How Does Corporate Social Responsibility in the Food Industry Matter?

Alessia LOMBARDI*, Francesco CARACCILO†, Luigi CEMBALO*, Marco LERRO*, Pasquale LOMBARDI†

1. Introduction

The last few decades have seen rapid advances in consumer awareness concerning the impact of companies upon the environment and society as a whole. Consumers increasingly care about ethical aspects of business (Auger et al., 2003). The critical appraisal of corporate actions from the moral, ethical and financial standpoint has led the concept of corporate social responsibility (CSR) to emerge forcefully in discussions among the business community (Walker and Kent, 2009) and in academic research (Handelman and Arnold, 1999). The term CSR covers a set of disparate activities, ranging from support for non-profit organizations to attention to the condition of employees, human rights and environmental protection (Mohr and Webb, 2005), undertaken by a company primarily to meet the needs and/or expectations of its own stakeholders (e.g. consumers, the financial sector, government, employees, etc.) (Donaldson et al., 2010). Thus, the firm decides, by means of CSR, to fulfill some wishes and needs of the set of stakeholders, in an attempt to influence stakeholder relations positively (Walker and Kent, 2009).

Though several definitions of CSR are available in the literature, one common aspect is related to the dimensions (or attributes) of CSR itself, namely: environmental, social, stakeholder (human rights), ethical (Dahlsrud, 2008). Environmental attribute refers to the consequences of entrepreneurial strategies on the environment. Social dimension considers the impact of a company on the society at large, considering a firm fully integrated in the community. Stakeholder dimension underlines the safeguarding of human rights. To illustrate, particular attention is paid to aspects such as workers’ rights, fair wages, and employees’ safety. Ethical attribute refers to the attitude of a company related to human values such as equity, honesty and impartiality.

The inclusion of CSR in company strategies is a voluntary choice by definition, but not exempt from implementation costs (Lundgren, 2011). On the management and financial side several studies have analysed the relationship between CSR and financial performance (McGuire et al., 1988; McWilliams and Siegel, 2000). The latter two studies aimed to underline the presence of a trade-off between investment in CSR and profitability.

In the short run, managers who want to implement CSR in their business decisions have to manage transaction costs in all strategic decision making. In the long run, there is a substantial reduction in transaction costs and the creation of intangible and extremely important assets such as loyalty, trust, satisfaction and a sense of belonging among employees (Vlachos et al., 2009; Lev et al., 2010).

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Abstract

In recent decades, there has been a rapid growth in consumer awareness of the influence of corporate activities on the environment, and society at large. Firms operating in the food supply chain have not been exempted: the vulnerability of agrifood businesses towards public opinion incentivizes firms to implement social, environmental and ethical measures in collaboration with the other food supply chain stakeholders. Previous studies in the food sector have shown that corporate social responsibility has positive effects on firm performance, but what is still unclear is whether, and how much, consumers are willing to pay for such an intangible attribute. In tackling this issue, we attempt to offer insights into consumer willingness to pay for corporate social responsibility attributes, identifying the psychological constructs that are likely to influence consumer preferences. Our contingent valuation experiment involving Italian consumers shows that individual values behave as effective determinants of consumer willingness to pay for corporate social responsibility.

Keywords: Schwartz values, contingent valuation, Tobit, food supply, consumer behaviour.

Résumé

Au cours de ces dernières décennies, on a assisté à une croissance rapide de la sensibilisation des consommateurs concernant l’influence des activités des entreprises sur l’environnement et la société en général. Les entreprises de la filière agroalimentaire n’ont pas été exclues : leur vulnérabilité vers l’opinion publique incite les entreprises à mettre en œuvre des mesures sociales, environnementales et éthiques en collaboration avec les autres acteurs de la filière agroalimentaire. Des études précédentes ont montré que dans le secteur agroalimentaire, la responsabilité sociale des entreprises a des effets positifs sur la performance de l’entreprise, mais il n’est pas encore clair si, et dans quelle mesure, les consommateurs sont prêts à payer pour un tel attribut immatériel. Pour répondre à cette question, nous nous efforçons d’offrir un aperçu sur la volonté des consommateurs à payer pour la responsabilité sociale, identifier les constructions psychologiques qui sont susceptibles d’influencer les préférences des consommateurs. Notre expérience d’évaluation contingente sur les consommateurs italiens montre que les valeurs individuelles se comportent comme des déterminants efficaces de leur volonté à payer pour la responsabilité sociale des entreprises.

Mots-clés: valeurs Schwartz, évaluation contingente, Tobit, agro-alimentaire, comportement des consommateurs.
The net result of the above trade-off is still under discussion. Some authors have found a negative relationship between CSR and profitability (Wright and Ferris, 1997); others have highlighted either no relationship (Aupperle et al., 1985; Teoh et al., 1999) or a positive relationship (Posnikoff, 1997; Waddock and Graves, 1997).

On the consumer side since the early 1980s researchers have analysed the primordial concept of CSR actions such as buying green products or recycling and in the course of the years many studies have tackled the debate on the multi-faceted nature of the CSR concept and on possible overlaps with concepts such as responsible corporate governance (Kuhndt et al., 2004), sustainability management (Kaptein and Wempe, 2001) and corporate sustainability (Sprinkle and Maines, 2010).

A further debate which has gathered pace in the past two decades concerns the relationship between consumers and CSR from the standpoint of the individual’s cognitive process. This process has led to the definition of the various steps of the consumer’s decisional pathway vis-à-vis the products of firms operating according to CSR principles: i) need recognition (consumers’ awareness of and interest in companies’ CSR activities as a product attribute), ii) information search, iii) evaluation of alternatives, iv) purchase, v) post-purchase activities and finally vi) evaluation of experiences with the product or service (Beckmann, 2010). Others, such as Murray and Vogel (1997) and Sen and Bhattachary (2001), have focused mainly on how CSR may influence the purchaser’s intention.

Still others have focused their research on the effect that strategic CSR choices have on company reputation. By analysing consumer perception vis-à-vis a firm, Dutton et al. (1994) and Lichtenstein et al. (2004) showed that CSR has a positive effect on corporate reputation which, in turn, positively influences perceptual corporate benefits.

Results have shown that consumers expect firms to conduct business in a socially responsible way; as a consequence, they reward proper conduct, reporting a higher willingness to pay for the products of virtuous firms (Creyer, 1997; De Pelsmacker et al., 2005; Perrini et al., 2010). By contrast, the lack of ethical behaviour and/or socially responsible strategies limits the ability of firms to compete on the market (Creyer and Ross, 1996), increases the desire of consumers to punish the firms via purchasing behaviour and further, reduces trust in the firm and consumer loyalty both as regards the brand and the single product (Perrini et al., 2010).

This paper sets out to identify the motivational and value framework of consumers and gain insights into the link with the intention to reward CSR firms behaviour, in terms of willingness to pay (WTP) for the CSR attributes of the product. Our study specifically aims to assess whether consumers’ WTP for CSR implementation is explained by socio-economic characteristics or is combined with individual values and perception towards corporations. Our findings may have operational implications on the communication strategies of firms practising CSR, i.e. whether they should gear communication to the socio-economic characteristics of consumers and/or work on emotional stimuli.

A case study was carried out on an agrifood multinational chocolate producer. Firms in the agrifood sector have been the focus of attention from governments and NGOs due to the effect which their production has, or may have, upon natural resources and in the communities in which they operate (Hartmann, 2011; Caracciolo and Lombardi, 2012). The potential vulnerability of agrifood companies to public opinion has driven them to consider integrating, within their own corporate strategies, certain measures which take into account a set of social, environmental, ethical and human rights issues in strict collaboration with their stakeholders.

Empirically, consumer WTP for the CSR attribute was estimated with the contingent valuation method using a sample of 236 Italian consumers. The price that consumers are willing to pay is a relevant index to investigate because it represents the measurement, through the market, of their approval or disapproval regarding corporate action (Creyer, 1997).

The method used to identify the values was the Portrait Values Questionnaire (PVQ) proposed by Schwartz (1992). The decision to use values arises from the fact that individual values constitute the personality of each consumer and represent the drivers of their specific attitudes. Previous studies have shown that the propensity to purchase ethically responsible products is found to a greater extent in idealistic consumers (De Pelsmacker et al., 2005).

The paper is organised as follows: the second section outlines the questionnaire and gives a statistical description of the data; in section 3 the empirical model is described; sections 4 and 5 provide, respectively, a discussion of the results and concluding remarks.

2. Questionnaire and data description

Our analysis was carried out at the beginning of 2013. Overall, 236 observations were collected in the southern Italian region of Campania by using an ad hoc questionnaire administered online in an electronic format. The questionnaire consisted of four sections:

a) socio-demographic characteristics of the respondents;
b) the Portrait Values Questionnaire (PVQ) to measure the ten Schwartz individual values (Schwartz et al., 2001);
c) respondents’ perception towards corporations;
d) the payment scenario eliciting WTP.

Section a) is self-explanatory. Table 1 summarises the main characteristics of respondents. The socio-demographic characteristics concerned the interviewee’s gender, age, education, household income and profession.

The sample interviewed comprised mostly women (57%), had an average age of about 32 and was on average educated to degree or postgraduate level. In terms of employment, the interviewees were chiefly students, office workers or
self-employed, with a mean net household monthly income of €2,500. As regards section b), values were analysed with the Portrait Values Questionnaire (PVQ) proposed by Schwartz (1992), who identified ten universal values of the individual: Self-Direction, Stimulation, Hedonism, Achievement, Power, Security, Conformity, Tradition, Universalism and Benevolence.

The values constitute the guiding principles in the life of the individual and, though abstract, they are lasting and stable in time. The ten values derive from three fundamental needs: i) that of individuals as biological organisms; ii) social interaction; iii) group survival and welfare. Schwartz suggests two alternative approaches to measure individual value systems: the Schwartz Value Survey (SVS), and the PVQ questionnaire (Schwartz et al., 2001). The choice of one method rather than the other depends on the research objectives and the sample to analyse. However, the PVQ approach is undoubtedly easier to implement and yields more reliable results (Schwartz et al., 2001). The PVQ consists of 21 questions, in which certain types of individuals are briefly described: “Thinking up new ideas and being creative is important to him/her. He/she likes to do things in his/her own original way”; the interviewee, after reading the statements, expresses his/her opinion on a scale from 1 to 6, where 1 indicates “very similar to me” and 6 “very different from me”. From the 21 responses, Schwartz profiles are constructed by calculating the mean scores from pairs of questions, except for the value Universalism that is the result of the response to three questions. The graphic of the ten values (Figure 1) is known as Schwartz Portraits in the literature (Schwartz, 2006) and is configured as a circular structure consisting of two pairs of opposite dimensions: Openness to change (Stimulation, Self-direction, and Universalism) versus Conservation (Security, Conformity and Tradition); Self-transcendence (Benevolence and Universalism) versus Self-enhancement (Hedonism, Achievement and Power). The proximity of the values along the circular structure means also a strict similarity in terms of significance; in other words, the affinity between values is directly proportional to the distance that the values occupy in the circle.

Section c) of the questionnaire concerned the respondents perception towards corporations. In particular, an attempt was made to determine the importance that the individual consumer attributes to certain business strategies in the agrifood sector. On this point the interviewees first stated their awareness on the CSR concept and then, placed in the position of an entrepreneur, they expressed their opinion on a scale from 1 to 5 (1 not important at all, 5 very important) on specific corporate behaviour, such as profit maximisation, worker health and safety, and environmental protection. Furthermore, interviewees were asked which of the four different dimensions of CSR1, i.e. social (such as helping communities in developing communities), environmental, ethical (understood as equity, equality, honesty and impartiality) and human rights (personal protection, occupational safety, and fair wages), were most lacking in corporate conduct.

The interviewees, using a Likert scale from 1 to 5 (1 “in no way lacking”, 5 “very lacking”), indicated their perception in terms of weaknesses and strengths of multinationals in these various aspects of CSR. The average of these four weakness scores (social, environmental, ethical and human rights) will constitute the overall respondents’ perception towards corporation weakness (Table 2).

The idea underlying this scale is the recognition that the individual’s positive or negative opinion or perception on a firm’s actions affect the behaviour of consumers in their own purchase choices (Balabanis, 2013). The various aspects of CSR, when implemented in business strategies,

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Table 1 - Socio-demographic characteristics of the respondents.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Description</th>
<th>Mean</th>
<th>Std.Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>1 if male, 0 female</td>
<td>0.43</td>
<td>N.A</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Income</td>
<td>household income (€/month)</td>
<td>2,553</td>
<td>1,625</td>
<td>350</td>
<td>8,300</td>
</tr>
<tr>
<td>Edu</td>
<td>education class (1: primary, 5: university)</td>
<td>3.85</td>
<td>0.70</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Age</td>
<td>age in years</td>
<td>31.74</td>
<td>10.97</td>
<td>19</td>
<td>81</td>
</tr>
<tr>
<td>Employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>33.05(%)</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>unemployed</td>
<td>15.25(%)</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>self-employed</td>
<td>16.95(%)</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
</tr>
<tr>
<td>employees</td>
<td>34.75(%)</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
<td>N.A</td>
</tr>
</tbody>
</table>

N.A: not available.

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1 European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. A renewed EU strategy 2011-14 for Corporate Social Responsibility.
may positively steer the consumer’s purchase choice (boycotting) or, where not implemented, may distance the more responsible consumers from the firm’s products (boycotting) (Bartlett, 2003; Galbreath, 2010). Indeed, among the key causes of boycotting are chiefly the recognition of shortcomings in the various aspects of CSR such as environmental protection, human rights, ethical aspects, and the social process (Balabanis, 2013; Cembalo et al., 2013).

Finally, section d) presents the hypothetical payment scenario: it briefly describes the social programmes undertaken by a generic company that operates socially and ethically responsible in the cocoa markets, highlighting on the one hand their positive impact on the local communities’ economies and, on the other, the economic costs of implementing the CSR programme. The scenario thus focuses on the possible difficulties that corporations could have (in the absence of explicit recognition on price on the part of the consumer) for financing social projects. Having been informed on the average price of a chocolate bar (set at €1) produced by a company not implementing CSR programmes, the respondents were then asked to assign a premium price for a bar produced by a company with social responsibility programmes (“social and responsible” chocolate bar).

3. The empirical model

Consumer willingness to pay for a “social and responsible” chocolate bar was estimated by contingent valuation (CV), which can measure the degree of consent, whether direct or indirect, of consumers vis-à-vis specific programmes linked to implementation of CSR (2). An important aspect of contingent valuation is the way in which willingness to pay is elicited. In this work the open-ended (OE) method was used. That is, WTP was analysed by posing an open question, hence the term open-ended: “How much would you be willing to pay for…?” The advantages of choosing this approach lie in the simplicity of estimation and the possibility of formulating a question in an extremely direct way.

The empirical model aims to analyse the role of determinants in explaining the stated premium price. The model has to consider the presence of censored answers and their economic meanings, since a null premium price expressed by consumers assumes the typical corner-solution value of zero. Figure 2 shows the frequency distribution of a consumer-stated premium price for a “social and responsible” chocolate bar, with €0 expressed by around 18% of the respondents.

Figure 2 - Frequency distribution of premium price for the "social and responsible" chocolate bar.

In order to allow for the censored nature of data collected, a Tobit regression was specified as follows:

\[
WTP_i^* = x_i'\beta + z_i'\gamma + k_i'\delta + \epsilon_i, \quad i = 1 \ldots N \tag{1}
\]

where the stochastic term \(\epsilon_i \sim N(0, \sigma_\epsilon)\), \(x_i\) denotes the \((M \times 1)\) vector of socio-demographic variables, \(z_i\) refers to \((Q \times 1)\) vector of individual values and \(k_i\) indicates the \((O \times 1)\) vector of variables concerning individual perceptions towards enterprise. If the unobserved latent \(WTP_i^*\) were indeed observed, we would estimate the parameters by least squares. On the contrary, we observe only the positive \(WTP_i\) that is related to the latent \(WTP_i^*\) through the observation rule\(^3\): \(\ast\):

\[
WTP = \begin{cases} 
WTP_i^* & \text{if } WTP_i^* > 0 \\
0 & \text{if } WTP_i^* \leq 0 
\end{cases}
\]

The probability of an observation being censored is \(Pr(WTP_i^* \leq 0) = Pr(x_i'\beta + z_i'\gamma + k_i'\delta + \epsilon_i \leq 0) = \Phi\left(\frac{0 - x_i'\beta + z_i'\gamma + k_i'\delta}{\sigma_\epsilon}\right)\) where \(\Phi(\cdot)\) is the standard normal cumulative distribution function. Parameters \(\beta, \gamma\) and \(\delta\) are estimated through maximum likelihood iterations, providing evidence of the statistical relation, if any, between the respondents’ stated WTP and their socio-demographic and psychographic characteristics.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>Std.Dev</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR awareness</td>
<td>0.636</td>
<td>N.A</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Corporation weakness</td>
<td>3.783</td>
<td>0.910</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>- social process</td>
<td>3.83</td>
<td>1.09</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>- environmental</td>
<td>3.74</td>
<td>1.01</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>- ethical management</td>
<td>3.86</td>
<td>1.09</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>- human rights</td>
<td>3.70</td>
<td>1.14</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 2 - Respondents’ perception towards corporations.

2 Please refer to Appendix A for the payment scenario presented in the questionnaire.
3 The following refers to a left truncated case.

\[\ast\]
4. Results

Based on the 50th percentile value of stated WTP, the potential premium-price for a “social and responsible” chocolate bar was assessed at €0.50. Although the stated monetary value should be treated with caution given the hypothetical nature of the experiment, the inference on its variability within the sample represents the focus of our study. The hypothesis underlying the current study is that the variables examined, namely respondents’ socio-economic characteristics, the ten individual values and their perception towards corporations, may explain systematic variation of WTP for the CSR implementation across consumers.

In order to condense the ten individual values into the smaller set of dimensions, a principal component analysis (PCA) with orthogonal (Varimax) rotation was performed. PCA is a widely used statistical approach for synthesizing information of a wide set of variables into a smaller set of principal dimensions. PCA recombines the ten value profiles of the interviewees using four factors, verifying their principal dimensions. PCA recombines the ten value profiles of the interviewees using four factors, verifying their principal dimensions. PCA recombines the ten value profiles of the interviewees using four factors, verifying their principal dimensions.

The first factor, which includes the values Hedonism, Achievement and Power, was termed Self-enhancement, consistent with the Self-enhancement dimensions of Schwartz (1992) (Table 3).

Table 3 - PCA on values.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Self-enhancement</th>
<th>Self-transcendence</th>
<th>Tradition</th>
<th>Security</th>
<th>Uniqueness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benevolence</td>
<td>0.0494</td>
<td>0.6188</td>
<td>0.2935</td>
<td>0.0727</td>
<td>0.5231</td>
</tr>
<tr>
<td>Universalism</td>
<td>-0.0405</td>
<td>0.7476</td>
<td>0.319</td>
<td>-0.016</td>
<td>0.3375</td>
</tr>
<tr>
<td>Self-direction</td>
<td>0.1521</td>
<td>0.376</td>
<td>0.1111</td>
<td>-0.2222</td>
<td>0.7738</td>
</tr>
<tr>
<td>Stimulation</td>
<td>0.3873</td>
<td>0.3204</td>
<td>0.035</td>
<td>-0.4362</td>
<td>0.5558</td>
</tr>
<tr>
<td>Hedonism</td>
<td>0.4333</td>
<td>0.1362</td>
<td>0.1633</td>
<td>-0.165</td>
<td>0.7398</td>
</tr>
<tr>
<td>Achievement</td>
<td>0.6662</td>
<td>0.0723</td>
<td>-0.0007</td>
<td>-0.0093</td>
<td>0.5509</td>
</tr>
<tr>
<td>Power</td>
<td>0.7417</td>
<td>-0.0717</td>
<td>-0.0059</td>
<td>0.0506</td>
<td>0.4421</td>
</tr>
<tr>
<td>Security</td>
<td>0.2901</td>
<td>0.3434</td>
<td>0.1872</td>
<td>0.4057</td>
<td>0.5982</td>
</tr>
<tr>
<td>Conformity</td>
<td>0.2651</td>
<td>0.2576</td>
<td>0.2569</td>
<td>0.3708</td>
<td>0.6599</td>
</tr>
<tr>
<td>Tradition</td>
<td>0.0095</td>
<td>0.178</td>
<td>0.9837</td>
<td>0.023</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 4 - Tobit regression estimates (statistically significant estimates in bold).

<table>
<thead>
<tr>
<th>Variable</th>
<th>coeff.</th>
<th>t-stat</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Socio-demographic characteristics</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-0.093</td>
<td>-1.63</td>
<td>0.1</td>
</tr>
<tr>
<td>Income</td>
<td>0</td>
<td>-0.69</td>
<td>0.48</td>
</tr>
<tr>
<td>Edu</td>
<td>-0.004</td>
<td>-0.1</td>
<td>0.91</td>
</tr>
<tr>
<td>Age</td>
<td>-0.003</td>
<td>-1.14</td>
<td>0.25</td>
</tr>
<tr>
<td><strong>Individual values</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-enhancement</td>
<td>0.063</td>
<td>1.77</td>
<td>0.07</td>
</tr>
<tr>
<td>Self transcendence</td>
<td>-0.064</td>
<td>-1.8</td>
<td>0.07</td>
</tr>
<tr>
<td>Tradition</td>
<td>0.003</td>
<td>0.09</td>
<td>0.93</td>
</tr>
<tr>
<td>Security</td>
<td>0.014</td>
<td>0.35</td>
<td>0.73</td>
</tr>
<tr>
<td><strong>Perceptions towards enterprise</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR aware</td>
<td>0.015</td>
<td>0.26</td>
<td>0.79</td>
</tr>
<tr>
<td>Max profit</td>
<td>-0.051</td>
<td>-1.67</td>
<td>0.09</td>
</tr>
<tr>
<td>Worker safety</td>
<td>0.092</td>
<td>1.55</td>
<td>0.12</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>-0.053</td>
<td>-0.99</td>
<td>0.32</td>
</tr>
<tr>
<td>Corporation weakness</td>
<td>0.066</td>
<td>2.08</td>
<td>0.03</td>
</tr>
<tr>
<td>Constant</td>
<td>0.45</td>
<td>1.49</td>
<td>0.13</td>
</tr>
</tbody>
</table>

Log likelihood = -113.57163 ; Pseudo R² = 0.1149
tion of society and nature. Similar results have emerged in previous research findings, albeit concerning the choice of fair trade products (Ma and Lee, 2012).

By contrast, lower WTP was found in consumers with a greater presence of values linked to Self-enhancement, such as Achievement and Power. Also this finding is in line with the same definition of values, with their position along the Schwartz Portraits and with the mission of CSR. These values indicate dominant behaviour and the maintenance of a dominant position in society (Schwartz, 1992), conditions which contrast with the very ideals of CSR.

Other statistically significant variables that affect WTP are linked to shortcomings that interviewees perceive in the behaviour of multinationals in the various ambits of CSR, especially social, environmental and human rights issues and ethical management. In drawing up the results, the various “lacks” were grouped into a single factor that proved statistically significant and hence affected consumer WTP. The latter increased with the rise in the perceived level of “lacks”, indicating the desire of consumers to engage actively to eliminate social inequalities through direct involvement, in this respect partly replacing companies in taking appropriate action. Finally, consumers who believe that profit maximisation is a primary objective to be pursued by the entrepreneur showed a lower willingness to pay. This agrees with what is hypothesised, insofar as the consumption of ethical products is promoted by ideals such as fair treatment of workers and greater environmental protection that contrast with the search for profit maximisation at all costs.

5. Conclusions

Estimation of consumer WTP, determined by using contingent valuation, revealed the premium that consumers are willing to pay for products made by firms that adopt ethical behaviour, implementing social responsibility measures within their business strategies. Furthermore, our work set out to identify the framework of consumer motivations and personal values to see whether and to what extent they are related to willingness to pay for the CSR attribute. Estimation of WTP and the relative values was possible thanks to an ad hoc questionnaire in which Schwartz’s PVQ was used. Consumers’ perceptions towards corporations were also collected. From our results it emerges that there is a potential premium-price for “social and responsible” business strategies. However, consumers’ WTP for CSR implementation is poorly explained by socio-economic characteristics while it is associated closely with individual values and perception towards corporations.

CSR implementation strategies are companies’ case-by-case based. It depends on the specific production, company’s dimension, and its relationships with other stakeholders. However, it is possible to underline some common business benefits linked to a CSR implementation. Companies benefit in terms of reputation and trustworthiness. Other positive effects are in the domain of company’s workers. A higher standard of employees’ well-being has a positive effect on productivity and working quality. On the cost-benefit side, implementing a CSR strategy brings a cost saving due to a higher sensitivity of investors to sustainability issues.

Taking into account the set of positive effects of a CSR strategy, combined with our findings, it is possible to state that CSR strategies, as well as company’s policies, should massively invest on communication strategies. On the basis of the results obtained, company’s strategies and communication policies should not neglect incentives of an emotional nature if the aim is to improve the firm’s reputation in terms of social responsibility. Indeed, by expressing a greater WTP consumers attribute a certain importance to socially responsible actions. Seeing it the other way round, the sensitivity of consumers to CSR could result, should there be no socially responsible strategies implemented, in boycotts affecting corporate sales and reputation (Walsh et al., 2009).

Although most of the studies carried out on consumer WTP use hypothetical survey methods, future research could repropose the analysis in a non-hypothetical context. Analysis of values could then be performed in parallel in other countries so as to highlight the effect of cross-country differences on consumer WTP. Moreover, it should be pointed out that, although the socio-demographic characteristics were not statistically significant, the interviewed sample comprised a young age group which, albeit sensitive to ethical issues, does not represent the whole population. Future research should start from a more representative sample.

References


APPENDIX A – WTP PAYMENT SCENARIO

Several multinational firms (such as Nestlé, Ferrero and Milka) operate in the cocoa market. Cocoa is produced primarily in developing countries (Ivory Coast, Ghana, Indonesia, etc.). In such countries the cocoa multinationals have implemented corporate social responsibility, integrating into their corporate strategies social processes (helping communities in developing countries), the environment (protection of the natural environment), ethical management (equity and equality, honesty and impartiality) and human rights (personal protection, occupational safety, fair wages). In other words, they help local communities to boost their income by using or developing more effective, environmentally sustainable agricultural practices.

CSR strategies are costly. Most of the costs are borne by multinationals against a reduction in profits. Nevertheless, in order for the multinationals to maintain their undertaking towards local communities in developing countries, they have to cover part of the costs with a price increase of products on the market.

Bearing in mind that the average price of a chocolate bar produced by the above multinational companies is €1, how much would you pay for the same chocolate bar so that the companies continue their social responsibility programmes?

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