), developed by Peloza and Shang (2011), illustrates possible types of consumer values which result from a certain CSR initiative. According to the model, consumers can reach multiple or even all types of values. Peloza and Shang (2011) describe the diagram on the example of organic food.

**Figure 1: The Multi-faceted Customer Value of CSR Activities in the Form of Organic Agricultural Practices**

Multi-faceted Customer Value	Intrinsic value (i.e., does not require the involvement of a third party to be enjoyed)	Extrinsic value (i.e., does require the involvement of a third party to be enjoyed)
Self-oriented value (i.e., only directly enjoyed by the customer)	<i>Quadrant 1</i> Efficiency or excellence (e.g. organics as a healthier product, free from pesticide residues or other contaminants)	<i>Quadrant 3</i> Status or esteem (e.g., organics as a way to represent to others one’s concern for the environment)
Other-oriented value (i.e., not only directly enjoyed by the customer)	<i>Quadrant 2</i> Joy or aesthetics (e.g., organics as a simple product, representing a “slow-food” quality of living)	<i>Quadrant 4</i> Ethics or spirituality (e.g., organics as a way to contribute to environmental conservation)

(Peloza and Shang, 2011)

In the first quadrant, *efficiency and excellence*, a product provides self-interested intrinsic value such as personal utility from purchase of organic food which is better quality and is healthier (same as functional value mentioned above). In the second quadrant, *joy and aesthetics*, organic food represents intrinsic value not only for an individual but for the whole community. The idea behind it is that by purchasing organic food, consumers support local farmers, therefore the value from consuming the product is oriented to others as well. Third, *status and esteem*, is self-oriented value which comes from community where consumer builds his status as buying organic food

emphasizes consumer's care about environment (social value). The last quadrant, *ethics and spirituality*, is other-oriented extrinsic value as organic food supports overall environmental conservation (Peloza and Shang, 2011).

#### 2.4.4 Theoretical Background of Consumer Buying Behaviour

Consumer buying decision is a process where individuals search, select, purchase, use and dispose goods and services, in satisfaction of their needs and wants (Business Dictionary, n.d.). The basic steps in consumer buying behaviour are; need recognition, information search, evaluation of alternatives, purchase decision and post-purchase behaviour (*Figure 2*). The five step model is based on assumption that subject of purchase behaviour is a high-involvement product, which has never been purchased before, or is not purchased regularly. Here, consumer feels that it is necessary to make the right choice and avoid undesirable consequences and risks of wrong decision (Lindquist and Sirgy, 2008). Contrary, the purchases of products with low-involvement are based on routine and consumer goes straight from need recognition to choice.

**Figure 2: Five Stages of Consumer Behaviour**



(San Diego State University, n.d.)

Suzanne C. Beckmann (2006) interpreted this traditional model into CSR context:

### ***Need recognition***

Need recognition is related to consumer's awareness and interest in organizational CSR initiatives, their personal attitudes and beliefs about environmental and social problems and whether or not they perceive CSR as additional product value. In other words, "needs are here understood as reflecting the desire to express symbolic values beyond utilitarian values." (Beckmann, 2006:168)

### ***Information Search & Evaluation of Alternatives***

Both information search and the evaluation of alternatives are affected by attitudes and beliefs concerning product, brand and/or company. (Beckmann, 2006). Therefore, here, consumers will consider information related to type and extent of organizational CSR contribution. Consumer's beliefs and attitudes are affected with personal, non-commercial and commercial sources of information. They may acknowledge factors such as; transparency, environmental friendliness, community relation, charity engagement etc. However, it can also mean that consumers prefer brands over others depending on their relationship with them regardless brand's CSR commitment.

### ***Purchase Decision***

Purchase is most often measured as purchase intentions according to how much the product fulfils consumers' values from products and services of engaging in CSR activities. (Beckermann, 2006)

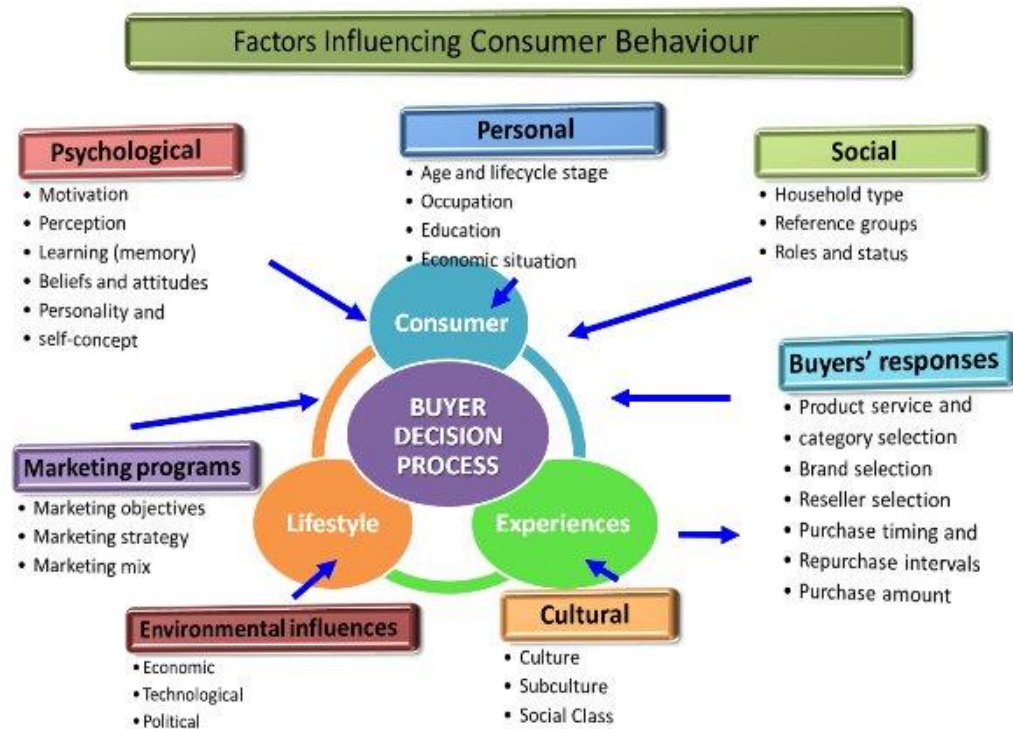
### ***Post-purchased Behaviour***

Post-purchase experience with new product can include positive or negative experiences related to quality for instance. As most consumers still value traditional attributes such as quality and price over CSR dissatisfaction with product purchased from CSR responsible company can cause harm not only to consumer loyalty but also general attitude towards CSR.

In order to understand consumer buying decision process it is necessary to know what are determining factors effecting consumer behaviour. Consumer buying decision process is generally influenced by consumers' lifestyle and experiences which involve following factors;

psychological, personal, cultural, social, marketing programs and environmental influences (Figure 3).

**Figure 3: Factors Influencing Consumer Behaviour**



(Consumer Voice, n.d.)

In case of CSR the individual purchase decision is going to be mostly affected by psychological and personal factors. Especially, our personal beliefs, attitudes, motivation, personality, age, education and income would be the primary motivators for purchase of socially responsible products. For example people who are growing up in a family with strict principles of right and wrong, honesty and responsibility, are vegetarians, are against leather and fur product than they think more about ends of their actions and are more likely to purchase product from socially responsible company. Therefore people who value our environment would purchase energy efficient products. However, even in this case it is necessary to realize that there are more product related elements playing role such as price, quality, convenience etc. Moreover, other mentioned factors will, till certain extent, have influence as well. Culture is for instance great determinant of social responsibility understanding in relation to social norms and behaviour.

### 2.4.5 Socially Responsible Consumer

Webster (1975:188) determined the characteristics of socially conscious consumer as “*a consumer who takes into account the public consequences of his or her private consumption or who attempts to use his or her purchasing power to bring about social change.*” In other words, socially responsible consumer avoids products from companies that seriously harm environment or violates human rights but pursues products from organizations which help society. Also, Carrigan and Attalla (2001) studied consumer ethical purchase behaviour and developed matrix (Figure 4) which identifies four basic approaches to ethical purchasing.

**Figure 4: Consumer Awareness Response Index**

		CSR awareness	
		High	Low
CSR response	High	<b>caring and ethical</b>	<b>confused and uncertain</b>
	Low	<b>cynical and disinterested</b>	<b>oblivious</b>

(Carrigan and Attalla, 2001)

The *Caring and ethical* consumers are those who search information and are interested about CSR initiatives. They incline to be responsive to CSR communication and favour products from socially responsible organizations over others. The *confused and uncertain* consumers are complicated as they are interested in CSR initiatives but their awareness is low as they lack information. The *cynical and disinterested* consumers do not trust organizations to be really socially responsible and prefer other factors such as price, quality and convenience. The last approach is *oblivious*, those consumers are not aware of CSR but the situation may change under certain conditions and influence their attitude to become cynical and disinterested or confused and uncertain. There were few studies conducted recently which aimed to determine characteristics of socially responsible consumer.

The study showed that both male and female have positive attitudes towards products of socially responsible organizations. However, Dodd and Supa (2011) proved that female buyers are more likely engage in ethical purchase than male. Another determinant considered in the study was income. Interestingly research showed that consumers from households with income less \$25,000 and more than \$75,000 were more likely to purchase products of socially responsible companies. On the other hand households with income between \$25,000 and \$75,000 were less likely to do so. In their study Carrigan and Attala (2001) stated that age is another important factor as young people are less likely to acknowledge organizations with engagement CSR in their buying behaviour due to tendency to follow fashion and trends. Eventually, Dodd and Supa (2011) identified that consumers with higher education tend to be more concerned with ethical purchases.

#### **2.4.6 Current Studies on Consumer CSR Perception and Buying Behaviour**

Awareness is a necessary condition for positive behavioural response (Sen and Bhattacharya, 2004). Generally, consumers continue to be uninformed about organizational CSR initiatives or they are not able to distinguish who is being ethical or not (Carrigan and Attala, 2001). There is either lack of knowledge or very little available information about organizational CSR activities (Belk et al., 2005; Sen and Bhattacharya, 2004). Moreover, consumers tend make conclusions about organizational CSR practices based on very limited information. Smith et al. (2010) concluded their study with stressing the role of halo effect which means that consumer's impression of organization's action in one domain (ie. recycling) influence overall perception of the company (eco-friendly). Studies indicate that there is generally high level of scepticism and distrust towards CSR and CSR communication (Mohr et al., 2001). Conclusively, research proves that negative information has more considerable impact on consumers' attitudes than positive information and transfers significantly faster through a word of mouth (Herr et al., 1991).

Consumers tend to be suspicious about some CSR campaigns particularly when organization with bad reputation engages in causes which are related to their business such as Philips Morris campaign of *"talk to kids about not smoking"* (Sen and Bhattacharya, 2004). Furthermore, studies indicated that consumers' perception is influenced by on which areas organization focuses their CSR (Lichtenstein et al. 2004) and how they position it. Additionally other determinant of perception is industry where the organization operates in; for example CSR

in tobacco, oil or alcohol related businesses are inclined to be less effective than other industries. Also organizational size and demographics can reinforce their CSR as study proved that small, privately held and local companies are considered to be more trustworthy by consumers than large multinational conglomerates (Sen and Bhattacharya, 2004). Lastly, corporate non-profit alliances and cause related marketing can enhance or weaken effectiveness of CSR strategy. Especially, sceptical consumers are more likely to respond negatively to cause related marketing (Mohr et al., 1998).

Many studies have already confirmed positive relationship between consumer impression and CSR (Sen and Bhattacharya, 2004; Mohr and Webb, 2005) and that there is a positive correlation between CSR and purchase intentions (Lin et al., 2011; Mohr and Webb, 2005). Following points were gathered as the main findings on consumer purchase intentions whereas applicable studies were conducted mostly by researchers and academics in the United States.

- o *Mohr and Webb (2005)*

Category of product and price play crucial role. According to their study organizational contribution to helping environment showed strong positive influence on purchase decision than price.

- o *Lewis (2003)*

Consumers are interested in CSR, they wish to know more about organizational CSR activities and they consider it as one of purchase intentions.

- o *Becker-Olsen et al. (2006)*

Low-fit initiatives had negative impact on consumers' intentions regardless what organization's motivation was. On the other hand high-fit initiatives were considered profit motivated therefore negative as well. Consumers distinguish between proactive and reactive communication whereas high-fit, proactive initiatives brought positive consumer impressions and attitudes.

o *Carrigan and Attala (2001)*

Almost all study participants said that CSR contribution of the company had no effect on their purchase. Respondents considered media as the main source of information and almost all admitted they if they could financially afford it they would pay premium price for products of socially responsible companies. Traditional purchase factors such as price, convenience, quality overweight the factor of ethical purchase. Moreover, consumers are more likely to conduct ethical purchase if they believe their purchase will contribute to a change in terms of ethics. Consumer are often aware of firm's CSR activities but their knowledge is usually very narrow. Majority of consumers are not actively searching for CSR information but they are interested.

o *Kenning (2008)*

Trust is in positive relation with reducing uncertainty and has favourable impact on purchase intentions. Higher trust generates purchase intentions.

o *Roberts (1996)*

There is an attitude gap in consumers' behaviour. Even though consumers have high values in terms of socially responsible behaviour, in reality they do not purchase products from socially responsible organizations. Despite of consumers expressing positive attitudes towards ethical purchases, it is not primary factor influencing their final decision.

o *Dragon International (1991, cited in Carrigan and Attala, 2001)*

Study showed that consumers were interested in ethical issues which directly relate to them. Moreover, consumer were likely support ethical purchasing if it was about to punish unethical behaviour.



- o *Madar et al. (2013)*

Ethical purchasing intentions and behaviour is closely linked to consumer awareness of the brand's CSR activities. If consumer with ethical purchase attitudes knows about organization's CSR initiatives his intention is going to turn into behaviour.

- o *Sen and Bhattacharya (2004)*

There is a factor called consumer-company identification which means that consumers, based on their beliefs, needs, self-determination and social identity, associate themselves with firms whose CSR activities are in alignment with their own identity (i.e. someone is against animal testing and therefore supports The Body Shop because the company fights against using animals in cosmetic industry). Therefore CSR is going to more likely affect purchase behaviour if it affects consumers' personality.

- o *Ozbek et al. (2012)*

Information about organizational unethical practices significantly decreases firms' reputation and intentions to purchase its products or services.

- o *Lombardo (2011)*

If consumers purchase decision was driven by CSR organizations would be more motivated to incorporate CSR in their operations. However, there is a gap between positive attitudes of CSR and actual purchase behaviour.

- o *Boulstridge and Carrigan (2000)*

Even though there is obvious link between CSR and its influence on consumer's attitude, the positive response is not going to be generated automatically but consumers will keep challenging firm's motives behind their CSR contribution.

o *Green and Pelozo (2011)*

Consumers only support organizations which are contributing to CSR only if they receive some form of value in exchange.

#### **2.4.7 Cross-country Patterns of CSR Perception**

In his book "The Competitive Advantage of Nations" (1991) Michael Porter developed his diamond model of national competitiveness. The main question Porter asked was why some firms or industries are more competitive than others. Porter's idea was that firm's home country creates a base for its competitive advantage depending on their values, norms, culture or history. Therefore applied to CSR, different countries, organizations and consumers will differ from understanding to CSR because national value system which influences people's attitudes is different in every country. Through the research and assumptions being made, we cannot neglected that understanding and perception of CSR varies across the countries depending on culture, history, political system or economic development. In order to depict characteristic of national cultures, research associated to cultural differences predominantly uses Hofstede's cultural dimensions. The findings show that cultural dimensions are considerably associated with corporate social performance (Ho et al., 2012).

In their study Peng et al. (2012) found out that nations with high level of individualism and uncertainty avoidance are likely to have higher awareness and engagement in CSR. On the other hand, power distance and masculinity showed negative relation towards organizational CSR engagement. Moreover, European countries scored higher in corporate social performance than, North American and Asian countries whereas Asian countries scored very low which means they have very low awareness of CSR (Ho et al., 2012). Every nation has different societal problems and needs to address different problems, which affects that's interpretation of CSR by governments. Therefore, for instance we can expect different form of CSR in democratic and

communist country. In addition, it is characteristic for organizations and consumers from developing countries to have very low awareness of CSR (Ho et al., 2012; Azmat and Ha, 2013) due to limited access to information, low level of trust and customer loyalty, socioeconomic conditions, low awareness of consumer rights, high corruption, poor regulation, weak health and education systems, inefficient legislative etc. (Azmat and Ha, 2013). Eventually, studies found that consumers from democratic countries tend to more response to CSR (Dodd and Supa,2011) and large countries with abundant resources are more likely to support CSR and sustainable development then small countries with lack of land and resources (Ho et al. 2012).

# Chapter 3

*“Open communication belongs to conditions of success. Open, simple communication evokes good instincts in people. If you act openly with the aim to serve people, your success is irreversible.”*

*Tomáš Baťa,*

*Czech entrepreneur, founder of the Bata Shoes Company*

## CSR in the Czech Republic

### 3.1 Brief History and Development

Roots of the Corporate Social Responsibility in the Czech Republic are often associated by with the name of Tomas Bata, a Czech entrepreneur and founder of the Bata Shoes Company in 1894. From 1894 till 1945 Bata Company was intensively supporting customer care, professional growth of their employees and community engagement such was building health, scholar or cultural centres (Koncitikova and Gregar, 2013). Nevertheless, as a result of more than 40 years of communist regime, the concept of CSR does not have long history in the Czech Republic. In post-revolution period, CSR was spreading especially due to the presence of offices of international enterprises which brought their corporate cultures and CSR practice to the country such was for instance DHL. However, CSR had not received much attention until 1992 when The Prince of Wales International Business Leaders Forum (IBLF) founded Business Leaders Forum (BLF) in Prague.

BLF operationally belongs under IBLF and CSR Europe and currently is responsible for promotion, raising awareness and activities related to supporting CSR in the Czech Republic. BLF is union of Czech and international corporations and firms whose main areas of focus are especially education and research in area of CSR. The forum observes trends in area of CSR in international

environment, helps to bring the idea of the concept to reality in CR and represents a platform for socially responsible entrepreneurs who care about environment they operate it (BLF, n.d.). Moreover, BLF cooperates with prominent Czech organizations and governmental bodies. In November 2013, the Ministry of Industry and Trade in assistance with BLF issued National Plan of Corporate Social Responsibility which aims to encourage expansion of the CSR concept and its positive impacts on Czech society, industrial development and competitiveness of the country (BLF, 2013). Importantly, this plan presents the first official document defining support of CSR from the state authorities in the Czech Republic.

In its essence, general recognition of the concept is still not very high and it is often neglected, however CSR is gradually receiving more consideration and Czech business environment is becoming more familiar with it, especially due to already mentioned influence of international enterprises (Zadrazilova, 2008). Nowadays, there are many governmental and non-governmental organizations supporting CSR in the Czech Republic. Apart from the BLF there is Business for Society, which creates a platform for businesses to share and spread CSR principles. To name few others; CEBRE, Forum Darcu, Transparency International, Gender studies, o.p.s, Sdruzeni Korektni Podnikani, Hospodarska Komora CR, Representation of the European Commission in the Czech Republic etc. In past decade CSR awareness has been subject of various research, however, the majority of studies are concentrated merely on perception and implication of CSR from the firms' rather than consumer's point of view.

### **3.2 Current Situation of CSR in the Czech Republic**

Despite of the arguments indicating that CSR concept in the Czech Republic is still characterized by generally low awareness (Pavlik and Belcik, 2010; Zadrazilova, 2008) recent studies revealed that topic of CSR is subject of considerable interest for Czech population. There is strong consensus between Czech employees, consumers and managers about the importance of businesses being socially responsible. Along with the research, 43% of Czech firms is reporting their CSR activities as independent CSR reports or included in their annual reports (Businessinfo, 2013). This result is significantly above world average as considering the global study of Grant Thornton, which indicated that 31% organization regularly publish their CSR and sustainability

reports (Grand Thornton, 2013). However, even though Czech companies are claimed to be well aware of CSR, it does not necessary mean they perform it effectively. Opinions on real CSR situation in between experts vary. In fact, closer look on the CSR concept in the Czech Republic shows that its recognition generally low or is limited to an instrument of public relations (Kasparova and Kunz, 2013; CBRE 2012).

The main reason for insufficient recognition of CSR in the Czech Republic is because the concept remains to be still relative unknown to entrepreneurs and significant part of consumer population (CSR Portal, n.d.). Apart from the international enterprises being probably the biggest influence on CSR in Czech environment, a crucial milestone in realizing necessity of CSR was economic crisis in 2008 which caused business society to realize the importance of sustainable development and therefore became more focused on implementing CSR policies (Niedermayer, 2013). For instance, Czech banks were pursuing policy of responsible lending which protected them from breaking down during the crisis. Among others, Czech banks are particularly efficient in CSR as they are well aware of the importance of trust and loyalty in financial sector (Niedermayer, 2013). Unfortunately, development of socially responsible behaviour in Czech Business environment has been influenced by inactivity and sometimes even ignorance of CSR concept by public sector over the past years.

Prior to recent selection of the Ministry of Industry and Trade as an authoritative body responsible for CSR matters, there was absence of any formal central support of CSR in the Czech Republic. In reality CSR program was spread through many governmental departments. Experts had debated over years whether or not and how should Czech Government incorporate CSR into its agenda. The inspiration in this direction came from Poland where CSR was included in strategic plan of national development 2006-2013 (Kasparova and Kunz, 2013). Unfortunately, the neglect of CSR from the state authorities did not only negatively influence business situation in the Czech Republic but in the past it had also adversely reflected in Czech commitments and responsibilities towards European Union and measures related to CSR in European level (CSR Portal, 2012). Therefore need for defining the responsible authority was essential for responding to the EU commitments such was the initiation of Czech National Action Plan for CSR for which realization have all EU member states been repeatedly asked for by European Commission since 2011.

In summer 2011, a notice has been issued which helps firms to find out which measures

they should apply in order to become socially responsible organization (Euractiv, 2012). Otherwise, CSR in the Czech Republic is based on the principle of voluntarism. Recently there have been arguments calling for regulation on the area of CSR. In 2012 Business for Society in cooperation with Confederation of Industry of the Czech Republic initiated research among representatives of private businesses which revealed that 78% of respondents were against national strategy of CSR development (Kasparova and Kunz, 2013). Most of the respondents agreed that governmental intervention and regulation of socially responsible behaviour would place unnecessary high administrative cost and complexity on businesses. Conclusively, Czech business environment particularly agrees on the role of government to be limited on promotion and encouragement of socially responsible entrepreneurship but no regulation or any kind of state intervention as such.

### **3.3 Socially Responsible Behaviour of Czech Firms**

In their book *Spolecenska Odpovednost Organizace*, Pavlik and Belcik (2010) described practice of Czech firms as non-systematic with lack of synergy, strategy, goals and measurements and considering occasional engagement in philanthropic activities as full-fledged social responsibility. Czech firms often recognize CSR as organizational philanthropy, ethical behaviour or simply obeying the law. Moreover, they usually limit their CSR engagement to charitable activities or other forms of philanthropy even though the potential of the concept is much broader. Also, Czech firms usually apply the same CSR strategies as their international parent companies without adapting to the Czech market which causes their approaches in many cases to be ineffective. In addition, there is generally lack of understanding that CSR should be linked thorough the core value chain operations and underline their business strategies. Instead firms often they engage in activities which are not often even related to their business. Another typical trend is identification of CSR as marketing instrument.

Czech firms often substitute CSR activities for marketing activities directed to company or product presentation (Pavlik and Belcik, 2012). The most commonly performed CSR activity among Czech companies is the model of a product purchase associated to the support of charitable initiative, all that backed by effective communication campaign (Zadrazilova, 2008). Another popular form is CSR, is for instance, cooperation with NGO's and supporting their campaigns,

events and projects. (Finance.cz, 2014). However, desired outcome is primarily enhancing brand reputation. Pursuant to the research, the main reason for CSR engagement deficiency, business representatives stated low tax benefits and fear of increasing cost (Empress, 2007). Furthermore, there should be support from the side of government in form of more favourable legislative and tax environment for socially responsible companies. Therefore we can assume that the principle of voluntarism is not how CSR is understood in Czech business environment.

CSR policies of Czech companies are mostly focused in large degree on organizational internal environment such as employee training and education or social benefits then external environment (Pavlik and Belcik. 2010). Other common initiatives Czech firms report are codes of ethics and activities related to environmental protection and donation (Pavlik and Belcik, 2010). However, according to Czech economist, Ludek Niedermayer (2013) CSR environmental protection activities are still weak compared to international markets as Czech firms often do not consider environmental protection as essential or something their business would be directly related to and they should engage in. In addition, research showed that organizational philanthropy, especially in area of donation, has been decreasing since 2011 as a result of economic crisis. Lastly, Neidermayer (2013) stated that area of business ethics is gradually improving in Czech market but it is still shadowed with cases of corruption and non-transparency in public and private sector.

Overall, Czech firms recognize the use of CSR as a competitive advantage and importance of sustainability. Within last 10 years there has been substantial development of CSR in the Czech Republic. In 2004 CSR was merely in a consideration of large enterprises and national organizations whereas today even small and medium businesses contribute to CSR (Finance.cz, 2014). According to Ondrej Wysoglad (Parlamentni listy, 2014), CEO of Adecca; *“In sense of social responsibility Czech firms are gradually acquiring the responsibility of the state authority who often cannot do more in certain fields.”* Therefore, development of the corporate social responsibility in the Czech Republic demonstrates that CSR has a positive impact on increasing level of business environment in the country. Moreover, there has been an increasing number of non-profit organizations and events within last years which appeal on values of social responsibility, contribute to spreading of CSR principles and enforce public engagement to CSR.



### **3.4 CSR, Media and Education**

Apart from public sector there has been also lack of support from Czech media (Pavlik and Belcik. 2010). Pursuant to Pavlu (2009, cited in Kasparova and Kunz, 2013) people in Czech media often do not understand the contexts of CSR. Kasparova and Kunz (2013) pointed that for future efficiency in communication of CSR, Czech media has to abandon their attitude to communicate firm's CSR activities merely as hidden PR. This tendency is derived from disorganized communication from the side of firms who usually list problems rather than communicate their initiatives. In fact many local offices of international organizations are reluctant to be an example for other in terms of socially responsible behaviour because according to them *"it is very easy to make a good deed to look bad"* (Trnkova, 2004:20). Moreover, disregard of journalists related to CSR restrains greater public discussion and disables socially responsible companies to promote the concept and inspire other businesses (Trnkova, 2004).

Overall, within last years, media's interest for firm's CSR initiatives gradually increases. Since 2012 Hosporarske noviny (Economic News) has been issuing special newspaper section about CSR and also mass media are incorporating incentives supporting CSR communication such as TOP Odpovedna Firma Roku (TOP Responsible Firm of the Year by Czech Television). Conversely, in terms of education, CSR is often being integrated into management, ethics or marketing courses in the universities or even as an independent course. Moreover, CSR often appears in academic literature as a subject of research and has been increasing number of academic journals, dissertations or publications dealing with CSR.

### **3.5 Recent Research on CSR**

The concept of CSR has been a subject of few researches in the Czech Republic. Following section is going to depict the most significant existing studies which were conducted on behalf of BLF, by research agency Tambor Ipsos, student researches and for instance Eurobarometer.

The first research about awareness of CSR in the Czech Republic was administered in 2003 on behalf of BLF by Jana Trnkova. 75% of companies participating in the research were

headquartered in Prague while 25% were from other cities. The results of the study showed relatively optimistic results where 64% of companies were familiar with the concept of CSR (In case of international representatives of the companies was the CSR knowledge 100%). Unfamiliarity with the CSR was significant especially within 60% of small Czech firms. The most important areas of CSR were employees' relations, employee education and transparency, ecology and cooperation with non-profit organizations (Trnkova, 2004). The motivation for CSR contribution were own beliefs, attracting quality employees and PR strategies. In addition, 80% of companies did not have an employee position nor consider to have, which would be in charge of CSR activities. Eventually, majority of firms were planning expansion of their CSR activities in the future. The same research was repeated in 2007 which enabled a comparison and showed important facts.

In 2007, the research did not deliver positive results as it showed a weak development in CSR awareness, the results showed that 47% of companies were familiar with the concept. (Trnkova, 2008). However, unlike the 2003 study, in case of 2007 research 76% of participating companies were based outside of Prague. Therefore the 2007 study showed that CSR awareness in the Czech Republic is strongly related to the size and location of the company. The research showed that 65% of Prague based companies were familiar with CSR whereas in case companies based outside of Prague it was 42%. Yet, compared to the 2003 study, the percentage of employees whose job positions are related to CSR activities increased by 18 %. Eventually, the most common activities companies were reporting were focus on employee education, organization of cultural and sport events and cooperation with schools (Trnkova, 2008). Last mentioned is study conducted in 2007 among student in the University of Economics.

Findings revealed that majority of students were relating CSR to environmental protection, organizations' environmental activities and morality and ethics. (Filipova and Zeman, 2007). Nobody from respondents was able to define the concept of CSR and only 16,4% of respondents stated they heard about firm which would engage in CSR activities. This research stressed few important facts; there is lack of lack of support and information of CSR in Czech media and that Czech firms do not communicate their CSR initiatives effectively or not at all. Eventually, students suggested that CSR should receive more attention even in academic education (only 44% of students stated they heard about CSR during their studies). Unfortunately, research on CSR remains

to be scarce especially in relation to consumer behaviour.

### **3.5.1 Studies on CSR and Consumer Perception and Behaviour**

In 2009, an American marketing agency Ogilvy Action conducted research on consumer behaviour across the world, including the Czech Republic. Czech consumers surprisingly appeared to be very impulsive when it comes to purchase as 30% of purchases are happening spontaneously in the stores (Brychta, 2009). In general, Czech consumers are considered to have low brand loyalty, they approach purchases actively and are in general mistrustful towards more aggressive rhetoric of firms (Barometer, 2013). Czech consumers devote much energy to the decision making process in order to find a product which is going to fulfil their requirements of price and quality. Moreover, Czech purchase attitudes have been going through changes over past years especially because of impacts of economic crisis which causes that consumers are more careful when searching and selecting the product and they generally intend to put more importance on saving. Eventually, there are new trends in consumer behaviour such as for instance shopping via internet or possibly a positive influence of socially responsible behaviour of firms.

According to two researches of marketing agency Tambor Ipsos, Czech consumers are increasingly interested in ethical and responsible corporate behaviour; however, they lack the theoretical knowledge of it. Czech public expects firms to engage in CSR incentives such as environmental protection, employee safety and truthful communication of CSR activities. In the research from 2010, 63% of respondents said they were influenced by whether or not the firm was socially responsible during their purchasing (Tambor Ipsos, 2010). However, in 2011 research indicated an increase to 75%. In addition in 2010, 53% of population could be considered to be engaged in CSR depending on their behaviour or interest whereas in 2011 it was already 60% of population (Tambor Ipsos, 2011). In the end of 2013 Ipsos organized another research which confirmed long term attractiveness of CSR for Czech population. There are high public expectations to be socially responsible from large companies; apart from fair communication people expect firms to take care of natural environment and ensuring employee safety (Tambor Ipsos, 2014). The 2013 research however, revealed decreasing numbers of people interested towards questions of CSR was 51% (59% in 2011) and only 2/3 of respondents would be willing to pay higher price for product of socially responsible firm (75% in 2011). Tambor Ipsos explains

this trend as a result of persistent economic recession.

In 2013 a research on consumer perception and behaviour was conducted by Eurobarometer, which is a public opinion measurement program belonging under European Commission. This study indicated Czech consumers to be very sceptical towards socially responsible behaviour considering the fact that only 29% of Czech public think that firms are becoming more socially responsible. On the other hand 42% consider firms to have positive impact on society. Eventually, 55% of Czech consumers are interested in business' social responsibility which is significantly below European average. In all European countries at least 2/3 of consumers are interested in firm's CSR practices (Euractiv, 2013). Unfortunately, more detailed research on consumer perception and behaviour remains to be scarce.

### 3.6 Cultural Preposition towards CSR in the Czech Republic

There is an empirical evidence suggesting that aims to conceptualize and comprehend CSR and the ways of applying it differ across the cultures. Therefore different national cultures are believed to vary in relation to the propensity to punish firms which are behaving irresponsibly to reward those who do not. We have already briefly outlined the upbringing and development of CSR in the Czech Republic, however, I believe that cultural presumption towards CSR understanding is an essential factor in order to gain overall background of CSR recognition in the Czech Republic. Therefore in this section we are going to examine Czech culture from the Geert Hofstede's national culture theory in relationship to CSR. *Table 1* below shows a characterization of the Czech Republic through Hofstede's five dimensions of national culture. The first dimension as stated by Hofstede is power distance (PD). As seen in the *Table 1*, the Czech Republic is relatively high PD culture.

**Table 1: Czech Republic according to Hofstede's Cultural Dimensions**

	Power Distance	Uncertainty Avoidance	Individualism/ Collectivism	Masculinity/ Feminism	Long-term Orientation
Czech Republic	57	74	58	57	13

(Kubickoi, 2013)

High PD means that Czech society is fairly hierarchical and people accept that there is an order and everybody has a place in the society based on their status which does not require any further justification (The Hofstede Centre, n.d.). Managers in high PD cultures, are expected to less value long term relationships (i.e. employees, customers), they will feel less responsible for their communities and environment, and they are more likely to act in the pursuit of their own benefit (Waldman et al., 2006) Therefore they are less likely to engage in CSR or if yes then it is more likely for them to use CSR for firm's profit raising. Husted (2005) added that high PD cultures have high respect to authority and thus weaker private sector which results in low capacity for discussions and taking actions towards social and environmental problems. Furthermore, according to the research high PD cultures have less tendency to punish socially irresponsible behaviour and they would be more willing to accommodate themselves with cases of injustice and wrong going and punish it (Williams and Zinkin, 2008). Scandals in these countries are more probable to get covered up than people who engage it them getting publicly confronted and termination of their careers. The second cultural dimension by Hofstede is uncertainty avoidance (UN).

Czech culture achieved score of 74 on the dimension of uncertainty avoidance (UA) which is very high. This means that Czech people are believed to have higher level of concern about uncertainty and ambiguity, they prefer to maintain formal rules and codes, and avoid deviating from them. In high UA countries citizens are expected to be dependent on the government and their protests are more likely to be declined. Therefore employee and consumer activism in these cultures is expect to be relatively low (Habisch et al., 2005). Considering the fact that CSR requires citizen empowerment and support and debates related to the social and environmental issues are necessary for country's national and social capacity for environmental sustainability, in case of the Czech Republic such a capacity is going to be low (Husted, 2005). In addition, cultures with high UA, stakeholders will less expected to punish firms for their irresponsible actions (Williams and Zinkin, 2008). On other hand, third Hofstede dimension is individualism and collectivism, where the Czech Republic appeared to be rather individualistic country while reaching score of 58.

The most fundamental difference between individualistic and collectivist culture is the assumption that individual is self-made, while in collectivist culture believe that social system creates personal success (Williams and Zinkin, 2008). Therefore individualistic cultures will be more likely to take action into their hands and punish wrong behaviour rather than wait for the

approval of others. Moreover, individualistic countries are more likely officially recognize interest groups acting in supports of social and environmental issues and there is less activism expected from the government (Habisch, 2005). Therefore Husted (2005) concludes in his study that individualistic cultures will have more social and institutional capacity to for sustainability. In addition Williams and Zinkin (2005) added that individualistic cultures will be more likely to take action and punish irresponsible behaviour while supporting socially responsible behaviour. Conversely, individualistic cultures are also less likely to strictly obey codes of ethics when doing business therefore they are might be more occasions of irresponsible behaviour (Williams and Zinkin, 2005). Speaking of the fourth dimension, the Czech Republic is, with its rather high score of 57, regarded as masculine country.

Masculine cultures are driven by competition, achievement and success whereas feminine cultures recognize caring for others and quality of life as dominant values in society (The Hofstede Centre, n.d.). Pursuant to the research in masculine cultures people are more likely to act on their own in the pursuit of the justice (Williams and Zinkin, 2008). In pursuit of economic growth masculine cultures will be more focused on material advancement and being competitive in order to sustain success and thus less efficient in applying CSR initiatives in their strategies. In masculine country CSR is not going to be considered as priority, however, if applied, it is going to be more likely used as marketing tool. Furthermore, there will be in general more frequent cases of irresponsible behaviour than in feminine cultures but also higher occurrence of punishing irresponsible behaviour. Eventually, Husted (2005) stated that masculine cultures, such as the Czech Republic have predisposition to have less social capacity for CSR engagement. Lastly, the Czech Republic scored very low (13) in long term orientation (LTO).

Long term orientation represents the degree to which a people in the culture concentrate on the long term or short term consequences of their actions. Cultures with low long term dimension tend to have less patience and tolerance of problems, therefore there is great focus on quality and considering time as a resource, which should be allocated effectively and people deal problem rather immediately (Williams and Zinkin, 2005). Therefore cultures with low LTO tend to be inefficient in investments to CSR and views on sustainability in general. They do not reflect long term perspective for investments to the future, they usually do not put emphasize on long-term commitments and thus they are weak in areas such as for instance environmental protection.

Therefore, even though low LTO cultures are less likely to efficient contribution to CSR, pursuant to Williams and Zinkin (2005) they will be more likely to punish irresponsible behaviour, as they prefer to take immediate action to avoid wasting of resources.

Conclusively, according to these five cultural dimensions, we can see that there is general belief in the Czech Republic that irresponsible behaviour should be punished. Czech people strongly recognize good and wrong behaviour, but on the other hand individual benefit is usually in the first place. In addition, there is a prediction of disregard of CSR and small society empowerment towards social and environmental problems. Eventually, tendency to focus on short term perspective restricts society from effective consideration of the need and importance of sustainability.

# Chapter 4

*“How selfish so ever man may be supposed, there are evidently some principles in his nature, which interests him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it.”*

*Adam Smith*

*Theory of Moral Sentiments (1759;4)*

## Research Approach and Outcomes

This section explains the methodology of data collection for our research. Unlike previous three chapters which aimed to outline the nature of CSR and review existing studies on the subject, following chapter is abandoning the use of secondary data and is merely devoted to the principal research which is going to answer our main research questions.

As mentioned in the first chapter the research will aim to answer following questions:

### **1. *Do Czech consumers know what CSR is, and how it looks in practice?***

- Are consumers well informed about organizational CSR activities? Can they recall any CSR activities they have come in contact?
- What initiatives do they consider as the most important?
- How do they understand the division of responsibility for social and environmental issues?
- What is the general level of scepticism towards CSR among Czech consumers?



## **2. *Does CSR influence consumer purchasing behaviour in the Czech Republic?***

- Do consumers intentionally engage in purchase of socially responsible products?
- Are Czech consumer willing to pay higher price for products related to CSR?
- Does the impact of CSR on consumer behaviour depend on the social issues?
- Does CSR influence their image of given firm?
- Is it important for them that firms they purchase products from has a good reputation?
- How do they perceive socially irresponsible behaviour and does it discourage them from purchase?
- Do they believe in contributing to positive change by purchase of socially responsible product?

### **4.1 Research Methodology**

For analysing perception and attitudes, qualitative research is more effective because it enables researcher to get insight into respondents' motives. Oppositely, quantitative research enables to make comparisons, analyse differences and identify prevailing views and trends. For my research I have selected combination of both approaches in order to gain more comprehensive understanding of consumer's attitudes towards CSR. There were two qualitative research questions in the research which aimed to gain knowledge of what do consumers imagine under the term of CSR and whether they are able to name a specific CSR initiative they have encountered with. Using qualitative and quantitative research at the same time is called mixed research. Mixed research has many advantages such as complementation of the results, opportunity to expand research findings and discovering things which would not be possible to discover by using only one type of the research (Johnson et al., 2006). Data for the purpose of the research has been collected via electronic questionnaire. A self – administrated structured questionnaire was constructed which composed of 31 questions and was divided into three thematic subsections.

The first section was designed to get insight into the respondents' comprehension of the

term, therefore it included questions related to social responsibility distribution, importance of individual areas of CSR or the concept itself. The second section included questions about relationship between CSR initiatives of business organizations and consumers' buying behaviour and its intention was to determine the relationship between CSR and purchase decision. Eventually, the last, third section gathered basic social and demographic data about respondents such as gender, age, education, occupation and place of living. In the questionnaire we often reference to socially responsible products or products related to social responsibility. By these terms I aim to explain products which are produced by companies with high engagement in CSR, products which support sustainability (energy efficiency, environmental friendliness, support of minorities or disadvantaged groups or support or purchases of products supporting specific projects) or can be regarded by any mean as enforcement of socially responsible actions. The questionnaire used various types of questions such as open and closed format questions, nominal scale and dichotomous questions (For the complete questionnaire see *Appendix 2*).

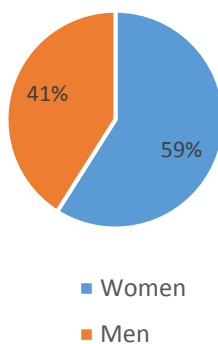
The questions were mostly formulated in relation to the findings from already existing studies which were presented thorough the second chapter of this thesis. Therefore while analysing the results I would like to recall to the findings which indicate obvious similarity or contradiction. Moreover, because social responsibility is a topic which is expected to attract large probability of less honest answers, some questions were asked similarly in order to find out if previous question was answered honestly. Unfortunately, respondents' dishonesty has to be considered as serious limitation of our research as the claims can be far from real actions. The survey aimed to target broad categories of Czech consumers of various demographical background. It was conducted electronically and 186 responses were collected. The method of data collecting by questionnaire was selected because it enables relatively easy gathering data from large number of respondents, is easy to administer and reduces geographical dependence. However, it is necessary to acknowledge drawbacks of electronic survey such as limited respondents' availability, closed format questions can have low validity and some questions or answer options can be interpreted differently by respondents. Participating respondents were gathered mostly in my surrounding, social media and surveys related websites. For better illustration and visual representation of the research findings, the results were administered in charts.

## 4.2 Sample Characteristics

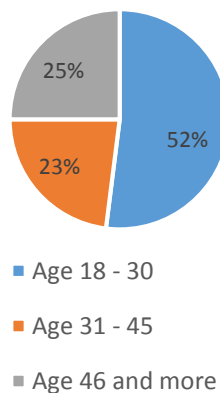
The demographic section of our questionnaire found basic data about respondents including their, gender, age, occupation, education and place of living. *Graphs 1* and *2* are illustrating the share of respondents in the sample according to their gender and age. The sample for our research is consisting of 186 responds of Czech consumers, out of which 59 % were women and 41% were men. This gender related disproportion can be probably caused by the topic of the research. Since women are generally more socially conscious than men we can assume that the topic of social responsibility was more appealing to women and therefore has bigger interest to participate. In addition, the research aimed to spread the questionnaire over various age groups to have more accurate image.

The largest part of the respondents belonged to the first age group of 18 – 30 and accounted for 52% of our sample. Two second age groups were represented in almost equal proportion; 31 – 45 by 23% and 46 and more by 25% of respondents. The range of participants in terms of age was likely to be, from large extent, influenced by accessibility and usage of internet as well as the fact that young people were assumed to have better knowledge of CSR.

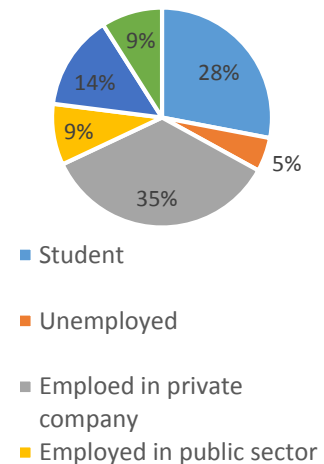
**Graph 1: Gender**



**Graph 2: Age Groups**



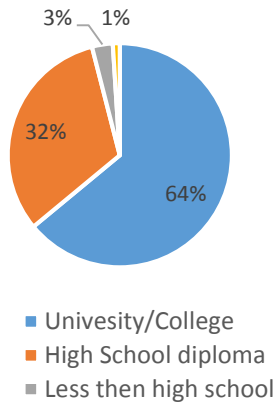
**Graph 3: Occupation**



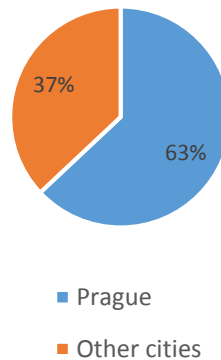
In addition, respondents originated from of different educational and occupational backgrounds. *Graphs 3* and *4* are demonstrating complete distribution of the sample based on occupation and education. The largest share of respondents in the sample in terms of occupation were employees

of private companies which accounted for 35% and students equalling 28%. Furthermore, in terms of education the largest portion of was represented by respondents with higher education and comprised 64% of respondents.

**Graph 4: The highest level of education**



**Graph 5: Place of Living**



As demonstrated in *Graph 5*, the last determinant of the sample was geographical location, which shown that 63% of the respondents were from Prague whereas 37% were from different parts of the Republic.

Following subchapter is going to interpret the research results. The analysis of the results is going to include all the questions asked in questionnaire and it is going to investigate in greater detail those which indicate significant differences in answers in various groups based on gender, age or different demographic dimensions mentioned above. In addition, because the second chapter of the thesis has provided rather comprehensive literature review containing many CSR studies and findings, in order to align our research with the first part of the thesis the analysis will endeavour to find similar patterns and links between existing and our newly conducted research.

## **4.3 Research Findings and Analysis**

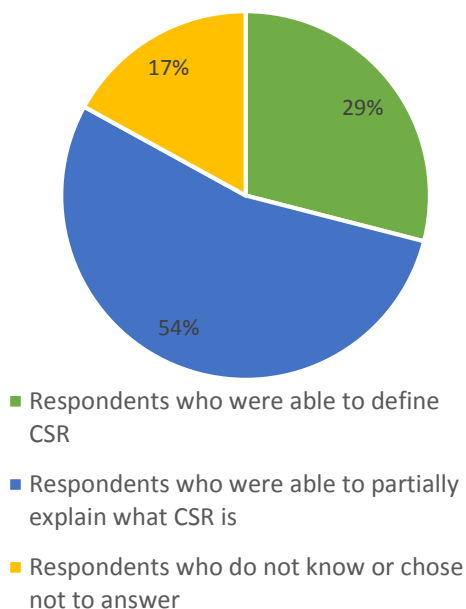
### **4.3.1 Czech Consumers and their Perception of CSR**

The first question in the questionnaire was an opened format question where respondents were asked to spontaneously write down what they understand under the concept of CSR. The

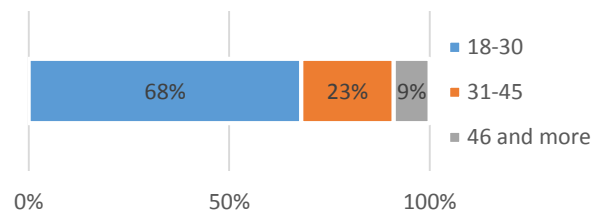
findings showed that the awareness of the term among Czech consumers is not very high. Pursuant to research outcomes, respondents were divided into three groups; the first group included those who indicated satisfactory knowledge of CSR and were able to define the concept in the second group I gathered those responses which showed signs of knowing but were not completely correct. Eventually, the last group consisted of respondents who simply did not answer the question or had no idea about the term.

As shown in *Graph 6*, 29% of respondents indicated advanced knowledge of the concept and were spontaneously able to formulate characteristics of CSR including economic, social and environmental pillars or simply by defining the main logic behind the concept. However, it is necessary to point that 68% of these respondents were people from age group of 18 – 30 (see *Graph 6a*) where the majority of this age group were students. This attributes to the fact that CSR is quite recently developed modern field of business which does not have a long tradition in the Czech Republic since as the concept was not incorporated into education prior to 1990s. Therefore we assume that young people will be generally more likely have higher knowledge of the term than older generations.

**Graph 6: General Awareness of CSR**



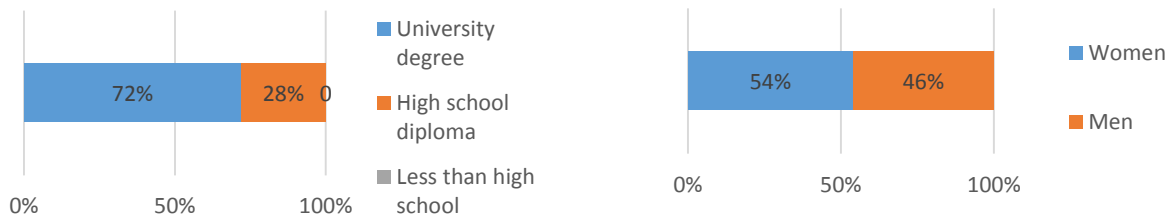
**Graph 6a: Knowledge of CSR based on age**



However, some of the consumer's answers indicated doubtfully professional definitions therefore there is a reason to be suspicious about honesty of few answers which appeared to be produced

with help of internet. Furthermore, the research showed that awareness of CSR in the Czech Republic is also from large degree positively influenced by education as 72% of people who managed to define CSR were people with higher educational degree (see *Graph 6b*).

**Graph 6b: Knowledge of CSR based on education      Graph 6c: Knowledge of CSR based on gender**



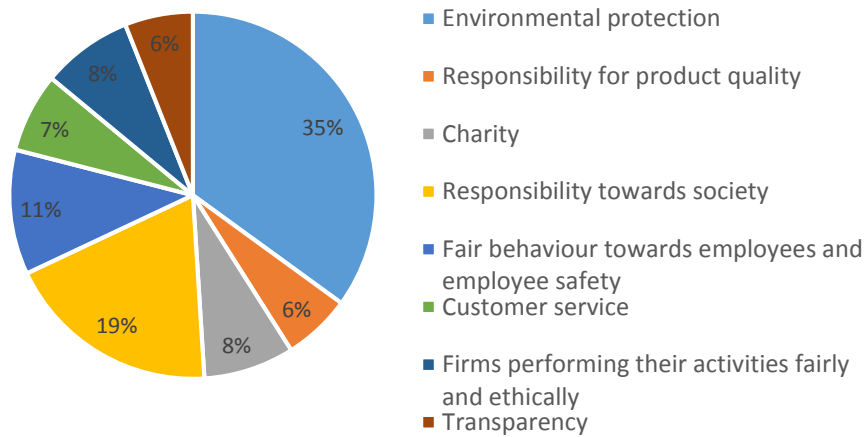
On the other hand difference between genders were minor, seeing that there were 54% of women being able to define CSR and 46% of men. However, this misbalance could have been caused by inequality in overall participation of men and women in the survey. Therefore we will assume that there was no difference in CSR awareness between genders.

The second group was represented by 54% of respondents who were capable of describing CSR as a concept regarding a particular sphere and therefore indicated partial knowledge of the term. *Graph 7* shows particular spheres CSR was most frequently considered as. The research results validated that large portion of respondents understood CSR as activities focused on environmental protection (35%), whereas second most common misperception was that the concept was responsibility towards society where respondents listed usually community development programs (19%) and the third most common was employee relations and safety. The main reason for Czech public to misperceive CSR for activities such as environmental protection and charity contribution is because these are activities Czech firms engage and communicate the most and thus are the most publicly visible.

Apart from that, respondents were also limiting corporate socially responsible behaviour to the approach related merely the core business activities (related to products or employees) which firms simply are or should be performing rather than the extra value firms should create. This outcome goes along with the finding mentioned later that only 58% of respondents think that firms should be responsible for social life quality and environment (see *Graph 8*). Finally, the last group

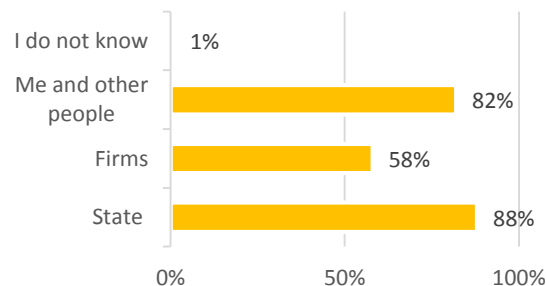
of respondents who did not know what CSR was or did not answer the question accounted for 17% of the sample.

**Graph 7: Frequency of appearance of various CSR spheres in the questionnaire**



The second question aimed to find out who do Czech consumers expect to have responsibility for improving quality of social life and our natural environment. Considering Hofstede's cultural dimensions, the Czech Republic is very individualistic country which means, among others, that members of society have responsible for themselves and their actions. According to the *Graph 8*, a majority of people believed that the state should be the most responsible, which is reasonably natural occurrence, because sometimes there are events which require Government's actions such as pollution standards or legal system which depend only on the power of higher authority. Therefore, we can see Czech people have strong belief in their individual responsibility which accounted for 82%.

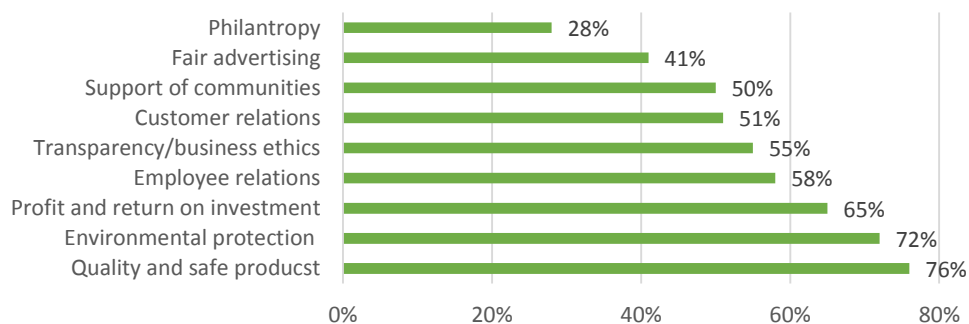
**Graph 8: Distribution of the responsibility according to consumers**



On the other hand, the least of respondents (58%) believed the responsibility should be on firms. As it was mentioned in the second chapter, there are three main arguments for firms' contribution to CSR; economic, moral and rational. Our finding can be connected with lack of individual regard for rational argument which stands for firms having a duty towards society because they earn profit by exploiting resources from their environment. However, it is common occurrence that people in general justify social responsibility purely on basis of moral argument (moral obligation to act good). On the other hand economic argument (firms making profit and return on shareholders' investment) is considered as obvious business activity but in fact it is dimension of CSR as well.

In addition, considering the areas of CSR Czech consumers perceive as the most important (*Graph 9*), respondents stated firms should focus on delivering of quality and safe products (76%), taking care of and protecting our environment (72%), profit and return on investment to the organizational shareholders (65%) and employee relations (58%). Interestingly both genders were represented almost equally in the answers. For full list see *Graph 9* below.

**Graph 9: CSR activities consumer consider as the most important**



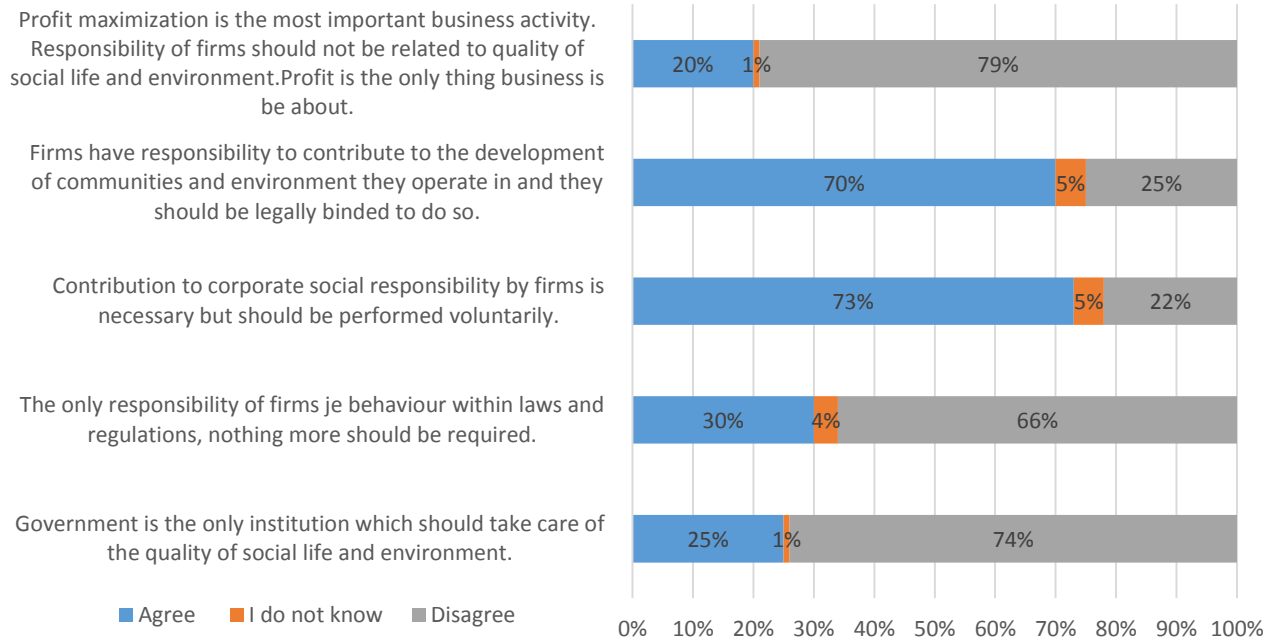
Oppositely, the least important for consumers were interestingly charitable projects (28%) which also later showed as the last criteria (compared to price, quality, convenience, support of environmental project and firm's reputation) which would be considered as determinant for decision while products purchasing.

In next section, respondents were supposed to express their agreement or disagreement with

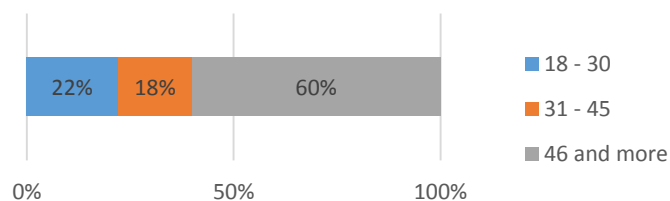


given statements (Answers “I do not know” were negligible). The findings of this section were relatively unambiguous (see *Graph 10*). Respondents predominantly agreed that; profit maximization should not be the only primary responsibility of businesses (opposite of Milton Friedman’s argument of profit maximization) and firms should engage in socially responsible behaviour at the same time, simple obeying laws and regulations by firms is not enough and government should not be the most responsible authority for quality of social life and environment. Women and men answered these questions almost equally, however, there were significant differences in age groups where around 60% respondents supporting mentioned finding were always respondents from age group of 46 and older (see *Graph 10a*).

**Graph 10: Consumers’ views on CSR**



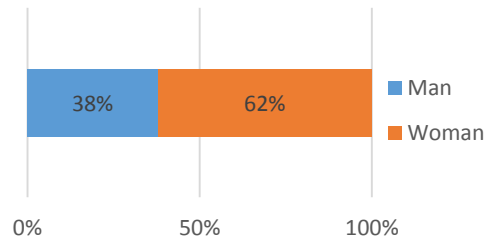
**Graph 10a: Firms should be engage in CSR, profit is not their only responsibility**



This incidence could have resulted from the fact that unlike older generations, younger people are either fiercer to start or develop their careers and thus might be more profit oriented

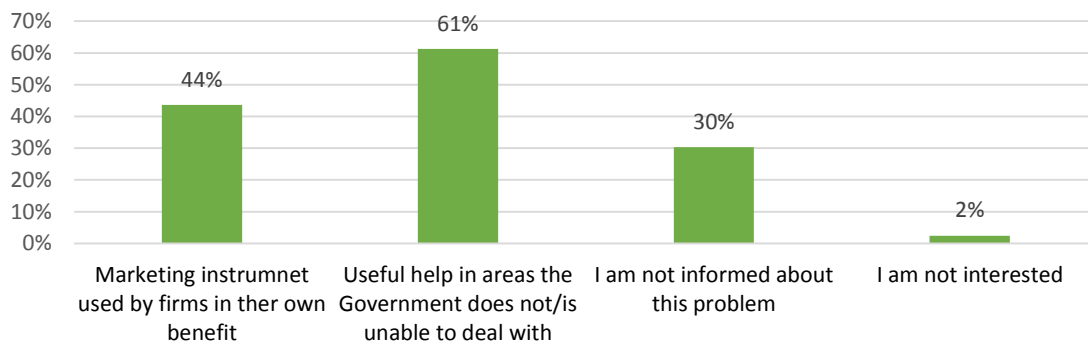
which is their current priority. Conversely, the statements of whether CSR should be mandatory or voluntary were contention as both arguments were supported by the relatively same number of respondents. Conclusively, the stances of both genders on legalization of socially responsible behaviour vary significantly as *Graph 10b* illustrates that 62% of women answered that CSR should be legally enforced.

**Graph 10b: CRS contribution should be legally required**



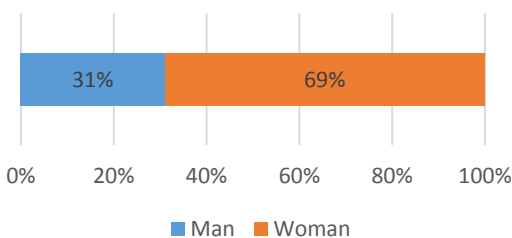
As it was mentioned earlier the concept of CSR attracts a great amount of scepticism related to the conflict of altruistic or egoistic motives behind socially responsible practices. *Graph 11* clarifies that the level of scepticism is rather high among Czech consumers as 44% of respondents believe that companies are using CSR as marketing instrument for their own benefit. The scepticism towards CSR in the Czech Republic might be resulting from sometimes poor transparency of Czech business environment with common cases of corruption in public and private sphere (Neidermayer, 2013). Therefore, if people see publicly firms' engaging in wrongdoing then CSR campaigns of these firms' or even CSR campaigns in general will be hardly considered as trustworthy.

**Graph 11: Perception of Czech Consumers about firms' CSR engagement**

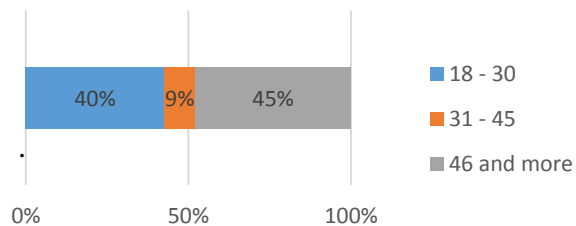


The study showed that women are more sceptical than men as 69% of respondents who believe CSR complains are purely marketing instrument were women (see *Graph 11a*). I assumes that as a whole women are more frequent shoppers and thus they encounter CSR activities which are supposed to stimulate purchase more often than men. Furthermore, difference in scepticism were also found in case of age groups. From the *Graph 11b* below, research showed that age group of 18 – 30 and people of age 46 and more tend to me more sceptical. This occurrence can be either result of age group of 18 – 30 being the biggest age group of our sample or simply because such a young generation grew up in different world than their parents and grandparents. With the speed of transmitting and high availability information people can often easily found information from various sources. In addition, older generations can indicate high level of scepticism because their recognition of CSR is low and as it was said before low awareness enhances scepticism.

**Graph 11a: Perception of CSR as marketing campaign by gender**



**Graph 11b: Perception of CSR a marketing campaign by age**

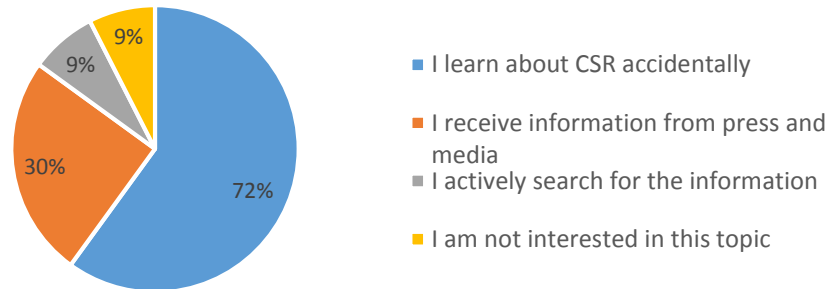


Oppositely, 61% of respondents believe that CSR is meaningful concept which is beneficial as it covers areas the Government neglect or is not able to help to. I can suppose that this relatively low number can be derived from the incomplete understanding of the concept, relatively high level of consumer scepticism and seeing CSR and occasional short term help rather than long term commitment embedded through all primary and secondary businesses' value chain activities

In the third chapter it was already said that there is low support of CSR from the Czech media who do either neglect informing public about Czech firms' CSR initiatives or communicate it as hidden PR. Nowadays, mass media is not only a source of information transmission but also a great influence of public opinion. Therefore, engagement of Czech media can be seen as key source of existing scepticism towards CSR and generally low awareness of the concept. Reflecting on the low awareness of the Czech consumers, *Graph 12* below shows that 72% of respondents

stated that they receive information about CSR rather accidentally, for 30% of respondents stated to receive information from press and media and 9% of respondents are actively searching for information about CSR. Lastly, 9% of respondents is not interested about receiving information on this topic at all.

**Graph 12: Receiving information about CSR**



#### **4.3.2 CSR and Purchase Behaviour**

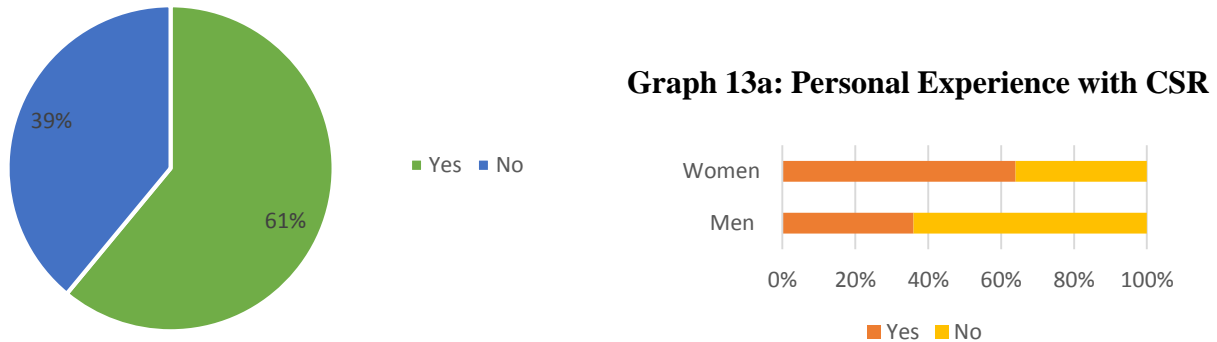
The second section of the questionnaire was concentrated on consumer's recognition of CSR and its influence on shopping behaviour therefore it included questions which were directed towards consumer's image of socially responsible/irresponsible organizations, willingness to pay premium for added value or factors of CSR which can positively or negatively influence purchase.

### **Consumers and CSR in Practice**

In the beginning of the second section, respondents were asked whether or not they have personally come into contact with any CSR activity in the past and if they were able to recall any specific initiative they have encountered. This question was voluntary and opened format. *Graph 13* illustrates that 61% of respondents answered positively I assume the number of positive answers should be in reality higher because there is high probability that people often came in contact with some CSR initiative on daily basis without even realizing. There is obvious disproportion in results of man and woman (*Graph 13a*). Generally, woman more likely to notice and act on advertising also because of their empathy and more emotional nature than man they would be more likely to

be take into account and be interested in socially responsible behaviour.

**Graph 13: Have you ever personally encountered with CSR initiatives?**



Moreover, 53% of the positive responses were able to recall specific CSR initiative, they either heard of or were directly involved in. The most commonly mentioned CSR activities were: Fair Trade products, charity events, any kind of donations, volunteering in environmental projects, recycling and codes of ethics in workplace. Furthermore, respondents mentioned many specific projects such as Skoda Auto and their initiative of growing a three for every sold car, volunteering on Earth Day, Starbucks and its community development programs, Vodafone and their project of the “First green network”, “Dove for Women” or Avon and their Breast Cancer Foundation etc.

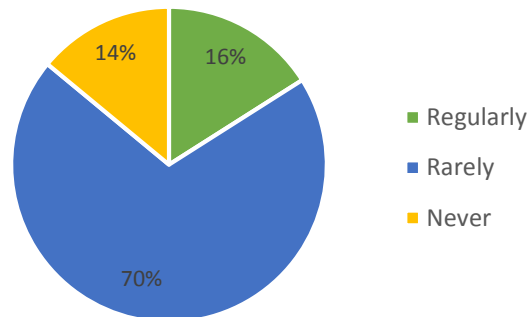
On the other hand, 39% of respondents stated they have never encountered any CSR initiatives. Although these respondents have probably came into contact with socially responsible initiative, again they probably did not understand it as CSR. The number is quite high and it signifies that there is still not enough of general awareness among public.

### **Purchasing products related to CSR**

Next question pertained to whether consumers buy socially responsible products or not and if yes, than how often. *Graph 14* indicates that large majority of respondents (70%) rarely engage in purchase of such products. Oppositely, only 16% engage in purchases of CSR products on regular basis and 14% never do. This result can indicates that consumers, either do not have enough information about companies which are socially responsible or products that are supporting CSR or else, they do not perceive social responsibility as one of the main criteria while purchasing and

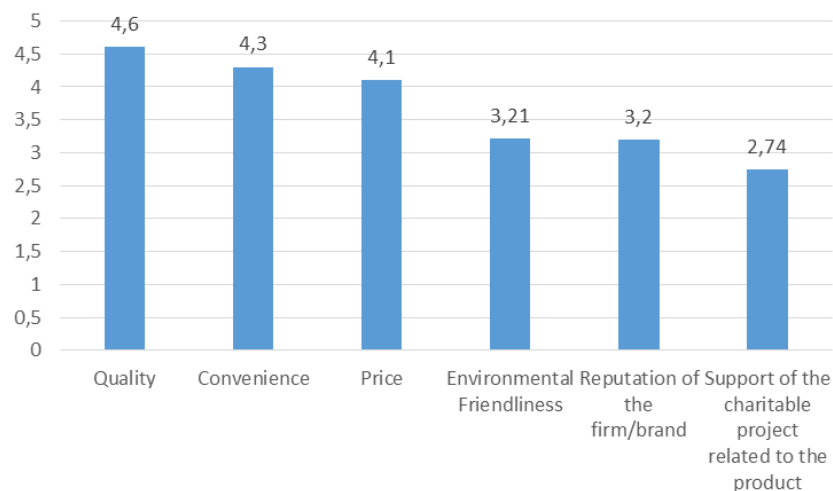
rather prioritize traditional purchase factors.

**Graph 14: How often do you purchase CSR related products?**

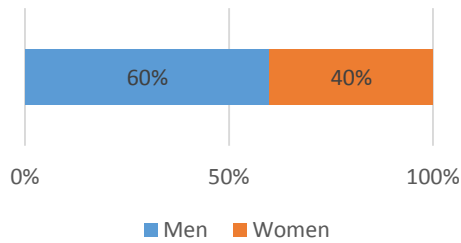


In point of fact, as shown in *Graph 15* when evaluating the purchase decision criteria consumers rated quality, convenience and price in the first places over environmental friendliness, firms' reputation and support of charity projects related to product. In order to compare different view on purchase criteria based on gender, two different criteria of price and environmental friendliness were chosen. *Graphs 15a* and *15b* demonstrate that each gender indicate various evaluation of purchase criteria. Men tend to make decisions based on rational criteria meanwhile woman on emotional.

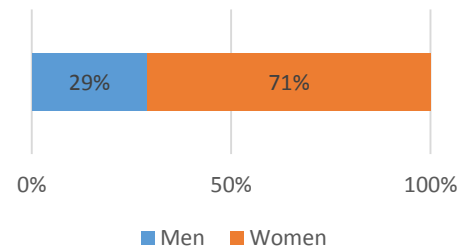
**Graph 15: Purchase decision factors**



**Graph 15a: Price**

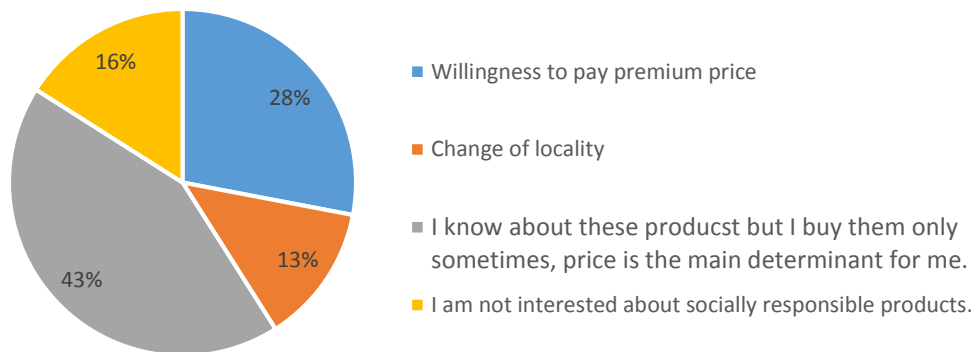


**Graph 15b: Environmental friendliness**



Moreover, 72% of those respondents who answered “Never” were people with high school diploma as the highest educational level, besides those who answered “Regularly” were 67% of respondents with university degree. In particular, Czech consumers have desire to support socially responsible companies purchasing their products, however, they do not wish to pay extra price. According to the *Graph 15*, only 28% of respondents is willing to pay higher price for them. Whereas only 13% of respondents would be willing to change locality where they usually shop and 16% is not interested in these products at all. Czech consumers are very price sensitive and research shows that price is the main determinant of purchase.

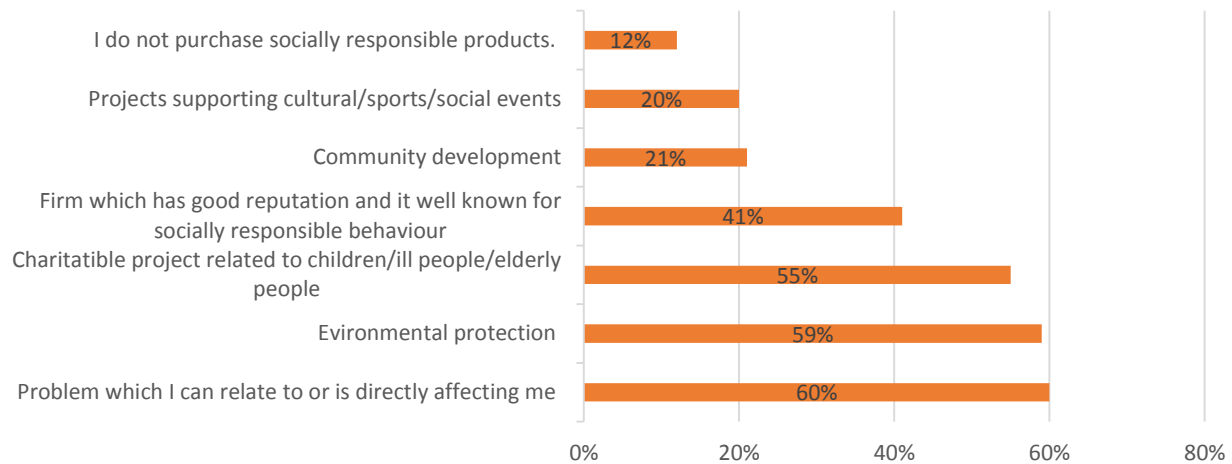
**Graph 15: Willingness to Purchase Socially Responsible Product**



As shown in *Graph 16*, even though there is general unwillingness to pay premium, if after all, consumers had to choose which product they would be willing to pay higher price for it would be products related to specific problem which is directly affecting the them (60%), product concerning environmental protection (59%) and charitable activities helping children/ill/elderly people (55%). This finding is sensible and correlates with our research because people who

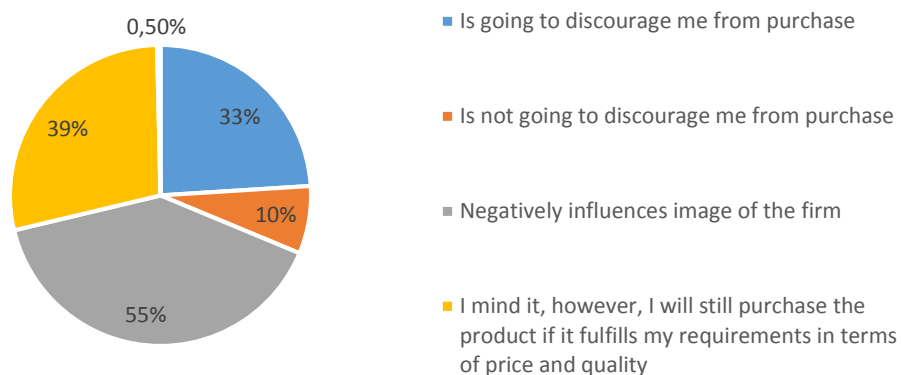
purchase a product which is related to the issue of their concern is going to bring them a value. People will always more likely to make a purchase if the product will bring them some kind of moral, social or economic value.

**Graph 16: Willingness to pay higher price for products which are related to specific CSR activities**



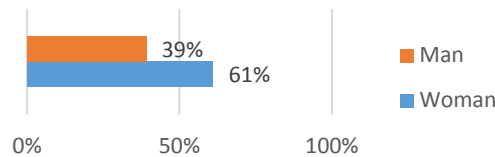
In contrast, the research showed that socially irresponsible corporate behaviour is commonly considered negatively and it adversely affect firm's reputation according to the 55% of respondents. However, it would discourage from purchase only 33% of the respondents while 49% of respondents people would still purchase the product (*Graph 17*). Furthermore, women are more likely to avoid purchases of products from irresponsible companies than men (*Graph 17a*).

**Graph 17: Attitudes towards socially irresponsible behaviour**





**Graph 17a: Probability to avoid purchase of socially irresponsible product**



Among activities respondents have chosen to be the most repelling from purchase were imbalance of price and quality (76%), environmental pollution caused by the firms (68%), unfair advertising (60%), animal testing (55%) and non-transparency (51%) (See *Graph 18* below).

**Graph 18: Irresponsible activities which discourage consumers from purchase of products**

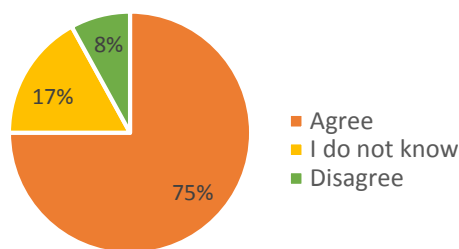


## Perception of Socially Responsible Companies

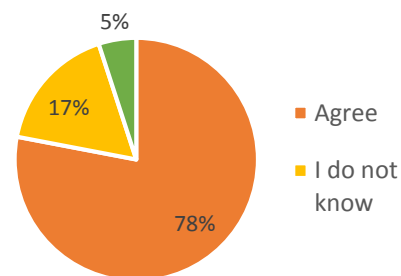
The research showed that the reputation of the firm is important to Czech consumers. Consumer's trust is essential for organizational success and there is large trust issue when it comes to organizational CSR. *Graphs 19* and *20* show that large part of the consumers base their attitude toward firms based on their behaviour. 78% of respondents states that they base their opinion about company based on its responsible/irresponsible behaviour. Whereas 78% of respondent have a good image of companies which engage in socially responsible behaviour. Czech consumers have earlier shown relatively high level of scepticism towards CSR and as seen in graphs bellow CSR

has strong influence on their image. If consumers do not trust the corporation they will, most likely not trust their CSR contribution as well. Therefore it should be in primary concern of Czech companies to carefully build their image by making their CSR campaigns transparent and authentic. For instance, consumers will not want to give their money to the organization which in the past committed frauds or proved to operate ineffectively with their funds.

**Graph 19: Socially responsible behaviour influences my image of the firm/brand**

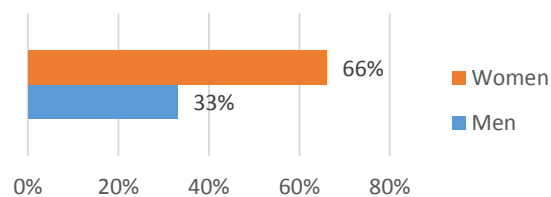


**Graph 20: I have a good image of firms which engage in CSR.**



Based on gender women incline more to having positive image about firms which contribute to CSR (66%, see *Graph 20a*).

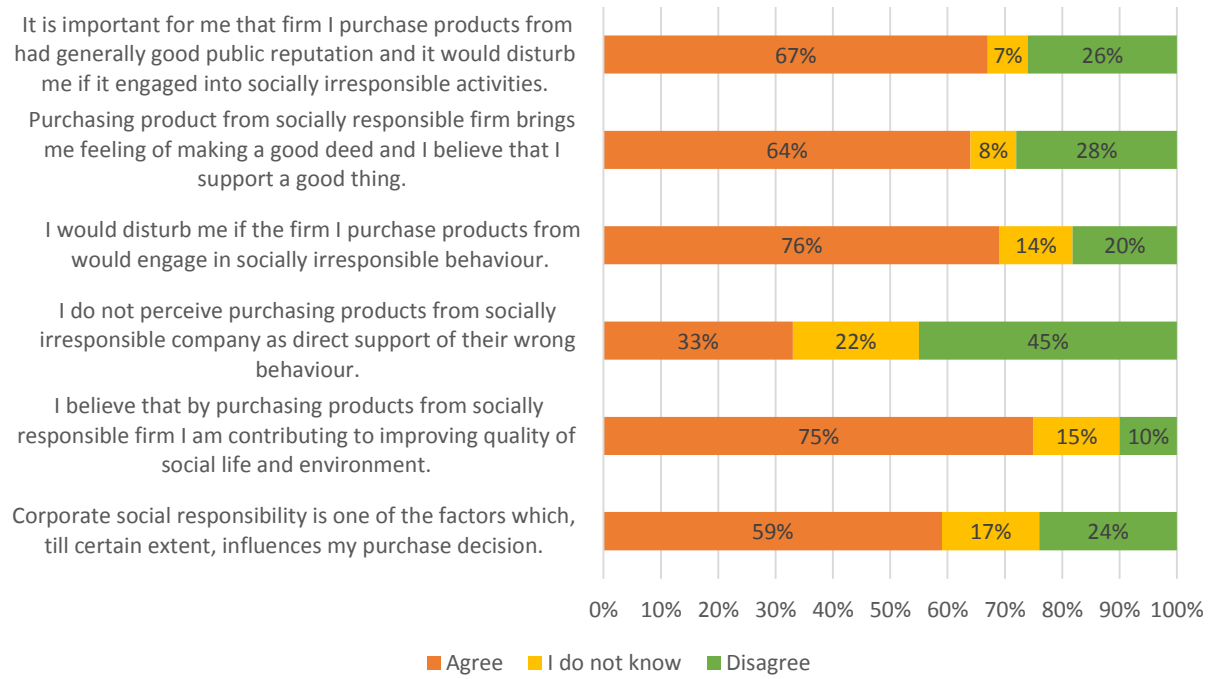
**Graph 20a: CSR and good image**



The last section contained statements which respondents should express their agreement or disagreement about (see *Graph 21*). It appeared that most of the consumers give considerable attention to the reputation of the firm they purchase products. In addition, it would predominantly disturbing for them if the firm they purchase from would engage in irresponsible practices. The answers of this section were quite uniform apart from the question whether people see purchase of product from irresponsible company as a support of its wrong behaviour. Even though 45% of respondents did not agree with this statement the answers were not unambiguous because 33% of

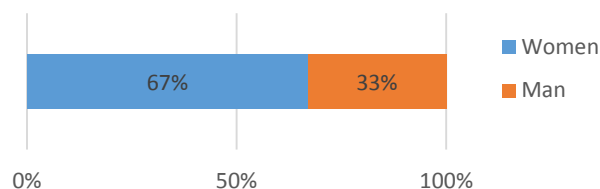
responses were positive and 22% neutral.

**Graph 21: Consumer's attitudes towards CSR related purchases**



From the point of view of ethics and morality, purchase of product from firm which is for example harming natural environment means supporting this wrong behaviour. It is interesting paradox that 64% of respondents feel good about purchasing socially responsible products and consumers generally believe that by purchase them they are contributing to a good thing, however, on the other only 33% of consumers do not think that purchasing product from socially irresponsible firm is support of wrong behaviour. Eventually, 59% of respondents believe they are influenced by CSR during their purchase decision while women naturally appeared to be more likely to engage in socially responsible behaviour then men (see *Graph 21a*).

**Graph 21a: Likeliness to engage in socially responsible purchase**



## 4.4 Research Summary

As mentioned in the third chapter, CSR has been often misleadingly recognized by Czech public only as engagement in organizational philanthropy, environmental protection or simple duty of obeying laws and regulations. The research has confirmed previous studies and showed that awareness of the CSR in the Czech Republic is not very high as it showed that only approximately 1/3 of Czech people is able to define the concept and characterize its purpose. In addition, 1/2 of Czech public indicated misleading impressions of CSR and its limitation to areas of environmental protection, community development programs or employee relations and safety. The study showed no significant difference in CSR awareness in terms of gender, however, it revealed that recognition of CSR is positively influenced by level of education and young age. University educated people and younger generations are more likely to recognize the concept, which is fairly obvious outcome since as it was mentioned in chapter three CSR has been increasingly incorporated into education in the Czech universities in recent years. However, if we remind the study of Filipova and Zeman we can see that this result is much more positive than their study where only 16.4% of respondents were able to define the term of CSR. Moreover, their study was conducted among students who revealed very poor knowledge in CSR which is in contradiction with my findings.

Following studies of Tambor Ipsos, Czech public is largely convinced about the importance of socially responsible behaviour. Additionally, even though Czech people consider government and themselves as the main actors responsible for quality of social life and environment, there is general consensus that profit maximization is not the only primary activity of businesses and they are believed to have duty to contribute to CSR. More than half of Czech public is persuaded that CSR is necessary and useful help in areas where governmental engagement is not sufficient. Furthermore, the most important areas businesses should acknowledge and focus on, according to Czech consumers, are; delivering safe and quality products, environmental issues, return on investment to shareholders and employee relations. In this area, my finding is similar to Tambor Ipsos which indicated environmentalism, employee safety and truthful communication of CSR activities to be the most important aspects of socially responsible behaviour of firms. Speaking of men and women, both genders are well aware of importance of CSR, however, women are more likely to require legal reinforcement of CSR.

Becker-Olsen stated in his study (2006) that American consumers easily recognize

proactive and reactive CSR communication and so do Czech consumers. In the Czech Republic, CSR attracts large amount of scepticism and according to the Eurobarometer study, mentioned in the third chapter, Czech people indicate high level of scepticism as only 29% of Czech consumers think that Czech companies are becoming more socially responsible. This finding goes along with my research which shows that 45% of population believe that firms use CSR as a public relation instrument which is focused on driving up sales and building good reputation. Women are usually more inclined to acknowledge socially responsible behaviour but according to my research women also tend to be more sceptical together with young generation. The source of public's misunderstanding and CSR scepticism is low engagement of Czech media, low trust in altruistic motives and generally low transparency in Czech political and economic environment. As it was stated by Mohr et al. (1998) scepticism grows up with lack of knowledge. The role of media has large impact on public meaning, however, only 1/3 of Czech people learn about CSR from media but rather accidentally. Lastly, the research showed that age group of 18 – 30 and people of age 46 and more tend to be more sceptical. Young people tend to have more knowledge of CSR whereas people of age 46 and more have less. Therefore in contrary to Mohr et al. (1998) I believe that scepticism is not only based on not knowing but if people know a lot or even too much they are also able to predict real motives behind CSR and possible egoistic or untruthful practices. Thus in some cases with high CSR knowledge, scepticism grows as well. Furthermore, the research has brought findings on the relationship of CSR and consumer buying behaviour.

60% of Czech consumers met personally with CSR initiative in practice and ½ of public is able to recall specific CSR activity. The most frequent activities Czech consumers stated were charity events, Free Trade, volunteering in environmental events or publicly highly communicated projects such as “Avon against breast cancer.” However, only 16% of consumers regularly buy socially responsible products. Bearing in mind consumers' purchase behaviour, Czech people perceive traditional purchase factors such as price and quality as fundamental when making buying decision. The research showed that consumers wish to purchase socially responsible products but they do not want to pay higher price for them. In contrast to my finding is the study of Mohr and Webb (2005) who founded that even though price played crucial role, organizational contribution to helping environment had stronger positive influence on purchase decision than price. This study was conducted in the USA where CSR receives larger attention and importance than in the Czech Republic. There are studies showing that American consumers are becoming environmentally

conscious when purchase decision making (Shearman, 2013). In addition, men are more price oriented whereas women are more likely to take into account other factors than price such as environmental friendliness. Furthermore, education represents a factor which determines higher probability for purchase of socially responsible products. These research outcomes go along with Dodd and Supa (2011), another study from the USA. They found there is positive relation with female consumers and socially responsible purchases and also that education is, in many cases a determinant for ethical purchases.

Furthermore, if Czech consumers agreed to pay premium price for socially responsible product, they are more likely to purchase products related to the problem which directly or indirectly affects them, environmental support or charitable events helping children, elderly or ill people. Dodd and Supa (2011) affirmed that consumers will only support socially responsible companies by purchasing their products if they will receive some value in exchange. It is fairly obvious that people would rather support environmentally friendly product if they are bothered by pollution in the place of their living. Another, study conducted in the USA by Sen and Bhattacharya (2004) developed hypothesis of consumers having the need to purchase products which are in alignment with their own beliefs, self-determination and identity and vice versa. For example, one could say that he/she will not purchase products from Lidl because of the company illegally cutting trees in locality of its stores shortly after Lidl's entrance to the Czech market. Lastly, study of British consumers by Carigan and Attala (2001) stated that if consumers could financially afford it they would pay premium price for products of socially responsible companies. These findings can be related to Czech consumers and we can conclude that Czech people bear in mind socially responsible products, however, price is the fundamental determinant of their purchase.

Furthermore, trust appeared to be is an important aspect of buying criteria. Firms' reputation of Czech consumers are buying from is important to them and influences their perception of the firm. In general, Czech people have a good image of companies which contribute to CSR and 40% of people admit they consider firm's reputation while purchase. On the contrary, 1/3 of Czech public is discouraged from purchase from the firm which engages into socially irresponsible activity while 1/2 of people is still going to purchase the product. This result is in contradiction with study of Ozbek et al (2012) from Uppsala University in Sweden, who stated that socially irresponsible behaviour significantly decreases intention to purchase. Furthermore, combination

of viewing firm's image and little information in case of Czech consumers can, according to Smith et al. (2010) lead to halo effect. CSR is often considered to be a halo effect phenomenon which can falsely negatively or positively affect corporate reputation. In addition, in accordance with the research of Dodd and Supa (2012) women are more likely to avoid purchases from irresponsible company than man and they are more likely to engage in purchase of socially responsible product. Whereas, socially irresponsible behaviour Czech consumers find the most repulsive are the imbalance of price and quality, environmental pollution, unfair advertising and animal testing.

Lastly, Czech consumers believe that buying product from socially responsible company is good deed and contribution to better quality of life. However, much less people perceive purchase of product from socially irresponsible company to be support of wrong behaviour. Recalling on Herr et al. (1991) who stated that negative information has more considerable effect on consumer's attitudes than positive applied to the Czech consumers, however, their price sensitivity and prioritizing traditional purchase factors is much stronger. Eventually, Roberts (1996) provided a statement which is close to describe behaviour of Czech consumers. He said that consumers have high values in terms of socially responsible behaviour, in reality will not purchase products from socially responsible company. Even though CSR can, till some extent, influence Czech consumers' buying decision it will not be the primary factor influencing their final decision. Lastly, unfortunately socially responsible purchases are subject of attitude behavioural gap. While studying attitudes of Italian consumers Lombardo (2011) identified gap between what consumers say and what they actually do. My research did not provide any foundation for this argument but I believe that this fact imply to people in general therefore it is an important acknowledgement.

Considering studies conducted in the Czech Republic, findings of Tambor Ipsos in 2011 75% of respondents were willing to pay premium price for CSR related products. However, in 2013 it was only 66% of respondents. In comparison with my data where willingness to pay higher price is only 29% which is compared to Ipsos very undesirable. Nevertheless, we can relate this difference to the various structure of the sample or stress influence of persisting economic and unstable political environment in the Czech Republic for past few years and associated increase in tendency to save. Eventually, 59% of respondents believe they are influenced by CSR during their purchase decision which is similar result to Eurobarometer study which stated that 63% of Czech consumers are influenced by CSR (Eurobarometer, 2013).

# Conclusion

The main purpose of this thesis was to address the lack of theoretical framework for examining Czech consumer's attitudes towards CSR and find its potential impact on actual purchase decision. Presented results confirmed findings of existing studies and showed that even though Czech people are becoming more aware of the socially responsible behaviour, overall awareness is still not high. Bearing in mind Carrigan and Attala's (2001) Consumer Awareness Response Index presented in chapter two, I would describe Czech consumers as confused and uncertain. They are interested in CSR but they are little informed about socially responsible initiatives. Moreover, there is general distrust towards socially responsible activities. On the other hand, when it comes to purchase of socially responsible products, the research showed that Czech consumers are very price sensitive as they are willing to purchase socially responsible products but price is the key factor determining their purchase decision. In addition their determination towards socially responsible products is generally not very strong since they are, as well, willing to purchase product from socially irresponsible firm based on the price, quality and convenience.

The research demonstrated some similarities and differences with existing studies on consumer attitudes towards CSR which, however, shows just small evidence of impact of culture on recognition of CSR as the studies on the relationship of consumers and CSR are very diverse and thus it is difficult to compare them. However, people living in certain culture usually share the same values, beliefs and norms which impact the manner how they learn, behave and live. Moreover, their morality and individual understanding of responsibility are derived from their cultural background as well. Therefore, concerning cultural predisposition towards understanding CSR mentioned in the third chapter, I do believe that even though culture is rather secondary determinant of CSR perception, it is important to take it into account because our personality is, till certain extent, influenced by the culture we were born into. On the other hand, there are two fundamental factors impacting the relationship of Czech consumers and CSR.

These factors are awareness and trust, whose scarcity currently undermines confidence of Czech consumers towards CSR. Czech consumers often do not know about companies' CSR activities or they do but do not recognize them as CSR. In addition, due to the unstable political background followed by occurrence of occasional corruption scandals in public and private sector



Czech people have naturally developed strong disbelief towards altruism. Studies, showed that high awareness (Madar et. al, 2013) and trust (Kenning, 2008) are positively linked to consumers response to CSR. For this reason, firms' real and trustworthy effort in their CSR contribution and properly done marketing communication are the key areas firms should focus on. Czech consumers will be more likely to acknowledge CSR in their purchase behaviour if the CSR activities are not visibly purchase stimulating but rather informative, enhancing the knowledge and importance of the role of CSR and its relation to sustainability. That is the only way how to shift consumers' attitudes and turn their CSR intention into actual behaviour.

To conclude, I believe my research answered all research questions and delivered useful insight into the study of relationship of Czech consumers and CSR. Eventually, in order to eliminate consumer's attitude behavioural gap and gaining more efficient data in the future research I would like to recommend further examination to be conducted on bases of observation or experiment. Furthermore, it would be also interesting to research consumers' attitudes to different product categories as product category should have major impact on the relationship of CSR and consumer purchase decisions.

# REFERENCES

## Books/e-Books

Beckmann, S., C. (2006) 'Consumers' Perceptions of and Responses to CSR: So little is known so far.' Morsing, M. and Beckmann, S., C. (eds.), *Strategic CSR Communication*, Copenhagen: DJØF Publishing, pp. 163 – 183.

Crane, A., McWilliams, A., Matten, D., Moon, J. and Siegel, D.,S. (2008) *The Oxford Handbook of Corporate Social Responsibility*. United States: Oxford University Press

Freeman, R., E. (1984) *Strategic Management. A Stakeholder-Approach*. Boston: Pitman Publishing

Friedman, M. (1973, reprinted 1962) *Capitalism and Freedom*. Chicago: University of Chicago Press

Habish, A., Jonker, J.,Wegner, M. and Schmidpeter, R. (2005) *Corporate Social Responsibility Across Europe*. Heidelberg: Springer

Kasparova, K. and Kunz, V. (2013) *Moderní přístupy ke společenské odpovědnosti firem a CSR reportování*. Prague: Grada Publishing

Lindquist, J. and Sirgy, M (2008) *Shopper, Buyer, and Consumer Behavior*, 4<sup>th</sup> ed., Cincinnati: Atomic Dog Pub Incorporated

Pavlik, M., and Belcik, M. (2010) *Společenská Odpovědnost Organizace: CSR v praxi a jak s ním dál*. Prague: Grada Publishing

Porter, M., E. (1991) *The Competitive Advantage of Nations*. New York: Free Press

Raphael, D., D. (1994) *Moral Philosophy*. 2<sup>nd</sup> ed., Oxford: Oxford University Press

Smith, A. (1776) *Wealth of Nations*. [online] Abington: The Pennsylvania State University. [Accessed 15th February]. Available from: <http://www2.hn.psu.edu/faculty/jmanis/adam-smith/wealth-nations.pdf>

Smith, A. (1759) *The Theory of Moral Sentiments*. [online] 6<sup>th</sup> ed., Sao Paulo: MetaLibri. [Accessed 17<sup>th</sup> February]. Available from: [http://www.ibiblio.org/ml/libri/s/SmithA\\_MoralSentiments\\_p.pdf](http://www.ibiblio.org/ml/libri/s/SmithA_MoralSentiments_p.pdf)

Smith, G., N. (1990) *Morality and the Market*. New York: Routledge

Werther, W.,B. and Chandler, D.,B. (2011) *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*. 2<sup>nd</sup> ed., Thousand Oaks: Sage Publication

## Academic Journals

Azmat, F. and Ha, H. (2013) 'Corporate Social Responsibility, Customer Trust, and Loyalty—Perspectives from a Developing Country.' *Thunderbird International Business Review*. (55) 3 pp. 253 – 270.

Becker-Olsen, K.,L., Cudmore, B.,A. and Hill, R.,P. (2006)'The impact of perceived corporate social responsibility on consumer behavior.' *Journal of Business Research*. (59) 1 pp. 46 – 53.

Belk, R. W., Devinney, T. & Eckhardt, G. (2005) 'Consumer ethics across cultures.' *Consumption, Markets and Culture*. (8) 3 pp. 275-289.

Boulstridge, E. and Carrigan, M. (2000)'Do consumer really care about corporate responsibility? Highlighting the attitude-behaviour gap.' *Journal of Communication Management*. (4) 4 pp. 355 - 68.

Bronn, P.,S. and Vrioni, A.,B, (2001) 'Corporate Social Responsibility and Cause-related Marketing: An Overview.' *International Journal of Advertising*. (20) 1 pp. 207 – 222.

Carrigan, M. and Attalla, A. (2001) 'The Myth of Ethical Consumer – Do Ethics Matter in Purchase Behaviour?' *Journal of Consumer Marketing*. (18) 7 pp. 560 – 577.

Carrol, A., B. (1991) 'The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholder.' *Business Horizons*. 34 (4) pp. 39 – 48.

Carrol, A., B. (1999) 'Corporate Social Responsibility Evolution of a Definitional Construct.' *Business & Society*. 38 (3) pp. 268 – 295.

Dahlsrud, A. (2008) 'How Corporate Social Responsibility is defined: an Analysis of 37 Definitions.' *Corporate Social Responsibility and Environmental Management*. (15) 1 pp. 1-13.

Davis, K. (1973) 'The case for and against business assumption of social responsibilities.' *Academy of Management journal*. (16) 2 pp. 312 – 322.

Dodd, M.,D. and Supa, D.,W. (2011) 'Understanding the Effect of Corporate Social Responsibility on Consumer Purchase Intention.' *Public Relations Journal*. (5) 3 pp. 1 – 19.

Elving, W. and van Vureen, M. (2011) 'Beyond Identity Washing: Corporate Social Responsibility in an Age of Skepticism.' *Akademija MM*. (17) 1 pp. 49 – 55

Graafland, J. and Van der Duijn Schouten, C., M. (2012) 'Motives for Corporate Social Responsibility.' *De Economist*. (160) 4 pp. 377 – 396.

Green, T. and Peloza, J. (2011) 'How Does Corporate Social Responsibility Create Value for Consumers?' *Journal of Consumer Marketing*. (28) 1 pp. 48 – 56.

- Herr et al. (1991) 'Effects of Word-of-Mouth and Product-Attribute Information on Persuasion: An Accessibility-Diagnosticity Perspective.' *The Journal of consumer research*. (17) 4 pp. 454 – 462.
- Ho, F.,N., Wang, H.,M.,D. and Vitell, S.,J. (2012) 'A Global Analysis of Corporate Social Performance: The Effects of Cultural and Geographic Environments.' *Journal of Business Ethics*. (107) 1 pp. 423 – 433.
- Holbrook, M.,B. (2006) 'Consumption Experience, Customer Value, and Subjective Personal Introspection: An Illustrative Photographic Essay.' *Journal of Business Research*. (59) 6 pp. 714 – 725.
- Husted, B.,W. (2005) 'Culture and Ecology: A Cross-national study of the determinants of environmental sustainability.' *Management International Review*. (45) 3 pp. 349 – 371.
- Kenning, P. (2008) 'The influence of general trust and specific trust on buying behavior.' *International Journal of Retail & Distribution Management*. 36 (6) pp. 461-476.
- Koncitikova, G. and Gregar, A (2013) 'The development of socially responsible behaviour in current business environment on the basis of the heritage of the Corporate Social Responsibility of the Bata Company up to the year 1945.' *International Journal of Mathematical Models and Methods in Applied Sciences*. (7) 4, pp. 412- 419.
- Lewis, S. (2003) 'Reputation and corporate responsibility.' *Journal of Communication Management*. (4) 7 pp. 356-364.
- Lin, C., Chen, S., Chiu, C., and Lee, W. (2011) 'Understanding Purchase Intention During Product-Harm Crises: Moderating Effects of Perceived Corporate Ability and Corporate.' *Journal of Business Ethics*. (102) 3 pp. 455 – 471.
- Lichtenstein, D., R., Drumwright, M., E. and Braig, B., M. (2004) 'The Effects of Corporate Social Responsibility on Customer Donations to Corporate-supported Nonprofits.' *Journal of Marketing*. (68) 4 pp. 16 – 32.
- Madar, A., Huang, H.,H. and Tseng, T., H. et al. (2013) 'Do Ethical Purchase Intentions Really Lead to Ethical Purchase Behavior? A Case of Animal-Testing Issues in Shampoo.' *International Business Research*. (6) 7 pp. 103 – 110.
- Masaka, D. (2008) 'Why Enforcing Corporate Social Responsibility (CSR) is Morally Questionable.' *Electronic Journal of Business Ethics and Organizational Studies*. (13) 1 pp. 13- 21.
- McWilliams, A., Siegel, D. S., & Wright, P. M. (2006) 'Corporate Social Responsibility: Strategic implications.' *Journal of Management Studies*. (43) 1 pp. 1 -18

- Mohr, L.A., Eroglu, D. & Ellen, S.P. (1998) 'The development and testing of a measure of skepticism toward environment claims in the marketers' communications'. *The Journal of Consumers Affairs*. (32) 1 pp. 30–55.
- Mohr, L.,A., Webb, D.,J., and Harris, K., E. (2001) 'Do Consumers Expect Companies to be Socially Responsible? The Impact of Corporate Social Responsibility on Buying Behavior.' *Journal of Consumers Affairs*. 35 (1) pp. 45 - 72.
- Mohr, L.A., Webb, D.,J., (2005) 'The Effects of Corporate Social Responsibility and Price on Consumer Responses.' *The Journal of Consumer Affairs*. 39 (1) pp. 121-147.
- Obedeser, M., Schlegelmilch, B.,B. and Murphy, P.,E. (2013) 'CSR Practices and Consumer Perceptions.' *Journal of Business Research*. (66) 10 pp. 1839 – 1851.
- Ozbek, N., Rotter, P., J., and Mark-Hebert, C. (2012) 'Private-public partnerships: corporate responsibility strategy in food retail.' *International Journal of Business Excellence*. (5) 1-2 pp. 5 - 20.
- Peng Y.,S., Dashdeleg, A.,U. and Chih, H., L. (2012) 'Does National Culture Influence Firm's CSR Engagement: a Cross Country Study.' *International Proceedings of Economics Development and Research*. (58) 9 pp. 40-44.
- Porter, M., E. and Kramer, M., R. (2006) 'Strategy and Society: The Link between Competitive Advantage and Corporate Social Responsibility.' *Harvard Business Review*. (84) 12 pp. 78 – 92.
- Roberts, J., A. (1996) 'Will the real socially responsible consumer please step forward?' *Business Horizons*. (39) 1 pp. 79 – 83.
- Sen, S. and Bhattacharya, C.,B. (2004) 'Doing Better at Doing Good: When , Why and How Consumers Respond to Corporate Social Initiatives.' *California Management Review*. (47) 1 pp. 9 – 24.
- Servaes, H. and Tamayo, A. (2013) 'The Impact of Corporate Social Responsibility on Firm Value: The Role of Customer Awareness.' *Management Science*. (59) 5 pp. 1045 – 1061.
- Van Marrewijk, M. (2003) 'Concepts and Definitions of CSR and Corporate Sustainability: between Agency and Communion.' *Journal of Business Ethics*. (44) 2 pp. 95-105.
- Waldman, D., A., Sully de Luque, M., Washburn, N. and House, R., H. (2006) 'Cultural and leadership predictors of corporate social responsibility values of top management: a GLOBE study of 15 countries.' *Journal of International Business Studies*. 37 (1) pp. 823–837.
- Webster, F., E. (1975) 'Determining the Characteristics of the Socially Conscious Consumer.' *The Journal of Consumer Research*. (2) 3 pp. 188 – 196.
- Williams, G. and Zinkin, J. (2008) 'The effect of culture on consumers' willingness to punish

irresponsible corporate behaviour: applying Hofstede's typology to the punishment aspect of corporate social responsibility.' *Business Ethics: A European Review*. (17) 2 pp. 210 – 226.

Zadrazilova, D. (2008) 'Corporate Social Responsibility Společenská odpovědnost podniku jako zdroj konkurenční výhody?' *Acta Economica*. (3) 1 pp. 103 – 109.

## Electronic Sources

Alsop, R. (2002) 'For a Company, Charitable Works Are Best Carried Out Discreetly.' *Wall Street Journal*. [Online] 16th January [Accessed on 8th February 2014] <http://online.wsj.com/article/0,,SB1011130984163148720,djm,00.html>

Barometer (2013) *Evropský spotřebitel volí alternativní způsob spotřeby*. Unknown place of publication: Barometr Cetelem [Online] [Accessed on 17th April 2014] Available <http://www.cetelem.cz/.entity/Files/o-cetelemu/pro-media/barometr-pdf/barometr-2013/Contents.0/0/.path/resource.pdf?mtime=1386666614>

BLF (n.d.) *Proměňujeme myšlenku CSR ve skutečnost*. [online] [Accessed on 15<sup>th</sup> February 2014] <http://www.csr-online.cz/o-nas/>

BLF (2013) *BLF se podílí na Národním akčním plánu CSR*. . [online] [Accessed on 15<sup>th</sup> March 2014] <http://www.csr-online.cz/2013/08/08/blf-se-podili-na-narodnim-akcnim-planu-csr/>

Brychta, J. (2009) 'Nákupní chování spotřebitelů ve světě a u nás.' *Strategie.cz*. [online] 25th February [Accessed on 1<sup>st</sup> April 2014] <http://strategie.e15.cz/prilohy/marketing-magazin/nakupni-chovani-spotrebitelu-ve-svete-a-u-nas-468785>

Business Dictionary (n.d.) *Consumer Decision Making*. [online] [Accessed on 5th February 2014] <http://www.businessdictionary.com/definition/consumer-decision-making.html>

Businessinfo (2013) *Společenská odpovědnost firem: V informovanosti o CSR je Česká republika nad světovým průměrem*. [Online] [Accessed on 31st March 2014] <http://www.businessinfo.cz/cs/clanky/spolecenska-odpovednost-firem-v-informovanosti-o-csr-je-ceska-republika-nad-svetovym-prumerem-43771.html>

Čaník, P. (2007) *Kde začíná a končí společenská odpovědnost firem?* [Online] [Accessed on 1<sup>st</sup> April 2014] <http://www.canik.cz/2007/09/18/kde-zacina-a-konci-spolecenska-odpovednost-firem/>

CEBRE (2012) *Kam směřuje společenská odpovědnost firem?* Unknown place of publication: CEBRE. [Online] [Accessed on 19th February 2014] Available [http://www.cebrecz.cz/dokums\\_raw/reader\\_csr\\_20110118\\_2\\_v\\_nove\\_ci.pdf](http://www.cebrecz.cz/dokums_raw/reader_csr_20110118_2_v_nove_ci.pdf)

Consumer Voice (2012) *Factors Influencing Consumer Behaviour*. [Online] [Accessed on 14th February 2014] <http://consumer-voice.blogspot.cz/2012/08/factors-influencing-consumer-behaviour.html>

CSR Portal (n.d.) *Společenská odpovědnost firem v České republice* [Online] [Accessed on 16th February 2014] <http://www.csrportal.cz/cz/spolecenska-odpovednost-firem/spolecenska-odpovednost-v-ceske-republice/spolecenska-odpovednost-firem-v-ceske-republice>

DHL (n.d.) Corporate Responsibility. [Online] [Accessed on 14th February 2014] [http://www.dhl.com/en/about\\_us/responsibility.html](http://www.dhl.com/en/about_us/responsibility.html)

Empress (2007) *Výsledky výzkumu CSR v České republice*. [Online] [Accessed on 1st April 2014] <http://vzdelavani.empress.cz/lekce/11/cast/44>

Environmental Leader (2008) *ASA: Shell Environmental Claims Violate Advertising Rules*. [Online] 14th August [Accessed on 8th February 2014] <http://www.environmentalleader.com/2008/08/14/asa-shell-environmental-claims-violate-advertising-rules/>

Epstein-Reeves, J. (2010) 'Consumers Overwhelmingly Want CSR.' *Forbes*. [Online] 15th December [Accessed on 7th February 2014] <http://www.forbes.com/sites/csr/2010/12/15/new-study-consumers-demand-companies-implement-csr-programs/>

Euractiv (2012) *Česko hledá strategii, jak podpořit společensky odpovědné firmy*. [Online] [Accessed on 31st March 2014] <http://www.euractiv.cz/podnikani-a-zamestnanost/clanek/cesko-hleda-strategii-jak-podporit-spolecensky-odpovedne-firmy-009569>

Euractiv (2013) *Eurobarometr: Češi jsou ke společenské odpovědnosti firem ve srovnání s ostatními státy EU spíše skeptičtí*. [Online] [Accessed on 31st March 2014] <http://www.euractiv.cz/podnikani-a-zamestnanost/clanek/eurobarometr-cesi-jsou-ke-spolecenske-odpovednosti-firem-ve-srovnani-s-ostatnimi-staty-eu-spise-skepticti-010746>

Friedman, M. (1970) *The Social Responsibility of Business is to Increase its Profits*. New York: The New York Times Company. [Online] 13th September [Accessed on 5th February 2014] <http://www.colorado.efriedu/studentgroups/libertarians/issues/friedman-soc-resp-business.html>

Filipova, A. and Zeman, J. (2007) *Corporate Social Responsibility in Students' Awareness*. Prague: University of Economics. [Online] [Accessed on 17th February 2014] Available [http://vz.fmv.vse.cz/wp-content/uploads/15\\_2007.pdf](http://vz.fmv.vse.cz/wp-content/uploads/15_2007.pdf)

Finance.cz (2014) 'Společensky odpovědných firem v Česku přibývá.' *Finance.cz*. [Online] 27th March [Accessed on 1st April 2014] <http://firmy.finance.cz/zpravy/finance/414734-spolecensky-odpovednych-firem-v-cesku-pribyva/>

Friend, J. (2012) *CSR: Altruism vs. Enlightened Self-Interest* by Jessica Friend. CRS International. [Online] [Accessed on 5th February 2014] <http://csrinternational.blogspot.cz/2012/03/csr-altruism-vs-enlightened-self.html>

Grant Thornton (2013) *Global survey finds nearly one-third of businesses now issue CSR and*

*sustainability reports*. [Online] [Accessed on 10th March 2014] <https://www.internationalbusinessreport.com/Press-room/2013/Sustainability.asp>

Johnson, R., B. (2006) *Chapter 2: Quantitative, Qualitative, and Mixed Research*. Mobile: University of South Alabama. [Online] [Accessed on 5th May 2014] Available <http://www.southalabama.edu/coe/bset/johnson/lectures/lec2.pdf>

McDonough, W. (1993) 'Seven Steps to Doing Good Business.' *Inc.* [Online] November 1<sup>st</sup> [Accessed on 10th March 2014] <http://www.inc.com/magazine/19931101/3770.html>

Hernández-Murillo, R. and Martinek, C.,J. (2009) *Corporate Social Responsibility Can Be Profitable*. Federal Reserve Bank of Saint Louis. [Online] [Accessed on 10th February 2014] <http://www.stlouisfed.org/publications/re/articles/?id=1258>

Jensen, M.,C. (2001) *Value Maximization, Stakeholder Theory, and the Corporate Objective Function*. Unknown place of publication: The Monitor Group and Harvard Business School [Online] [Accessed on 7th February 2014] Available <http://www.chinadinghui.com/doc/306.pdf>

Kubickoi (2013) *Cultural dimensions in the Czech republic*. [Online] [Accessed on 4th April 2014] <http://kubickoi.wordpress.com/2013/03/05/cultural-dimensions-in-the-czech-republic/>

Lombardo, R. (2011) *The Role of Corporate Social Responsibility in Consumer Behaviour: an Unresolved Paradox*. Unknown place of publication: University of Calabria [Online] [Accessed on 17th February 2014] Available from [http://www.ecostat.unical.it/RePEc/WorkingPapers/WP15\\_2011.pdf](http://www.ecostat.unical.it/RePEc/WorkingPapers/WP15_2011.pdf)

Lowenstein, M. (2011)'Corporate Image, Trust, and Reputation and Customer Advocacy Behavior: Is There Linkage?' *Customer think*. [Online] 13th July [Accessed on 8th February 2014] [http://customerthink.com/corporate\\_reputation\\_and\\_advocacy\\_linkage/](http://customerthink.com/corporate_reputation_and_advocacy_linkage/)

Michael Lewis (2012) *Princeton Baccalaureate 2012: Michael Lewis*. [Online] [Accessed 22<sup>nd</sup> March 2014]. Available from: [https://www.youtube.com/watch?v=CiQ\\_T5C3hIM](https://www.youtube.com/watch?v=CiQ_T5C3hIM)

Niedermayer, L. (2013) 'Luděk Niedermayer: Ke korupci a netransparentnímu chování jsou vždy potřeba dva.' *Euractiv*. [Online] 17th September [Accessed on 16th February 2014] <http://www.euractiv.cz/obchod-a-export0/interview/ludek-niedermayer-ke-korupci-a-netransparentnimu-chovani-jsou-vzdy-potreba-dva-011112>

Parlamentní listy (2014) 'Společensky odpovědných firem v Česku přibývá, angažují se už i malé a střední společnosti.' *Parlamentní listy*. [Online] 25<sup>th</sup> March [Accessed on 6th April 2014] <http://www.parlamentnilisty.cz/zpravy/tiskovezpravy/Spolecensky-odpovednych-firem-v-Cesku-pribyva-angazuji-se-uz-i-male-a-stredni-spolecnosti-312806>

Pelozo, J. and Shang, J. (2011) Investing in CSR to Enhance Customer Value. Unknown Place of Publication: Director Notes. [Online] [Accessed on 16th February 2014] Available from <https://www.conference-board.org/retrievefile.cfm?filename=TCB%20DN-V3N3->



[111.pdf&type=subsite](#)

Phillips, A. (2013) 'The Importance of Corporate Social Responsibility.' *Business Review Australia*. [Online] 20th June [Accessed on 8th February 2014] [http://www.businessreviewaustralia.com/business\\_leaders/the-importance-of-corporate-social-responsibility](http://www.businessreviewaustralia.com/business_leaders/the-importance-of-corporate-social-responsibility)

Poll, S. (2007) *What's the Idea Behind Corporate Social Responsibility?* Whittaker Associates. [Online] [Accessed on 28th January 2014] <http://whittakerassociates.com/whats-the-idea-behind-corporate-social-responsibility/>

Rogers, B. (2013) 'Too Many Feelings and Not Enough Facts in CSR Strategy.' *Forbes*. [Online] 10th July [Accessed on 14th February 2014] <http://www.forbes.com/sites/brucerogers/2013/10/07/too-many-feelings-and-not-enough-facts-in-csr-strategy/>

San Diego State University (n.d.) *Consumer Behaviour*. [Online] [Accessed on 16th February 2014] <http://www-rohan.sdsu.edu/~renglish/370/notes/chapt05/>

Shearman, S. (2013) 'Consumers getting more environmental conscious.' *PR Week*. [Online] 2<sup>nd</sup> April [Accessed on 16th April 2014] <http://www.prweek.com/article/consumers-getting-environmentally-conscious/1276219>

Smith, C., N., Read, D., and Lopez-Rodriguez, S. (2010) *Consumer Perception of Corporate Social Responsibility: The CSR and Halo Effect*. France: INSEAD. [Online] [Accessed on 16th February 2014] Available from <http://www.insead.edu/facultyresearch/research/doc.cfm?did=43990>

Tambor Ipsos (2010) *Populace i Odborná Veřejnost v ČR si velmi Váží Společenské Odpovědnosti Firem*. [Online] [Accessed on 16th February 2014] <http://www.tambor.cz/tiskove-zpravy/populace-i-odborna-verejnost-v-cr-si-velmi-vazi-spolecenske-odpovednosti-firem>

Tambor Ipsos (2011) *Lidem v ČR jsou Témata CSR Stále Bližší*. [Online] [Accessed on 16th February 2014] <http://www.ipsos.cz/tiskove-zpravy/lidem-v-cr-jsou-temata-spolecenske-odpovednosti-stale-blizsi>

Tambor Ipsos (2014) *Nejdůležitějším Tématem v Oblastech CSR – Společenské Odpovědnosti Firem – Je Pravdivá Komunikace k Zákazníkům*. [Online] [Accessed on 18th February 2014] <http://www.ipsos.cz/tiskove-zpravy/nejd-le-it-j-m-t-matem-v-oblastech-csr-spole-ensk-odpov-dnosti-firem-je-pravdiv-komun>

The Hofstede Centre (n.d.) *What about Czech Republic?* [Online] [Accessed on 4th February 2014] <http://geert-hofstede.com/czech-republic.html>

Trnkova, J. (2004) *Společenská odpovědnost firem - kompletní průvodce tématem & závěry z průzkumu v ČR*. Unknown place of publication: Business Leader Forum. [Online] [Accessed on 16th February 2014] Available from [http://www.neziskovsky.cz/data/vyzkum\\_CSR\\_BLF\\_2004txt8529.pdf](http://www.neziskovsky.cz/data/vyzkum_CSR_BLF_2004txt8529.pdf)

Trnkova, J. (2008) *Společenská odpovědnost firem (CSR) - Průzkum CSR: Společenská odpovědnost firem - nový faktor konkurenceschopnosti*. Unknown place of publication. Business Leader Forum. [Online] [Accessed on 13th February 2014] Available from <http://www.csr-online.cz/Page.aspx?pruzkum>>

UK Government (2014) *Corporate Responsibility: Call for Views*. [Online] [Accessed on 4th February 2014] <https://www.gov.uk/government/consultations/corporate-responsibility-call-for-views>

World Commission on Environment and Development (1987) *Sustainable Development Information*. [Online] [Accessed on 4th February 2014] <http://www.sustainabledevelopmentinfo.com/the-definition-of-sustainable-development/>

World Council for Sustainable Development (1998) *Corporate Social Responsibility (CSR)*. [Online] [Accessed on 31st January 2014] <http://www.wbcsd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx>

## List of Figures

Figure 1: The Multi-faceted Customer Value of CSR Activities in the Form of Organic Agricultural Practices .....	17
Figure 2: Five Stages of Consumer Behaviour .....	18
Figure 3: Factors Influencing Consumer Behaviour .....	20
Figure 4: Consumer Awareness Response Index .....	21

## List of Tables

Table 1: Czech Republic according to Hofstede's Cultural Dimensions .....	36
---	----

## List of Graphs

Graph 7: Gender .....	43
Graph 8: Age Groups .....	43
Graph 9: Occupation .....	43
Graph 10: The highest level of education .....	44
Graph 11: Place of living .....	44
Graph 12: General Awareness of CSR .....	45
Graph 6a: Knowledge of CSR based on age .....	45
Graph 6b: Knowledge of CSR based on education .....	46
Graph 6c: Knowledge of CSR based on gender .....	46
Graph 7: Frequency of appearance of various CSR spheres in the questionnaire .....	47
Graph 8: Distribution of the responsibility according to consumers .....	47
Graph 9: CSR activities consumer consider as the most important .....	48
Graph 10: Consumers' views on CSR .....	49
Graph 10a: Firms should be engage in CSR, profit is not their only responsibility .....	49
Graph 10b: CRS contribution should be legally required .....	50
Graph 11: Perception of Czech Consumers about firms' CSR engagement .....	50

Graph 11a: Perception of CSR as marketing campaign by gender.....	51
Graph 11b: Perception of CSR a marketing campaign by age.....	51
Graph 12: Receiving information about CSR.....	52
Graph 13: Have you ever personally encountered with CSR initiatives? .....	53
Graph 13a: Personal Experience with CSR.....	53
Graph 14: How often do you purchase CSR related products? .....	54
Graph 15: Purchase decision factors.....	54
Graph 15a: Price.....	55
Graph 15b: Environmental friendliness.....	55
Graph 15: Willingness to Purchase Socially Responsible Product.....	55
Graph 16: Willingness to pay higher p-ric for products which are related to specific CSR activities.....	56
Graph 17: Attitudes towards socially irresponsible behaviour.....	56
Graph 17a: Probability to avoid purchase of socially irresponsible product.....	57
Graph 18: Irresponsible activities which discourage consumers from purchase of products.....	57
Graph 19: Socially responsible behaviour influences my image of the firm/brand.....	58
Graph 20: I have a good image of firms which engage in CSR. ....	58
Graph 20a: CSR and good image.....	58
Graph 21: Consumer's attitudes towards CSR related purchases.....	59
Graph 21a: Likeliness to engage in socially responsible purchase.....	59

# APPENDICES

## Appendix 1: Categorization of CSR Activities

CSR Category	Examples of Specific CSR Activities	
Philanthropy	<ul style="list-style-type: none"> <li>• Donation of sales</li> <li>• Unrestricted cash donations</li> <li>• Donation of products</li> <li>• Employee volunteerism</li> <li>• Collection of customer donations</li> <li>• Charity events</li> <li>• Promotion of public service announcements</li> </ul>	
Business Practices	<ul style="list-style-type: none"> <li>• Pollution levels</li> <li>• Reduced energy consumption</li> <li>• Recycling</li> <li>• Labor practices (e.g. child/sweatshop labor)</li> <li>• Diversity</li> <li>• Fair trade</li> <li>• Other supply chain responsibility (e.g., human rights)</li> <li>• Third party awards for performance</li> <li>• Customer relations</li> <li>• Employee relations</li> <li>• Packaging</li> <li>• Animal testing</li> <li>• False advertising</li> <li>• Controversial advertising</li> <li>• Ethical conduct</li> <li>• Packaging</li> <li>• Animal testing</li> <li>• False advertising</li> <li>• Controversial advertising</li> <li>• Ethical conduct</li> <li>• Competing fairly and ethically</li> <li>• Investment in South Africa</li> <li>• Local sourcing</li> <li>• Industry codes of ethics</li> <li>• Adherence to other standards (e.g., GRI)</li> <li>• Product recalls</li> <li>• Governance</li> <li>• Carbon offset sales/offsets</li> <li>• Six Sigma projects</li> <li>• Lawsuits</li> <li>• Decreased product use/moderation message</li> <li>• Investment in workplace safety</li> </ul>	
Product-Related Activities	<ul style="list-style-type: none"> <li>• Energy efficiency</li> <li>• Organic</li> <li>• Product ingredients</li> <li>• Controversial products (e.g., firearms, alcohol, gambling)</li> <li>• Product quality</li> </ul>	

(Peloza and Shang, 2011)

## Appendix 2: Questionnaire

### SPOLEČENSKÁ ODPOVĚDNOST V ČESKÉ REPUBLICE A JEJÍ VLIV NA SPOTŘEBITELSKÉ CHOVÁNÍ

#### SEKCE A – CSR a Její Podvědomí v České Republice

#### 1. Co si představíte pod pojmem společenská odpovědnost firem

.....

**2. Zlepšování kvality života společnosti a našeho životního prostředí by měla být zodpovědnost:**

Zvolte alespoň jednu možnost, maximálně 4 možnosti.

- ☐ Státu
- ☐ Firem
- ☐ Obyvatel, včetně mě
- ☐ Nevím

**3. Které z uvedených témat společenské odpovědnosti jsou podle vás nejdůležitější?**

Zvolte alespoň jednu možnost, maximálně 10 možností.

- ☐ Zisk a návratnost investice firmy
- ☐ Podpora životního prostředí
- ☐ Podpora komunity
- ☐ Vztahy se zaměstnanci
- ☐ Firemní filantropie
- ☐ Transparentnost/obchodní etika
- ☐ Pravdivá reklama
- ☐ Kvalitní a bezpečné výrobky
- ☐ Vztahy se zákazníky
- ☐ Nevím, nezajímám se

**4. Nejdůležitější pro firmu by mělo být navyšování zisku. Odpovědnost firem by se neměla vztahovat na ochranu životního prostředí a kvalitu života společnosti. Zisk je jediné, o čem obchod je.**

Ano

Nevím

Ne

**5. Firmy mají povinnost přispět k dobru komunit a prostředí, ve kterém fungují a měly by být ze zákona povinné tak činit.**

Ano

Nevím

Ne

**6. Podpora společenské odpovědnosti je důležitou nutností ze strany firem, ale měla by být dobrovolná.**

Ano

Nevím

Ne

**7. Jediná zodpovědnost firmy je chování v rámci zákonů a regulací. Nic víc by nemělo být po firmách vyžadováno.**

Ano

Nevím

Ne

**8. Stát je jedinou institucí, která by se měla starat o kvalitu života společnosti a životního prostředí.**

Ano

Nevím

Ne

**9. Společenskou odpovědnost českých firem chápu jako:**

Zvolte alespoň jednu možnost, maximálně 5 možností.

- ☐ Marketingový nástroj firem pro vlastní prospěch.
- ☐ Jako účinnou pomoc v oblastech, které stát často neřeší/nezvládá řešit.
- ☐ Nejsem informovaný o situaci v České republice.
- ☐ Toto téma mě nezajímá.

**10. O tématech společenské odpovědnosti se dozvídáte:**

Zvolte alespoň jednu možnost, maximálně 4 možnosti.

- ☐ Spíše náhodně.
- ☐ Získáváním informací z tisku a médií.
- ☐ Sám si vyhledávám informace.
- ☐ Toto téma mě nezajímá.

**11. Setkali jste se někdy osobně s příkladem společenské odpovědnosti firem?**

☒ Ano ☐ Ne

**12. Pokud ano, prosím uveďte konkrétní příklad.**

.....

## SEKCE B – CSR a Spotřebitelské Chování

**13. Jak často kupujete výrobky, které jsou spojené se společenskou odpovědností?**

- ☒ Pravidelně
- ☐ Zřídka
- ☐ Nikdy

**14. Za výrobek od společensky odpovědné firmy:**

- ☐ Jsem ochoten si připlatit
- ☐ Jsem ochoten změnit lokalitu a jít do jiného obchodu než kde běžně nakupuji
- ☐ Mám ponětí a výrobce od společensky odpovědných firem ale kupuji je jen občas. Cena je pro mě hlavním kritériem.
- ☐ Nezajímám se o společensky odpovědné firmy a jejich produkty

**15. Jsem ochotný si připlatit za produkt, který je:**

Zvolte alespoň jednu možnost, maximálně 7 možností.

- ☐ Spojen s ochranou životního prostředí
- ☐ Spojen s charitativním projektem pomoci dětem/starým lidem/nemocným
- ☐ Spojen s organizací společenských/sportovních/kulturních událostí
- ☐ Spojen s podporou rozvoje komunit
- ☐ Je od společnosti, která má dobrou pověst a je známá svým odpovědným chováním
- ☐ Je spojen se společenským problémem, který se shoduje s mým přesvědčením nebo se mě přímo dotýká
- ☐ Nekupuji společensky odpovědné výrobky.

**16. Při nákupu jsou pro mě důležité následující faktory:**

Zvolte prosím na škále, ke kterému z výroků se více kloníte:

Cena:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 je nejdůležitější
Kvalita:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 je nejdůležitější
Potřeba:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 je nejdůležitější
Šetrnost k životnímu prostředí:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 je nejdůležitější
Podpora charitativního projektu spojená s výrobkem:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 je nejdůležitější



Reputace společnosti, od které výrobek pochází:	1 	2 	3 	4 	5 	5 je nejdůležitější
---	-------	-------	-------	-------	-------	---------------------

**17. Společenská odpovědnost ovlivňuje moje mínění o dané firmě/značce.**

Souhlasím	Nevím	Nesouhlasím
-----------	-------	-------------

**18. Mám dobré mínění o firmách, které se zapojují do aktivit společenské odpovědnosti.**

Souhlasím	Nevím	Nesouhlasím
-----------	-------	-------------

**19. Společensky nezodpovědné chování firem:**

Zvolte alespoň jednu možnost, maximálně 5 možností.

- ☐ Mě odradí od nákupu jejich výrobku
- ☐ Mi nevádí a nepřikládám jí zvláštní důležitost
- ☐ Negativně ovlivní mé vnímání a reputaci firmy
- ☐ Mi vadí, ale neodradí mě od nákupu jejich výrobku, pokud splňuje moje očekávání ohledně ceny a kvality
- ☐ Bez odpovědi.

**20. Je pro mě důležité, aby firma, od které kupuji výrobky, měla obecně dobré veřejné mínění a znepokojilo by mě, kdyby se zapojila do nezodpovědných praktik.**

Souhlasím	Nevím	Nesouhlasím
-----------	-------	-------------

**21. Zakoupení výrobku od společensky odpovědné firmy, mi přináší pocit dobrého skutku a věřím, že podporuji dobrou věc.**

Souhlasím	Nevím	Nesouhlasím
-----------	-------	-------------

**22. Od nákupu mě dokáže odradit chování firmy spojeno s:**

Zvolte alespoň jednu možnost, maximálně 9 možností.

- ☐ Testováním výrobků na zvířatech
- ☐ Znečišťováním životního prostředí
- ☐ Lživou reklamou
- ☐ Netransparentním chováním/korupcí
- ☐ Nezapojováním do společensky odpovědných aktivit

- ☐ Špatným chováním vůči zaměstnancům
- ☐ Špatným zákaznickým servisem
- ☐ Porušováním právních zákonů
- ☐ Nepoměrem kvality a ceny výrobku
- ☐ Při nákupu se nestarám se o tyto faktory

**23. Znepokojilo by mě, kdyby firma, od které kupuji výrobky, byla zapojena do nezodpovědného chování.**

Souhlasím

Nevím

Nesouhlasím

**24. Zakoupení produktu od společensky nezodpovědné firmy, nevidím jako přímou podporu jejího nesprávného chování.**

Souhlasím

Nevím

Nesouhlasím

**25. Věřím, že zakoupením výrobku od společensky odpovědné firmy přispívám ke zlepšení kvality života naší společnosti a prostředí.**

Souhlasím

Nevím

Nesouhlasím

**26. Společenská odpovědnost je jedním z faktorů, který do jisté míry ovlivňuje mé nákupní rozhodnutí.**

Ano

Nevím

Ne

## SEKCE C – Obecné informace

**27. Jste:**



Muž



Žena

**28. Jaký je váš věk?**



18 – 30



31 – 45



46 – a více



**29. Jaké je vaše nejvyšší ukončené vzdělání?**



Vyučený



SŠ



VOŠ/VŠ

☐ Jiné:

**30. Jaké je vaše povolání?**

- ☐ Student
- ☐ Nezaměstnaný
- ☐ OSVČ
- ☐ Zaměstnanec v privátním sektoru
- ☐ Zaměstnanec ve veřejném sektoru
- ☐ V důchodu

**31. Kde bydlíte?**

- ☐ Praha
- ☐ Jiné

English Version:

CORPORATE SOCIAL RESPONSIBILITY IN THE CZECH REPUBLIC AND ITS IMPACT ON  
CONSUMER BEHAVIOUR

SECTION A – CSR AND ITS RECOGNITION IN THE CZECH REPUBLIC

**1. What do you imagine under the term of corporate social responsibility?**

.....

**2. Improving quality of social life and environment should be responsibility of:**

- ☐ Government
- ☐ Firms
- ☐ People, including me
- ☐ I do not know

**3. Which of following topics of CSR are the most important to you?.**

- ☐ Profit and return on investment
- ☐ Environmental support
- ☐ Community development

- ☐ Employee relations
- ☐ Philanthropy
- ☐ Transparency/business ethics
- ☐ Fair advertising
- ☐ Quality and safe products
- ☐ Customer relations
- ☐ I do not know, I am not interested in this topic.

**4. The most important for businesses is profit maximization. The corporate responsibility should not involve environmental protection and social issues. Profit is what business is about.**

I Agree

i do not  
know

I Disagree

**5. Firms have responsibility to contribute to community development and environment they are operating in. They should be legally obliged to do so.**

I Agree

i do not  
know

I Disagree

**6. Support of CSR is important but it should be voluntary.**

I Agree

i do not  
know

I Disagree

**7. The only responsibility of firms is their behaviour within limits of laws and regulations, nothing more should be required.**

I Agree

i do not  
know

I Disagree

**8. Government is the only institution which, should take care of quality of social life and environment.**

I Agree

i do not  
know

I Disagree

**9. Corporate socially responsible behaviour is according to me:**

- ☐ Marketing instrument used by firms for their own profit.
- ☐ Is useful help in areas where government is not able/is reluctant to deal with.
- ☐ I do not have information about this problem
- ☐ I am not interested about this topic.

**10. I learn about CSR:**

- ☐ Accidentally
- ☐ I receive information from press and media
- ☐ I am searching for information by myself
- ☐ I am not interested

**11. Have you even encountered with any CSR initiative?**

- ☐ Yes ☐ No

**12. If yes, please provide specific example:.**

.....

## SECTION B – CSR AND CONSUMER BEHAVIOUR

**13. How often do you purchase socially responsible products?**

- ☐ Regularly
- ☐ Rarely
- ☐ Never

**14. For socially responsible product:**

- ☐ I am willing to pay premium
- ☐ I am willing to change location and go to different shop then where I usually go.
- ☐ I have an idea about socially responsible products but I purchase them only sometimes. Price is the key criteria for me.
- ☐ I am not interested in these products.

**15. I am willing to pay higher price for product, which is:**

- ☐ Related to environmental protection
- ☐ Related to the charity projects concerning children/ill/elderly
- ☐ Supporting social/cultural/sport events
- ☐ Supports community development
- ☐ Is from organization which has a good reputation and is known for being socially responsible
- ☐ Is related to social problem which is impacting me or I can relate to
- ☐ I do not purchase socially responsible products

**16. While purchase, these factors are the most important for me:**

Price:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important
Quality:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important
Convenience:	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important
Environmental friendliness	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important
Support of charity project	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important
Reputation of the firm/brand	1 <input type="radio"/>	2 <input type="radio"/>	3 <input type="radio"/>	4 <input type="radio"/>	5 <input type="radio"/>	5 the most important

**17. Corporate social responsibility is influencing my image of the firm.**

I Agree

i do not  
know

I Disagree

**18. I have a good image about firms, which contribute to CSR.**

I Agree

i do not  
know

I Disagree

**19. Socially irresponsible behaviour:**

☐

Is going to discourage me from purchase of products

☐

I do not mind

☐

Negatively influences my perception of the firm

☐

I mind, but it is not going to discourage me from purchase if the product fulfil my requirements concerning price and quality.

☐

No answer

**20. It is important for me that company I purchase products from had good public reputation.**

I Agree

i do not  
know

I Disagree

**21. Purchasing of socially responsible product brings me good feeling and I believe I contributed to a good thing.**

I Agree

i do not  
know

I Disagree

**22. I can be discouraged from purchase by:**

- ☐ Animal testing
- ☐ Pollution of environment
- ☐ Untruthful advertising
- ☐ Non transparency/corruption
- ☐ Neglect of socially responsible activities
- ☐ Wrong behaviour towards employees
- ☐ Bad customer service
- ☐ Breaking laws
- ☐ Misbalance between product price and quality
- ☐ I do not consider these factors

**23. It would bother me if the company I purchase products from engaged in socially irresponsible behaviour.**

Yes

I do not  
know

No

**24. Purchasing product from socially irresponsible firm is not a support of its wrong behaviour.**

Yes

I do not  
know

No

**25. I believe that purchasing socially responsible product contributes to improvement to quality of social life and environment.**

Yes

I do not  
know

No

**26. Corporate social responsibility is one of the criteria which influence my purchase decision.**

Yes

I do not  
know

No

SEKCE C – GENERAL INFORMATION

**27. Gender**

- ☐ Man ☐ Woman

**28. What is your age?**

- ☐ 18 – 30  
☐ 31 – 45  
☐ 46 and more

**29. What is the highest level of your education?**

- ☐ Less than high school  
☐ High school diploma  
☐ College/University  
☐ Other:

**30. What is your occupation?**

- ☐ Student  
☐ Unemployed  
☐ Private business owner  
☐ Employed in public sector  
☐ Employed in private sector  
☐ Retired

**31. Where do you live?**

- ☐ Prague  
☐ Other