

Czech University of Life Sciences Prague

Faculty of Economics and Management

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Bachelor Thesis

Consumer Skepticism towards Corporate Social Responsibility

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Consumer Skepticism towards Corporate Social Responsibility

Objectives of thesis

Corporate Social Responsibility (CSR) has become an important concept in contemporary business ethics. The increasing importance of CSR is especially evident in the relationship between consumer attitudes towards the firm and the way it exercises its social responsibility. Since companies decide to engage in and communicate CSR predominantly to sustain their corporate images and ultimately with the intention of improving revenue and profits, it carries substantial risks of them appearing as hypocritical and profit-driven rather than value-driven. This often entails leads to public criticism and negative responses from consumers.

The purpose of this thesis is to provide a deeper understanding of consumer perception of CSR activities and to trace the origins of consumer skepticism towards it. The developed research framework may further contribute to gaining a better insight into both consumer behaviour and management of corporate social initiatives.

Methodology

The thesis will consist of a theoretical part with secondary data derived from various sources on critical consumption, behavioural science, and business ethics. A specific emphasis is put on cause-related marketing and commodification of progressive ideas and political movements, as those are assumed to have particular effect on consumer behavior.

This hypothesis will be discussed through specific case studies focusing on 'backlashes' in consumer trust related to corporate misconduct and posturing. This further introduces the patterns under which consumer skepticism develops and gives an insight into the dynamics between CSR and consumer behavior.

Consumer perceptions will be considered through a survey, aimed at understanding which CSR strategies are perceived as genuine, and which consumers see as mere corporate branding with no real substance. This will be complemented by interviews with respondents selected by convenience sampling to give a more qualitative grasp of consumer attitudes towards CSR.

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- Carroll, Archie B. and Kareem M. Shabana. 2010. The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice. *International Journal of Management Reviews* 12(1):85-105.
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Declaration

I declare that I have worked on my bachelor thesis titled "Consumer Skepticism towards Corporate Social Responsibility" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 15.03.2018

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Consumer Skepticism towards Corporate Social Responsibility

Summary

Corporate Social Responsibility (CSR) has become an important concept in contemporary business ethics. The increasing importance of CSR is especially evident in the relationship between consumer attitudes towards the firm and the way it exercises its social responsibility. Since companies decide to engage in and communicate CSR predominantly to sustain their corporate images and ultimately with the intention of improving revenue and profits, it carries substantial risks of them appearing as hypocritical and profit-driven rather than value-driven. This often entails leads to public criticism and negative responses from consumers. This thesis will focus on the relationship between consumers and their intentions behind ethical consumption and corporations with their idea of responsibility to derive the reasons behind consumer skepticism of CSR and to articulate a set of important points, accounting for which would ensure a successful communication of CSR messages to consumers.

Keywords: Corporate Social Responsibility, consumer attitudes, business ethics, ethical consumption, skepticism.

Spotřebitelský skepticismus vůči společenské odpovědnosti firem

Souhrn

Společenská odpovědnost firem se stala důležitým konceptem současné etiky podnikání. Rostoucí význam CSR je obzvláště patrný ve vztahu mezi postojem spotřebitelů vůči firmě a způsobem, jakým vykonává svou společenskou odpovědnost. Pokud se společnosti rozhodnou se zapojit a komunikovat CSR převážně, aby si udržely firemní image a konečně se záměrem zlepšit si příjmy a zisky, nese to sebou pro ně značné riziko, že se to ukáže spíše na základě zisku než na základě hodnot. To často vede ke kritice veřejnosti a negativním reakcím od spotřebitelů. Tato práce se zaměří na vztah mezi spotřebiteli a jejich záměry v souvislosti s etickou spotřebou a firemní odpovědností, odvození důvodů spotřebitelského skepticismu CSR a vyjasnění důležitých bodů, jejichž započtení by zajistilo úspěšné sdělování zpráv CSR spotřebitelům.

Klíčová slova: Společenská odpovědnost firem, postoje spotřebitelů, obchodní etika, etická spotřeba, skepticismus.

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1 Introduction

With the significant economic development of wealthy capitalist countries over the past couple decades, consumers have become especially demanding to corporations (Epstein-Reeves, 2010). More and more consumers tend to act on their values rather than solely out of basic need and prefer shopping for goods and services provided by those companies that positively affect their local communities and society.

This trend has pushed the corporations to shift their focus from shareholder satisfaction and implement more practices that would potentially appeal to stakeholders, e.g. customers and suppliers. This shift of paradigm is what we refer to as corporate social responsibility (CSR). The definition of CSR is quite open and can be summarized as a relationship between firms and local society where it operates, or, on a bigger level, between global corporations, governments, and citizens (Crowther and Aras, 2008).

For a company to contribute to social welfare means to spend money on charitable campaigns and initiatives. This does not quite overlap with the corporate objective of profit maximization and often becomes an apple of discord between the consumers and the companies. Since capitalism is a system built on competition and capital accumulation, it essentially compels its participants to choose profits over qualitative change for a better world. Customers understand this clash and often remain reluctant to trust corporations when those identify themselves as responsible, ethical, and trustworthy.

While CSR is designed to foster positive consumer responses, it has become a rather mainstream agenda with ambiguous public reception. Recently, CSR practices have attracted plenty of negative feedback from the consumers who notice the pattern of businesses co-opting activism solely to get more profits. Consumers then develop skepticism, which makes adopting and communicating CSR a challenging matter. This thesis will focus on the relationship between consumers and their intentions behind ethical consumption and corporations with their idea of responsibility to derive the reasons behind consumer skepticism of CSR and to articulate a set of suggestions for communicating successful CSR messages.

The theoretical part of the thesis begins with an insight into consumers' motivation to buy ethically and consciously. I will trace the origins of ethical consumption by first analyzing how consumers' habits and attitudes have changed since the Industrial Revolution. I will then elaborate on the nature of ethical consumerism in the context of

today and will explain how and why the most encountered types of 21st-century consumers undertake conscious shopping.

Once the significance of ethical consumerism is demonstrated, I will proceed with explaining the nature of corporate social responsibility as a product of the major shift of paradigm in consumers' attitudes towards consumption. I will first introduce the concept of CSR along with the motivation behind it, and will then connect the ideas of ethical consumption with the implementation of CSR under capitalism, thus demonstrating a clash and controversy between the two in the eyes of consumers. Four recent examples of public backlash will be examined to point at the fine line between good and bad branding that a company can obtain from its CSR practices. The findings and conclusions derived from the theoretical part and the literature review are used to design the survey and the interview layout for my own research.

1.1 Purpose

Different approaches of communicating CSR have been introduced by different researches: some advocate for a silent take with little publicity (Morsing and Schultz, 2006), while more recent researches emphasize the importance of vocal, all-encompassing CSR (McElhaney, 2009). I believe that to determine the most efficient way to communicate CSR to the public it is essential to conduct a cause-to-consequence analysis of consumer skepticism, which is expressed in the main research question.

RQ: What causes consumers to develop skepticism towards CSR?

Consumer distrust of corporate intentions is a rather complex phenomenon affected by a number of factors, which is why there is little academic research done on the topic as of now. To determine the primary factors that foster consumers' reluctance to trust CSR and to draft a set of suggestions that prevent consumers from developing skepticism is thus the main objective of this thesis.

1.2 Research delimitations

The theoretical part of the research is to be mostly drawn from experiences of developed countries unless noted otherwise, since the phenomenon of ethical consumption is tightly associated with the Western world due to its socioeconomic privilege to act on conscious consumption as opposed to third-world countries. The term ethical consumption will be used as an umbrella term for both conscious and political consumerism since CSR aims at both ethically- and politically-driven consumers, as explained in section 3.1.2.

The research in the practical part consists of two sections: survey and a series of interviews. As it has been established in section 3.1.3, gender, schooling and social class, while might be contributing factors to one's decision to shop ethically, do not appear to have a direct impact on skepticism towards CSR, and thus are irrelevant to the research. The only demographic factor accounted for both survey and interviews is age, since, according to the studies overviewed in section 3.1.3, those born between the early 1980s and late 1990s—Generation Y—tend to be especially value-driven in their buying behavior. In addition, Generation Y is the main consumer demographic as of today, meaning that they are the target audience of marketing, PR, and advertisement.

For the survey, eighteen questions will be posed to a nonrandom sample of 100 respondents. The semistructured interviews conducted with six interviewees will continue on the foundation laid by the survey findings and give a better understanding of individual reasons behind skepticism. The term *ethics* and its cognates will not be defined to any respondents and are for them to interpret.

2 Objectives and Methodology

2.1 Objectives

The purpose of this thesis is to provide a deeper understanding of consumer perception of CSR activities and to trace the origins of consumer skepticism towards it. The developed research framework may further contribute to gaining a better insight into both consumer behaviour and management of corporate social initiatives.

2.2 Methodology

The thesis will consist of a theoretical part with secondary data derived from various sources on critical consumption, behavioural science, and business ethics. A specific emphasis is put on cause-related marketing and commodification of progressive ideas and political movements, as those are assumed to have particular effect on consumer behavior.

This hypothesis will be discussed through specific case studies focusing on ‘backlashes’ in consumer trust related to corporate misconduct and posturing. This further introduces the patterns under which consumer skepticism develops and gives an insight into the dynamics between CSR and consumer behavior.

Consumer perceptions will be considered through a survey, aimed at understanding which CSR strategies are perceived as genuine, and which consumers see as mere corporate branding with no real substance. This will be complemented by interviews with respondents selected by convenience sampling to give a more qualitative grasp of consumer attitudes towards CSR.

3 Theoretical part

3.1 Ethical consumption

3.1.1 The nature of contemporary consumption

Following the failure of the Keynesian economic model in the early 1970s, neoliberalism came to replace the outdated market-based ideas of the stagnant, post-war West (Palley, 2004). It bore fruit promptly, resulting in global economic expansion and increasing standards of living (Palley, 2004). Soon after, authorities and organizations from all around the world started sounding the alarms and expressing their concerns regarding the sustainability of such relentless economic growth, which, according to them, was—and still is—unsustainable in the long-run due to limited capacity of earth systems and increasing wealth inequality (UNEP, 2012; Luttwak, 1999). The so-called turbo-capitalism—an accelerated form of capitalism with an equilibrium imbalance—is claimed to force consumption upon people and result in systematic social and economic effects, such as economic inequality, exploitation of labor, animal cruelty, mental illness, alienation, etc (Luttwak, 1999).

The free market is calibrated to maximize consumption and to encourage consumerism—the practice of an increasing consumption of goods and services—by claiming it to be advantageous to economic growth (Livingston, 2011). After the Industrial Revolution, when the products became more available because of their significantly lower cost, the era of mass consumption has started (The British Library, 2014). Consumption is usually measured by average household expenditure, number of consumers with strong purchasing power and the amount of raw materials extracted, and all of the above indicate a consistent rise in consumption in industrial nations and a steady growth in developing ones over the past century (Worldwatch Institute, 2004). Now, the basic five stages of consumer cycle: extraction, production, distribution, consumption, and disposal do not seem to promote the excessive acquisition of goods. However, circa mid-nineties, the two new types of production—planned and perceived obsolescence—have been undertaken by companies. Planned obsolescence is the practice of designing products with an artificially limited lifetime so that its owner will soon have to replace it. Perceived obsolescence is a marketing strategy aiming to convince a customer to update their product even if it is still in a working condition via advertisement and fashion communication channels. Along with

post-war consumer optimism, market expansion, the introduction of loans and credit cards, the new, materialistic philosophy soon morphed into people being manipulated into buying and spending more (London, 1932).

3.1.2 The rise of ethical consumption

The concept of ethical consumption had had a long journey before it turned into a mainstream agenda. The idea had its followers and instances of implementation all throughout human history, yet the term itself was popularized by the UK magazine *Ethical Consumer* first published in 1989 (Ethical Consumer, 2017).

According to the Ethical Consumer Research Association, ethical consumption is a movement that promotes universal human rights, environmental sustainability, and animal welfare (Ethical Consumer). Simply put, ethical consumption is a practice of buying products that are ethically produced, marketed, and delivered to an end-customer, and that do not cause any harm to the environment or society. Both buying local, free-range dairy products and boycotting a company that is notorious for exploiting child labor is an act of ethical consumption, to name a few. Some other examples of ethical concern of the customers are, but are not limited to (Carrington et. al, 2010):

- Environmental issues;
- Sustainability;
- Workers' rights;
- Arms trade;
- Fairtrade;
- Animal welfare.

Since there has been a recent trend of consumers demanding corporations to take stands on pressing issues and controversies, ethical consumption is no longer merely an expression of one's beliefs and values, but an instrument used by consumers to establish concrete requirements for companies to enter and remain in business. In a competitive market, consumers' attitude often dictates corporations' profit returns and puts at risk companies that decide to run unsustainably. This is where ethical and political consumerism overlap and create a movement—a system of beliefs— under which consumers refuse to support companies that they find inconsistent with their values (Barnett, 2005).

The intention for practicing ethical consumption mostly arises as a response to one's feeling of moral obligation and guilt that stems from not practicing what one preaches (Dean et al., 2008; Jones, 1991). While ethical consumption and political consumerism are generally interchangeable and are used to describe a practice of re-integrating social and political goals into the economic exchange, it is important to acknowledge that there is a noticeable difference between the two terms (Lekakis, 2013). Political consumerism is an umbrella term for what is, according to the lore of conscious consumers, often referred to as "voting with your dollar." It represents one's personal belief system and subjective views that influence their decision to purchase or boycott certain goods, e.g boycotting products made in a particular country or businesses owned by a particular person. Ethical consumption is more of a common sense understanding of what is good and what is bad that is not tied to a particular geographical region, person, political party, etc. If used interchangeably, Nazi boycott of Jewish businesses is just as much practicing ethical consumption as consumers refusing to buy beauty products tested on animals (Carrier, 2012). That being said, while I acknowledge the difference between the two terms, they will not be delimited from one another throughout the thesis, unless stated otherwise, since CSR aims at both ethically- and politically-driven consumers.

The phenomenon of ethical consumption is tightly associated particularly with the Western world for a reason. Not only the first-world nations laid the foundation for the term itself, they also tend to have a socioeconomic privilege to act on conscious consumption as opposed to third-world countries. While the struggle of underdeveloped countries is at the very core of the ideas promoted by ethical consumption, consumers and corporations from highly developed countries are the ones executing the agenda of those very ideas. Globalization has substantially contributed to cultural homogeneity, but the understanding of ethics and, respectively, ethical consumption, still varies among countries (Shafer-Landau, 2014; Solomon et al., 2013). Hence, it is important to clarify that this research is to be mostly drawn from experiences of developed countries unless noted otherwise.

There has been some research done in regards to an impact of age and gender of consumers on their purchasing decisions. Carried out prior to the rise of the feminist theory of the new millennium, some studies suggest that women tend to be more ethically-driven than men (Jackall, 1988; Harris 1989). Since such derivations could be influenced by the social context of the 20th century, that being prejudice against women and an offset

assumption of femininity being linked to sensitivity, for the purpose of my own research I have decided to not focus on the relationship between ethical consumption and the gender of a consumer. I do acknowledge that gender may be a complementary factor that influences one's purchasing decision, but I consider it to be of a rather lower importance since there has been no coherent evidence proving otherwise. Similar to gender, there is no hard evidence of a direct correlation between one's age and their morality in regards to consumption. However, I am to further assume that Millennials tend to be more ethically aware when it comes to purchasing than any previous generation for the reasons stated in the following paragraph.

3.1.3 Millennial impact

The Generation Y—also known as Millennials—is the demographic group of people born between 1980 and 2000 (Miller, 2011), though the age range varies and sometimes overlaps with Generation X—the one that immediately follows it. Because of being raised in the era of globalization, technological development, and demographic diversity, Millennials are often characterized as materialistic and idealistic (Ng, 2010). The majority of Gen Y came of age during the early 2000s and now compose the main consumer demographic. This makes them the primary target group of today's marketing and advertisement, and it also gives them the prerogative to establish their requirements and expectations for the above.

Numerous researches suggest that millennials prefer the improvement of society to the self-interest of companies. According to 2015 Cone Communications Millennials CSR study, nine out of ten millennials would switch from one brand to another if the latter is cause-oriented (2015 Cone Communications). Nielsen Global Corporate Sustainability Report of 2015 suggests that 73% of surveyed millennials are willing to pay more for a product if it comes from a sustainable brand (The Sustainability Imperative). Moreover, Horizon's Media 2015 study Finger on the Pulse shows that over 80% of millennials expect companies to publicly announce their commitment to being sustainable and responsible (Faw, 2014).

Yet, there is a lot of ambiguity around the homogeneity of the generation. Normally, consumers are classified by demographic, geographic, psychographic, and behavioral groups (Solomon et al. 2016). However, since Millennials go beyond a particular socio-economic segment, it is nearly impossible to categorize or define them as a

homogenous consumer type. To conclude, age/generation definitely has a contributing, but not a determining influence on consumer behavior.

3.1.4 Ethical consumer of the 21st century

The already mentioned phenomena of the 21st century that have shaped Millennials—globalization, technological growth, emerging diversity, etc—undoubtedly have had their influence on other consumers as well. To trace back the motivation behind the ethical consumption of a 21st-century consumer, I am to refer to the six types of a modern consumer as suggested in *The Unmanageable Consumer* (Yiannis and Lang, 2015): the communicator, the explorer, the citizen, the chooser, the rebel, and the activist. Each one will be supported with a possible reasoning for conscious consumerism.

1. The Communicator is a consumer that channels the attributes of their personality, such as status and values, through the goods they consume (Yiannis and Lang, 2015). Not everyone can afford ethically produced goods, which makes conscious consumerism to be both a matter and an indicator of luxury. Today people have access to a wider range of products than ever before in human history. Things that were once considered exceptionally luxurious, e.g. cars, linen clothing, coffee, etc, are now available to a much broader scope of consumers. The conveyance of one's status and wealth is often accompanied by such buzzwords as ethical, sustainable, bio. When a car, no matter how expensive, no longer expresses the Communicator's high status, they switch to an environmentally-friendly Tesla. In a similar manner, the Communicator wants to tell stories about themselves through the things they own. For them, buying a locally produced sweater is a statement of support for their community, preferring a fair-trade cup of coffee to a regular one is a manifestation of their personal values, and choosing a brand that reflects their lifestyle is a part of self-identification (Ajzen, 1985).
2. The Explorer is a consumer that finds special joy in acquiring goods and praises the market for introducing new and better things (Yiannis and Lang, 2015). They perpetually self-actualize through consumption of goods that they do not necessarily need, tend to give tangible products and experiences special meanings, and believe that more is always better (Zizek, 1993). The Explorer greatly values materialistic things which makes them a highly impulsive and sensitive consumer.

For that reason, they might want to shop ethically as a response to respective trends, fashion, peer influence, etc.

3. The Citizen is someone who practices political consumerism rather than ethical consumption per se (Yiannis and Lang, 2015). They emphasize an importance of individual choice exercised through any monetary exchange and claim it to make a difference on a bigger scale. Such consumers view brands and businesses as political units, each representing a certain political and/or social agenda. As already mentioned, throughout this thesis the term political consumerism is integrated into that of ethical consumption. Thus, for the Citizen, purchasing a good or a service is tantamount to voicing a personal political statement.
4. The Chooser is a consumer who values the freedom of choice and autonomous decision-making when it comes to purchasing something (Yiannis and Lang, 2015). Such approach supports the hedonistic essence of consumption itself (Zizek, 1993). For the Chooser, the availability and variety are of key importance. They tend to not develop loyalty to brands and easily change their purchasing habits. The Chooser is usually not viewed as a model ethical consumer because they are believed to make self-serving choices rather than value-driven. There is usually no opposition or activism expressed by the Chooser, and their motivation to buy ethically would more likely come from their personal moral reasoning and not a particular social construct.
5. The Rebel is a consumer that advocates against mainstream consumerism and/or for a minimalist approach to consumption (Yiannis and Lang, 2015). This category of consumers has become especially popularized in the 1960s along with the spread of punk and anarchist movements. The Rebel's motivation to consume ethically comes from their disinclination to support the mainstream mass market and is often demonstrated in forms of boycotts, bartering, and questioning core assumptions of turbo-capitalism.
6. The Activist is a type of a consumer driven by both political and personal beliefs (Yiannis and Lang, 2015). Their purchasing habits reflect their personal stances on social and economic issues. They are especially interested in cause-oriented products and services. The Activist not only buys or boycotts products but also makes sure everyone knows about it. They are a token well-informed and opinionated ethical consumer who is acting on what they believe and promote. For

the Activist, there is no such thing as unbiased economic exchange — they see politics in everything and want to ensure that they make conscious decisions.

To sum up, as observed through the six most common types of a modern consumer, most people decide to buy ethically for the following reasons:

1. To communicate their personal values to their surrounding;
2. To highlight a peculiarity of their identity;
3. To signal their social status/wealth;
4. To blend in with fashion;
5. To express disagreement/concern regarding a system/company;
6. To make a political statement;
7. To satisfy their internal aspiration to act with good intentions;
8. To support a particular cause;

3.2 Corporate Social Responsibility

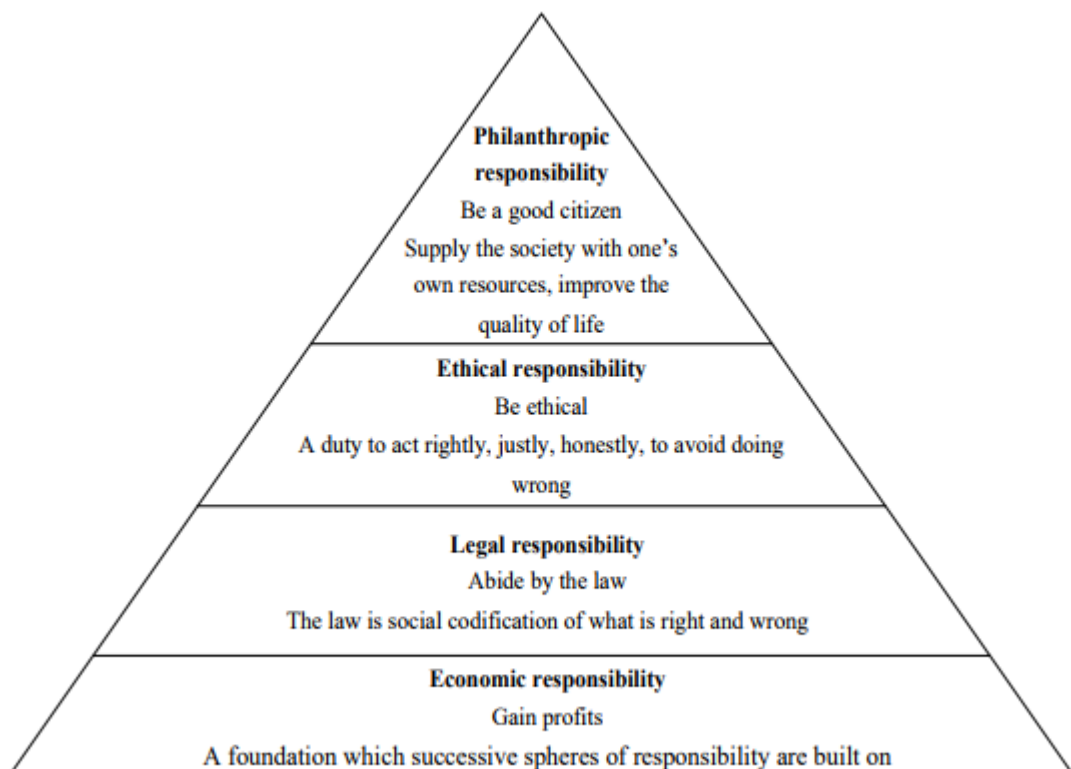
As articulated in Section 2.1, consumers' expectations for a company's performance has drastically changed over the last couple decades. It now takes a particularly socially-, economically, and environmentally aware company to appeal to the 21st-century consumer. This has forced businesses to implement new management strategies, including CSR, in order to secure their positions within the market.

A company's CSR efforts are usually measured with either Corporate Responsibility (CR) Index or FTSE4Good Index (Business in the Community). The CR Index assesses companies by benchmarking against industry competitors, recognizing its CSR achievements, and carrying out a gap analysis. The FTSE4Good Index also uses benchmarking index, along with conclusions of their research and references on company's products and efforts aimed at sustainable practices. Most companies now publish their own sustainability reports on a regular basis. The mere existence of such initiatives and respective measurement tools yet again indicates that consumers are interested and alerted about how the companies they buy from affect the world and that businesses are well-aware of the importance of CSR messages.

3.2.1 CSR model and key issues

The traditional model of CSR (see Figure 3-1) introduced by A.B. Carroll in 1979, puts economic stability at the very foundation of an enterprise's checkbox towards becoming a socially responsible company. Carroll argued that financial stability is the core precondition for further ethical and responsible decision-making, since, without profits, a business simply ceases to exist. According to the model, each following level of responsibility cannot exist without the previous one. Thus, to positively affect a community, a company needs to first obtain financial security, abide by the law, and act ethically and fair.

Figure 3-1 CSR Model according to A. B. Carroll



Source: adopted from Carroll 1991, p. 39

Now, the three main bundles of issues that CSR tackles are social, economic, and environmental (UNIDO).

- Examples of social performance issues: human rights, working conditions, diversity, responsible marketing, economic development, partnerships with local communities;

- Examples of economic performance issues: reputation, corporate governance, responsible investment, supply chain, political influence, intellectual capital;
- Examples of environmental performance issues: environmental protection, sustainability, product stewardship, biodiversity, climate change.

It is important to differentiate between CSR and philanthropic initiatives, like sponsorships and charity. The latter, from a corporate perspective, is usually rather selfless acts that are sometimes aimed at brand improvement. The objective of CSR goes far beyond it and integrates company's financial interests into its humanitarian agenda. It is, as expressed by Carroll's model, a corporate strategy designed to benefit the society, economy, and environment (or, alternatively, to minimize or eliminate company's negative impact on the above), by following a code of conduct in regards to legal and ethical societal expectations. Aside from increased sales and profits, companies implement CSR to develop competitive advantages, such as enhanced brand image and reputation, customer loyalty, risk management, access to new markets and outreach to new customers (Kempf and Osthoff, 2007; Mackey and Barney, 2007).

3.2.2 Stakeholders vs shareholders

The traditional self-serving versus public-serving motives behind communicating CSR refers to the never-ending debate on whether or not companies should care about their influence on the economy, society, and environment as opposed to bothering explicitly about revenues. There are two main approaches to the issue: the shareholder theory and the stakeholder theory.

The shareholder theory proposed by Milton Friedman argues that a manager's responsibility is nothing else but to satisfy a shareholder— an individual or an institutions that own one or more shares of a company. In other words, Friedman believed that a company's main objective needs to be to maximize its profits and that ultimately it is not morally obligated to spend its profits on any kind of philanthropy. His main argument against the importance of CSR was that social issues should not be a corporate responsibility, but rather that of a government, since the people—consumers—pay taxes to have those solved (Friedman, 1970).

The stakeholder theory, on contrary, states that a company owes the responsibility to more stakeholders than just shareholders. A stakeholder is anyone who is interested in a company's performance and can influence and be influenced by its activities, e.g.

customers, suppliers, governments, employees, creditors, etc. Edward Freeman was the first one to insist that the stakeholder theory is the core element of CSR (Freeman, 2006).

However, more recent studies suggest that the CSR approaches are not as black and white as in stakeholder vs shareholder theory (Ellen, 2006; Vlachos et al., 2009). Instead, there seem to be four main motives for companies to carry out their CSR initiatives, that being stakeholder-, value-, strategic-, and egoistic-driven (Ellen et al., 2006; Vlachos, 2009).

1. A stakeholder-driven CSR initiative is adopted as a response to pressure from stakeholders. It is being maintained out of necessity, usually as a precaution against potential backlashes and punishments from consumers, employees, and suppliers (Ellen, 2000; Vlachos, 2009).
2. A value-driven CSR is the one adopted to align with societal understanding of proper corporate conduct and company's moral and ethical standards. It is carried out to sustain a brand image and reputation, and to highlight a company's objective to benefit a society as a whole (Ellen, 2000).
3. A strategic-driven CSR is the one aiming at both a business and its customers by attaining its corporate goals through the implementation of social initiatives. It is concerned with creating a win-win situation, where, while the CSR does benefit the society, its promotion and executions simultaneously bring in financial and/or social capital to the company.
4. An egoistic-driven CSR is the one that exploits a certain issue instead of supporting it in order to satisfy a company's own interests (Foreh, 2003; Vlachos, 2009).

Stakeholder- and value-driven CSR initiatives are sometimes considered rather ambiguous by consumers but tend to do their job without causing public allegations to break out. Strategic- and egoistic-driven ones, however, are often viewed as unethical and manipulative.

3.2.3 Criticism and controversy

It has been established that the relationship between consumption and late capitalism is most certainly more complex than it seems at the first glance. Consumption can ultimately be both a problem and a solution to the negative impact of capitalism. Capitalism induces conventional consumption, which, if converted into ethical

consumption, possesses a threat to capitalism itself. This viciousness opens possibilities for businesses and marketers to continue capitalism by introducing a “better” version of it, the one that considers sustainability and social justice and encourages ethical consumption. This way conscious consumers end up possessing no threat to the system and, if anything, ensure its survival by focusing merely on systematic problems and not challenging the system itself since it now seems to be rather fair. The practice explained above is the essence of CSR adopted as a result of egoistic- or strategic-driven motivation of a corporation.

CSR has now less to do with improving corporate behavior and giving back to the community; it is a commodity not less than the product itself. On the surface, CSR seems to be a win-win model for both consumers and corporations: the people feel as they make conscious choices while the businesses enjoy steady turnovers and brand image improvements. However, with the rise of consumer activism in the early 2000s, activists have started questioning the corporate motivation behind executing CSR. There has been plenty of public criticism (e.g. towards Dove, Lyft, Pepsi, Starbucks) and boycotts (Nike, Coca-Cola, Amazon and Uber to name a few) of companies suspected in running fake and two-faced CSR campaigns. This puts companies at risk of losing social capital and revenues and requires them to launch extensive think tanks aimed at generating campaigns with minimum potential for public backlash.

3.2.4 Consumer scepticism

While it has been established that consumers value ethical products, recent research indicates a significant gap between consumers’ intentions to shop consciously and their actual buying behavior (Auger, 2007). In 2005, 89% of the surveyed British consumers claimed to have ethical concerns (Lazzarini, 2001), but only 30% of them intended to shop consciously and only 3% actually did so (Futerra, 2005). This paradox of ethical consumption has a lot of root causes behind it, poor marketing communication being one of them (Lazzarini, 2001). Since CSR communication is among the most influential communication strategies nowadays, it is safe to assume that it has a major influence on consumer behavior and respectively arising reluctance of consumers to trust corporate intentions, further referred to as skepticism.

Skepticism is a cognitive response characterized as an attitude of doubt in trusting something that results from a particular situational input (Foreh, 2003). Consumer

skepticism towards CSR is a lack of trust in the transparency of corporate intentions to make the world a better place. Since trustworthiness, credibility, and legitimacy are non-measurable attributes, some studies argue that there is no space for any empirical research on it (Newell, 2001). However, with a rise of activism and social media in the 21st century, it is now easier to connect subjective skepticism of an individual towards a particular company with the media coverage of this brand and consumers' responses to its business practices. In the following sections, I will present some of the recent public backlashes caused by CSR to derive the key elements that doom CSR campaigns to fail. The findings will then be used to determine the focus of my own questionnaire and interview outline.

3.2.5 Public backlashes

Today, the general public condemns not only companies that do not communicate their values and CSR objectives whatsoever, but also those that do it in a two-faced, deceiving way. The four cases examined further—those of Pepsi, Walmart, Volkswagen, and Mike's Hard Lemonade—demonstrate how different companies pursuing different issues (here: social justice, environment, and social awareness) come across equally trustworthy and unreliable in consumers' eyes.

PepsiCo, the manufacturer of a soft drink Pepsi, faced a major public allegation in 2017 when it picked up a trend of addressing political activism as a part of their promotion campaign. It spread a commercial featuring Kendall Jenner at a protest, where Jenner is shown joining the crowd of protesters and approaching a police officer. She then hands him a can of Pepsi which is met with an applause from the crowd and followed with a close shot of a policeman smiling at a fellow officer. The commercial was published in spring of 2017 when the Black Lives Matter movement was gaining a special publicity along with protests against Donald Trump's immigration ban. The timing has stirred up negative responses and was met with a huge public backlash accusing Pepsi of exploiting the imagery of protest movements to sell their product. The company's official statement regarding the advert and its message was that it was "to promote global unity, peace, and understanding." However, instead of coming across as socially responsible and politically active, Pepsi brand image was severely affected by the controversy. People were complaining that the shot of Jenner standing next to the policeman corresponds with an actual picture of Leisha Evans in the 2016 Baton Rouge protest against police brutality. Another concern was that the Pepsi advert oversimplified the nature of protests which

many found offensive. Both Pepsi and Kendall Jenner herself ended up apologizing in front of the public and taking down the video (The New York Times, 2017).

The popularization of terms greenwashing and pinkwashing—the PR practices of deceptively promoting a company as environmentally- and LGBTQ+ friendly or that supporting breast cancer awareness, respectively—indicates an increasing trend of corporations undertaking such spins to be perceived as progressive by consumers (Schwartz, 2012). For example, Walmart, a multinational retail corporation, has pledged to become environmentally sustainable over a decade ago and has been promoting itself as such ever since (Walmart Corporate). However, the research of the Institute for Local Self-Reliance (IFLR) of 2012, claims that Walmart's campaign has done more to better its brand image than the environment (Stumo-Langer, 2017). According to IFLR, Walmart generates only 2% of electricity from alternative, harmless resources and donates to political candidates that vote against the environment (Stumo-Langer, 2017). Consumers find such a gap between the purpose and profits hypocritical and often decide to shop elsewhere. Volkswagen was involved in a similar controversy. Its CSR statement reads that the social responsibility has long been at the heart of their corporate culture. At the time, VW had launched a huge marketing campaign promoting the low-emission diesel cars and won several environmental awards before the scandal. In 2015, it was found by the Environmental Protection Agency (EPA) that the company was knowingly avoiding emission tests in the U.S. and produced engines with carbon dioxide emission forty times the allowed level. The car giant had to admit cheating and recall millions of cars which resulted in a financial loss of €2.5 billion in just a month and has inevitably damaged the brand perception and customer loyalty (Hotten, 2015).

The symbolic pinkwashing CSR practices are implemented by a number of companies that color their products pink during the U.S. National Breast Cancer Awareness Month to boost their sales. Among the recent targets of public allegations against pinkwashing is an alcohol manufacturer Mike's Hard Lemonade (Allen, 2015). The company has donated US\$1 million to Breast Cancer Research Foundation (BCRF) and has been selling a limited pink edition of their alcoholic beverages on an annual basis since 2009 (Mart. 2015). The public has been alerted in regards to such activism. Many accuse Mike's Hard Lemonade in ignorance and egoism, claiming that alcohol abuse is directly linked to breast cancer itself (Boseley, 2015).

1. PepsiCo failed to make their marketing and CSR teams work together and produced an ill-considered socially “conscious” advert. It was met with disgruntled public accusations and enormous backlash in social media where the topics of police brutality, Black Lives Matter/Blue Lives Matter movements, and the atmosphere of protest was on the agenda at the moment of the scandal. Pepsi took social and political activism too far as for a corporation that stirred an ambiguous customer response.
2. Walmart failed to practice what it preaches, which is, presumably, among the main reasons for public backlash.
3. Volkswagen simply lied to its customers about their practices and intentions, which resulted in people losing trust in the company.
4. Mike’s Hard Lemonade carried out a superficial promotion that the people found incompatible with what the company produces, that is, alcoholic beverages.

To sum up, the examples of Pepsi, Walmart, Volkswagen, and Mike’s Hard Lemonade demonstrate how bad CSR practices contribute to an overall consumer skepticism towards companies branding themselves as concerned with social well-being by disregarding current political context, deceiving consumers and implementing egoistic-driven CSR with an expectation of nothing than to grow the company’s revenue.

4 Practical Part

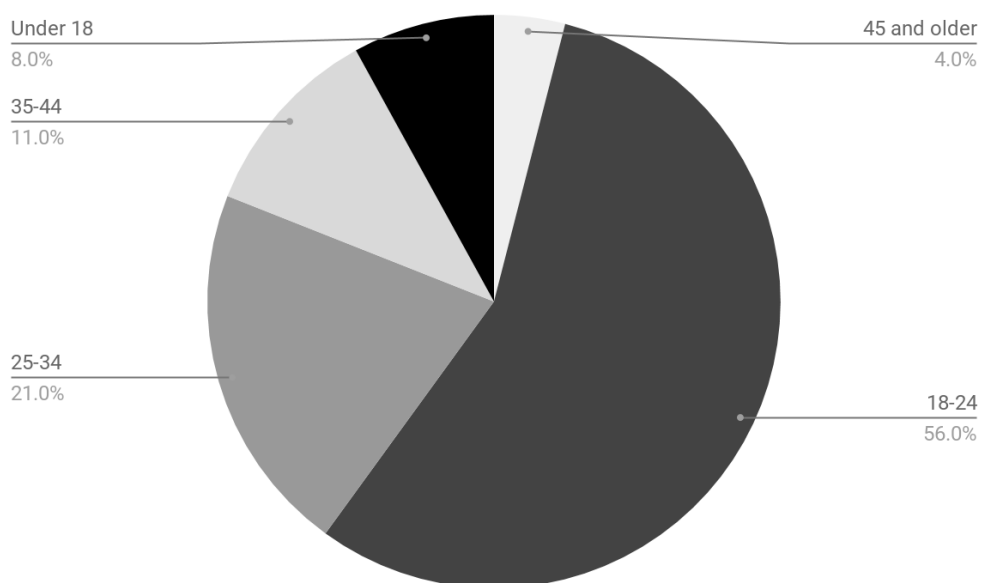
4.1 Research design

As stated in sections 1.1, the main question to be answered from the results of this research is what causes consumers to develop skepticism towards CSR. To obtain input for further analysis, I will conduct qualitative research consisting of a survey (Appendix 1) and a series of interviews (Appendix 2) aimed at understanding consumer attitudes towards corporate responsibility.

4.2 Survey

In total, eighteen questions were presented to a nonrandom sample of 100 respondents. As it was established earlier, the demographic factor that seems to be the most relevant to the study is age, which is why the other factors are not accounted for. Since 77% of the responses came from people between the age of 18 and 34, the findings will be most representative for Generation Y, which, according to numerous studies overviewed in section 3.1.3, is the main consumer demographic as of today. The detailed breakdown of the respondents by age is illustrated below (Figure 4-1).

Figure 4-1: Breakdown of survey respondents by age group



Source: own research

The mean age is 25.25, the median age is 23, with the youngest respondents being 15 and the oldest being 51. The mode is 20 as it has appeared thirteen times in the survey responses.

4.2.1 Output

The first twelve questions (see Appendix 1) intend to understand the behavior of respondents in regards to ethical consumption and classify them, where that is possible, according to the six types of modern consumers outlined in section 3.1.4.

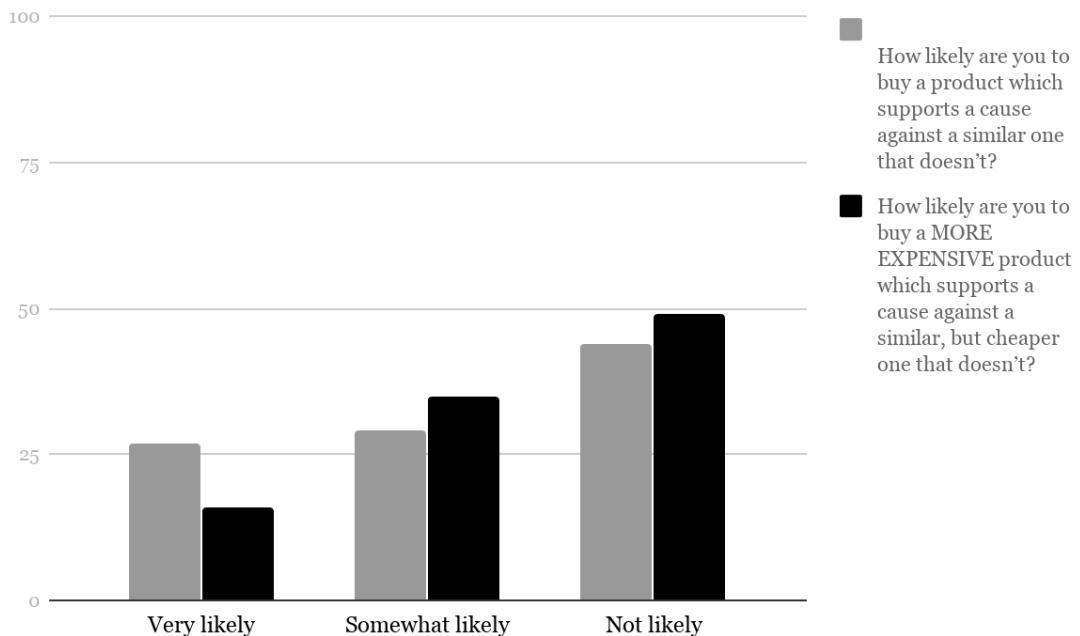
According to the output, 21% of respondents consider themselves ethical consumers, 46% think of themselves as somewhat ethical consumers, and 23% said they are ethical consumers to a very little extent. Only 10% stated that they do not see themselves as ethical consumers at all. This question is crucial for determining whether there is a significant gap between one's intent and action to shop ethically as it was observed from the inconsistent studies of Lazarini (2001) and Futerra (2005), since such gap may result because of consumers' reluctance to trust corporate intentions. It is noteworthy that, out of 67% of respondents who said they believe they are ethical consumers, 87% are in the age range between 18 and 34. This, while partially is a result of an unevenly accounted for age division, also reflects a general trend of millennials being more involved in ethical consumerism than any other generation.

Contrary to expectations, the gap between respondents' intention to buy ethically and their actual buying behavior is rather little. 30% of them said that they are very likely to buy something that is advertised as ethical, along with 39% who stated the same but to a lesser extent. However, when asked whether they have bought any fairtrade (certified) product in the last three months, only 24% said that they did. Although, it is important to mention that fairtrade represents only a small portion of ethical concerns and is typically concerned exclusively with trading conditions between developed and developing countries and sustainable farming.

Another interesting observation is that 27% respondents claim that they are very likely to buy a product which supports a cause against a similar one that does not. However, only 16% said they would still choose a product that supports a case even if it was more expensive than a similar one that doesn't. It invites an assumption that an overestimated price of sustainable and ethical products may be among the reasons why consumers demonstrate skepticism towards companies that claim to be ethical. This

assumption laid the foundation for one of the interview questions the answers to which will elaborate on whether conscious consumers assess costs and benefits of their buying decisions.

Figure 4-2: The effect of price of a product on ethical purchasing



Source: own research

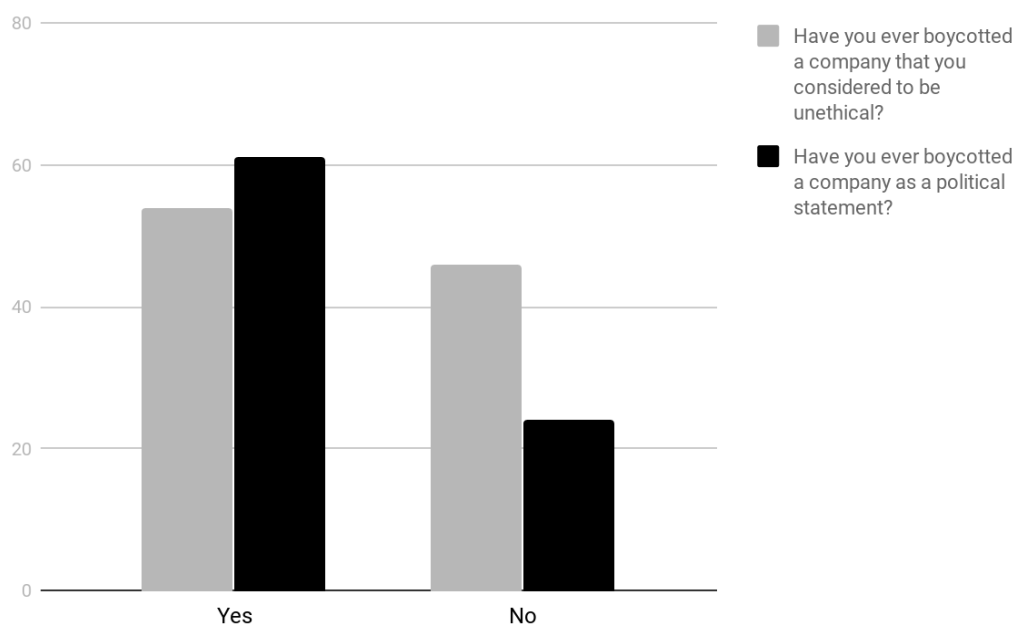
Speaking of consumer types, 14% of respondents stated that they often buy from a particular company or brand because it reflects their lifestyles or beliefs, and 47% said they do so sometimes. Those more likely fall under either the Activist and/or the Communicator categories of modern consumers, as described in *Unmanageable Consumer* (Yiannis et. al, 2015). The Activist takes on ethical shopping to satisfy their internal aspiration to act with good intentions and to support a particular case, in other words, to channel their beliefs. The Communicator decides to shop ethically to channel their status and lifestyle. Similarly, Activists and Communicators are more likely to be among the 7% who reported often discussing ethical buying with their friends and family, and among 39% who said they do so sometimes.

The Activist, as it was mentioned in section 3.1.4, tends to be vocal about their intention and determination to be an ethical consumer. This tendency is evident in survey output: 13% of respondents admit that it is very important for them that others know they support ethical brands, 24% stated it is of moderate importance for them, 32% said it is slightly important, and 31% claim that such publicity is not important to them at all. This

makes for 69% of consumers, among which more likely to be the Activist, the Communicator, and the Explorer types, who care, to different extents, what their buying behavior tells about them to others. The three above mentioned consumer types also are more likely to account for the 11% of respondents who admit that shopping ethically makes them feel better about themselves to a great extent, and 44% who reported that it makes them feel somewhat better.

Speaking about the Citizen and the Rebel, these consumer types are the most likely to boycott companies because of ethical and political reasons. 54% of the respondents reported that they have boycotted a company that they consider to be unethical at least once, and 61% said they have boycotted a company as a political statement.

Figure 4-3: Respondents who have boycotted companies for ethical and political reasons



Source: own research

Such close alignment of survey output data and the types of consumers as defined in the theoretical part of this research proves the validity of reasons outlined in section 2.1.4 behind the motivation of modern consumers to buy ethically. These reasons will be later used to identify how companies suffer setbacks from CSR because of failing to fulfill consumer's aspiration to be ethical.

The remainder of questions aims to investigate consumers' attitudes towards corporate responsibility. 87% of the respondents indicated that they have heard of at least

one company that has done something bad for environment or society. 34% of respondents said it is very likely for a company's CSR efforts to influence their buying decisions and 39% stated it is somewhat likely. These figures are slightly higher than the percentage of people who identify as ethical consumers (to a great extent—21%, somewhat—46%), which yet again reflects a general trend of modern consumers becoming especially demanding to corporations in term of CSR. It appears that even those who do not necessarily consider themselves ethical consumers or pursue ethical consumption still acknowledge the importance of corporate responsibility and expect companies to deliver some sort of social benefit (Epstein-Reeves, 2010). In fact, 31% of respondents reported that they are very likely to be loyal to a company that supports a case and 33% said they are somewhat likely to be loyal to such company.

To assess a degree to which a particular controversy affects one's buying behavior, the three questions reflecting on the case studies presented in section 2.2.4 were posed to the respondents. The outputs are as follows: 37% stated that a company definitely has to hold up to its CSR statements and reports, along with 31% who agreed but to a lesser extent. The remainder 32% expressed their indifference, to different degrees, in regards to companies living up to their promises. This question covers the category of CSR initiatives that fail to comply with its statements, as in Walmart case. Reflecting on Volkswagen case of deceptive CSR, 19% of respondents informed that they are very likely to stop buying from a company that is notorious for lying to its customers, even if they are satisfied with its product. Another 39% stated they are somewhat likely to stop buying from a lying company under the same conditions. Reflecting on Pepsi case, only 14% of the sample expect companies to take stands on social and political issues, 35% expect companies to be vocal about their stands to a lesser extent, and 41% care very little about it. The rest 10% expressed complete indifference to whether or not a company has any political agenda.

Summing up, it is evident that cases similar to that of Walmart, where a company comes across as hypocritical, tend to cause the most consumer backlash since consumers put a lot of emphasis on company's accountability for its CSR ambitions. Then follow the cases with deceptive and lying CSR initiatives which, for obvious reason, also have a huge potential for fostering public allegations. Interestingly, the responses to how likely customers are to stop buying from an untrustworthy company even if they are satisfied with its products are less certain than that to the previous question (19% of strongly certain response against 37%, respectively). It points out that even ethical consumers are not

always willing to make personal sacrifices and trade off their convenience. Lastly, since only 14% of the respondents expressed their strong conviction that companies need to take stands on social and political issues, it seems to be of rather little importance to CSR. Interestingly, among the case studies in section 2.2.4, that of Pepsi sparked the most massive public outcry in terms of its publicity and coverage in media. That was mostly due to the unfavorable timing of commercial broadcast and it makes it nearly impossible to evaluate the effect of politically-oriented CSR since it is purely situational. To sum up, while it is important to remember that skepticism and outrage are not quantitative properties and are rather difficult to measure, the above derivations appear sound and align with logical foundation and thus are valid to be used for further analysis.

4.2.2 Outline of findings

The findings derived from the first section of questions emphasize the relevance of this research and call attention to the importance of ethical branding and CSR communication.

- Output: 21% of respondents consider themselves ethical consumers, and 46% identify as somewhat ethical consumers. 87% of the above are between 18 and 34 years old.

Conclusion: Millennials, who compose the main consumer demographic of today, tend to be more involved in ethical consumption than other generations.

- Output: 30% are very likely to buy a product that is advertised as ethical, 39% are somewhat likely to buy an ethical product. That is 69% respondents who admit they are responsive to ethical branding against 67% who identify as ethical consumers.

Conclusion: there is no significant gap between consumers' intentions to buy ethically and their actual buying behavior.

- Output: 27% claimed they are very likely to buy a product that supports a cause against the one that doesn't. 16% stated they would buy a more expensive product that supports a cause against a similar one that is cheaper.

Conclusion: a high price of a product might trigger consumer to doubt a reasonability of their purchase and company's motivation to deliver ethical products and services.

The findings from the second section of the survey provide key points of information to determining whether consumers rely more on themselves or corporate efforts in aspiration to shop ethically.

- Output: 87% of the respondents said they have heard of at least one company that is in some way harmful to environment or society.
Conclusion: since only 67% indicated that they consider themselves ethical consumers to some degree, it appears that even those who do not necessarily shop ethically are still aware of the negative influence that companies have on local and global communities.
- Output: 37% expressed their strong belief that a company has to live up to its CSR promises and reports, and 31% agreed but to a lesser extent.
Conclusion: corporate hypocrisy has a huge potential to cause a backlash.
- 19% of the sample informed that they are very likely to stop buying from a company with deceptive CSR, even if they are satisfied with the product, and another 39% they would somewhat likely stop buying from it.
Conclusion: consumers are not always willing to trade off their convenience for ethical reasons. This might reflect on the fact that, speculatively speaking, a company that delivers high-quality and respected goods and services is less likely to be majorly affected by public criticism.
- Only 14% of the respondents expect companies to take stands on social and political issues, and 35% somewhat expect companies to be vocal about their political agenda.
Conclusion: politically-oriented CSR has the least potential to cause a backlash. This derivation is rather ambiguous since politics is a sensitive matter that contributes to different cases in a different capacity.

4.3 Interviews

To elaborate on the information obtained from the survey, I have conducted semi-structured interviews with a convenience sample of millennial respondents. Six questions (Appendix 2) were asked to six respondents between the ages of 19-28, along with some follow-up questions where there were necessary. All the interviewees were aware of the nature and the purpose of this research.

4.3.1 Output

- **Do you think it is consumer's responsibility to buy from ethical companies?**

Most of the respondents gave rather ambiguous answers due to the complex nature of the problem. According to interviewee 1, a consumer is partially responsible for their buying decisions, but they cannot be fully responsible since not everyone has the resources to shop ethically. The role of socioeconomic privilege in ethical consumerism has been previously explained in section 3.1.2. They said, *"I would not go as far as to say that it is consumer's fault if he or she buys from an unethical brand that has a negative impact on society. When I buy something that I know is not 100% sustainable, I do not feel as if I did something inherently wrong. It's just that I understand that I have the freedom and resources to make ethical choices, so why not make them."*

Interviewees 2, 3, and 4 expressed a similar to one another opinion that both consumers and companies are responsible when it comes to ethical shopping. They all agreed that companies should have an obligation to provide ethical and sustainable goods and services, but also acknowledged that, since there is no such ultimate legal obligation in place, consumers should step up instead and decide for themselves whether or not they want to support certain businesses and participate in their unethical practices⁶ albeit indirectly.

Interviewee 5 is the only one among the respondents who believes that a company is the only responsible entity when it comes to ethical shopping. According to them, *"individual choices do not make changes and are ineffective under late capitalism in the great scheme of things. Buying ethically, which, side note, I am always trying to do, is merely something we do to feel better about ourselves, but it is not a substitute for a systematic change. I am not calling to consumer apathy though. I just believe that it is important to acknowledge that the system where consumers are responsible for whether or not they contribute to a company exploiting workers is flawed. It's not a "go and do whatever you want, there is no point in trying to be an ethical consumer," it's a call for more activism."*

Interviewee 6 gave a similar answer to that of Interviewee 1, but more thoroughgoing in nature. They believe that in today's world, consumers have a lot of power to influence businesses and thus need to exercise it whenever possible.

- Do you do your own research in regards to a company's corporate responsibility before buying its products?

Interviewees 1 and 4 both said they search for company's reputation online prior to making a purchase. Interviewee 1 also mentioned that they have a list on them at all times with brands that test their products on animals. Interviewees 2 and 3 admitted that they rarely do their own research and mostly rely on the overall brand image and its reputation as perceived through media and peer reviews. Interviewee 5 stated that they usually only buy from companies and brands that they know and trust. After a follow-up question on whether they would theoretically look up a brand before choosing it, Interviewee 5 said, *"I more likely would, but it depends on the purchase. For example, I wouldn't do my research on food and clothing, but I would absolutely check a company's CSR before applying for a job there or before buying tech gadgets from them (durable goods)."* Interview 6 also said that they rarely buy from unknown brands and try to abstain from excessive consumerism in general, but indicated that, when faced with a choice between multiple products, they are more likely to look up a brand and decide whether or not they want to be supporting it.

- Could you name a few brands that you actively support because they are cause-oriented and explain why you do so?

Interviewee 1 named Lush, Kat Von D, and Too Faced cosmetics and makeup brands first because they are sustainable and cruelty-free (do not test their products on animals or hurt them in any way). Another brand they support is Everlane, a clothing line, which, according to the respondent's belief, is both transparent about its environmental and societal impact and affordable. Interviewee 2 said, *"I cannot think of anything in particular, but then I am also not actively supporting any brands."* Similarly, Interviewee 6 could not name any specific brand but stated that they try to mostly buy local products and that they do not develop loyalty to any corporations. Interviewee 3 listed four brands: Starbucks because of its fair trade and labor rights policy, Whole Foods because of its environmentally-friendly supply chain, and Nike for women empowerment campaigns. They also added, *"I am hesitant to include Nike to the list because I mostly buy their shoes simply because I like them, but I'd say they scored some extra points from me because of that recent What Are Girls Made Of? ad campaign."* Interviewee 4 reported two companies: IKEA and Ben & Jerry's Ice Cream. They indicated that both are involved in corporate philanthropy and helping local communities, but also admitted that they are

unable to name any specific projects and mostly perceive the companies in this way because of their reputation and media coverage.

For Interviewee 5, they claim to support Apple and Microsoft. They said they choose Apple over other tech products because the company has low water and energy consumption, labor rights policies, and equal opportunity employment, among other reasons. In regards to Microsoft, Interviewee said they relate to Bill Gates' values who is the owner of the company, and respect his philanthropic cases implemented on behalf of Microsoft.

- Does it bother you if a company profits from its ethical behavior?

Interviewees 2, 3, and 6 answered with a definitive “yes” to this question. They all expressed their concern about CSR initiatives being twisted into project solely aimed at making profit. Interviewee 6 even stated that *“the fact that a company profits from its CSR makes me assume that the whole CSR is nothing but a surface furnishing for the sake of making money. It is definitely a red flag for me.”* Interviewee 3 also reported an expectation for companies that profit from its ethical behavior, *“if a company makes extra from its CSR, it should direct those revenues towards more CSR, simple.”* Interviewee 1 said that it does not bother them much since the profits can be then used for more systematic developments in regards to ethical production and delivery of products. Interviewee 4 stated that as long as a company profits as a result of increasing social capital (more customers are drawn to a company as a result of its ethical practices) then it does not bother them. Interviewee 5 indicated that increased profits as a result of CSR communication are, in their opinion, justified since it still creates a win-win situation for both consumers and business, which, as defined in section 2.2.2, is called a strategic-driven CSR approach.

- Do you care if a company behaves ethically at a consumer's expense, meaning that the product or a service that is claimed to be ethical costs more than alternative ones?

As for Interviewee 1, they said, *“I am always willing to pay up to 30% more a market price for a product that is ethical. In some cases, I would pay half extra, as in the case with my recently bought cruelty-free Too Faced eyeshadow palette that I paid US\$50 for, though I know there are similar ones for half the price.”* Interviewee 3 stated that they are only willing to pay up to 20% extra. Interviewees 2 and 6 indicated that the practice of artificially increasing the price because of its certification bothers them a lot, because

“companies spend tons of money on PR for their CSR, and that money could very much cover all the costs of ethical practices without making the consumers pay for it” and “if a company decides to act ethically, it is also the one to pay for it.” Interviewee 5 hesitantly said that they would still rather pay extra to ensure that people, animals, and the environment is not being abused, but also noted that *“price of a product is in no way an indicator for me of how ethical a product, so I would not pay an unreasonably excessive price just because something claims to be ethically manufactured.”*

Interviewee 5 reflected on their answer to the previous question and again said that, even with higher prices for products and services, it is still a win-win, since, as they believe, *“sometimes companies do not have resources to implement ethical practices or support causes, but have the power and voices to do it. If you pay more, you redirect your activism and ambition towards someone who can actually lobby and generate big results.”*

- Have you ever boycotted a company that you believed was unethical? If so, why?

Four out of six interviewees stated that have boycotted a company that they believed was unethical, which somewhat conforms to the findings from the survey, where 54% of respondents answered “yes” to the same question, and 61% stated they have boycotted a company as a political statement. Now, as it was delimited in section 1.3, the word ethics and its cognates have not been defined to either respondent of the survey or the interviewees and are for them to interpret. This is why some boycotts mentioned in response to this question are of a rather political nature.

Interviewee 1 claims to never buy L’Oreal products because of the company tests its makeup on animals. They are also boycotting fast-fashion brands H&M and Forever 21 because of their poor labor standards and child exploitation. Interestingly, the last brand the Interviewee mentioned—TOMS shoes—is famous among conscious consumers since it has built its whole branding on the premise of donating one pair of shoes to a child in a poor country with each your purchase. When asked to explain, the Interviewee said the following: *“I find TOMS idea of helping those in need ineffective and shallow. It kind of exploits the image of children in developing countries and does not really solve their problems as much as it claims to. Instead of giving away shoes, TOMS could have invested in medicine, schooling, and agriculture of those developing countries, or even simply donate the money to charities or individuals. It would clearly be more effective and it bothers me that TOMS ignores the obvious. It makes me feel like effective marketing is more of its priority than effective charity itself.”*

Now, Interviewees 3 and 4 brought up an interesting point regarding political activism and boycotts. Both indicated that they once boycotted a ridesharing network Uber, which refused to participate in a work stoppage in the wake of Donald Trump's executive order banning immigrants from seven Muslim-majority countries. Interviewee 3 claims to not use the app ever since, while the Interviewee 4 admits that they downloaded it back when the Travis Kalanick, Uber's CEO, stepped down from Trump's economic advisory council following the viral boycott.

Interviewees 2 and 5 said they have never deliberately boycotted any company, and Interviewee 6 said that they do not buy Apple products because they believe it relies on child slave labor and does not address the criticism about it.

4.4 Summary of results

The following table (Table 1) brings together all the findings from the survey and the interviews and summarizes them into a cause-to-consequence format, where consequence is consumers developing skepticism towards CSR, triggering event—the one that triggers the consequence—is an explanation of consumer's inclination to be sceptical, and cause is a way in which CSR itself fosters such inclination. Ultimately, the cause is the reason behind consumer skepticism towards CSR.

1 Table 1: Cause-to-consequence analysis of consumer skepticism towards CSR

	Cause	Triggering event
1.	The intrinsic motivation for implementing CSR is inexplicit or poorly communicated.	Consumers perceive the motivation as extrinsic and suspect hidden motives behind CSR.
2.	The extrinsic motivation for implementing CSR is obvious and appears to drive out the intrinsic one.	Consumers perceive the motive of a company for being socially responsible to be solely for-profit, with no concern for the cause.
3.	CSR goals of a company are unrealistic or in conflict with its business practices.	Consumers perceive a company as hypocritical and its CSR efforts as unattainable.
4.	Failure to convince the public of effectiveness of a CSR practice that is in place (e.g. failure to deliver results, poor CSR communication).	Consumers conclude that a company's CSR is intrinsically useless or ineffective.
5.	CSR is designed and implemented at consumers' expense.	Consumers feel as if they pay the full cost for a company's reputation improvements.
6.	Lack of transparency of CSR execution and respective reporting.	Consumers suspect hidden agenda around CSR execution.
7.	The premise for CSR is excessively political or its political subtext is dubious.	Consumers sense an ambiguous premise and the divisive nature of politics fosters an atmosphere of enmity.

5 Conclusion

With consumers becoming especially demanding towards companies in terms of social responsibility, it is clear that there can be no commerce without attention to ethics on the 21st-century business arena (Dawkins, 2013). A firm, trusting relationship between a consumer and a company is no longer merely a prerequisite for success or a competitive advantage but an essential condition for business survival.

Consumers' assessment of corporate motives for engaging in CSR can both increase or decrease their skepticism towards it. The latter is often followed by reputational, operational, and financial losses for a company. Multiple examples of failed CSR efforts presented in this research indicate an enormous risk of consumer boycotts and backlashes as a response to deceptive, immoral, and irresponsible corporate practices. To avoid the undesirable consequences, a company's CSR has to be essentially flawless in its strategy and execution, which means it needs to take into account consumers' expectations and to consider the factors that may potentially contribute to consumer skepticism. This thesis proposes the following outline of reasons behind consumers developing skepticism toward CSR:

- The intrinsic motivation for implementing CSR is inexplicit or poorly communicated;
- The extrinsic motivation for implementing CSR is obvious and appears to drive out the intrinsic one;
- CSR goals of a company are unrealistic or are in conflict with its business practices;
- A company is failing to convince the public of effectiveness of a CSR practice that is in place (e.g. failure to deliver results, poor CSR communication);
- CSR is designed and implemented at consumers' expense;
- CSR execution and respective reporting lacks transparency;
- The premise for CSR is excessively political or has a dubious political subtext.

The above derivations can be useful for managers to consider when drafting CSR strategies, since, according to the discussion throughout this thesis, accounting for all the points decreases the risk of public backlash, fosters positive feedback and increased social capital.

6 References

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7 Appendices

7.1 Appendix 1

Survey questions:

1. Your age

- a. Under 18
- b. 18 to 24 years
- c. 25 to 34 years
- d. 35 to 44 years
- e. Age 45 and older

2. Do you consider yourself an ethical consumer?

- a. To a great extent
- b. Somewhat
- c. Very little
- d. Not at all

3. How likely are you to buy something that is advertised as ethical?

- a. Very likely
- b. Somewhat likely
- c. Very unlikely

4. How often do you buy from a particular company/brand because it reflects your lifestyle or beliefs?

- a. Very often
- b. Sometimes
- c. Rarely
- d. Never

5. How often do you discuss ethical buying with family or friends?

- a. Very often
- b. Sometimes
- c. Rarely
- d. Never

- 6. How important is it for you that people know you support ethical brands?**
- Very important
 - Moderately important
 - Slightly important
 - Not important
- 7. Would you say that shopping ethically makes you feel better about yourself?**
- To a great extent
 - Somewhat
 - Very little
 - Not at all
- 8. How likely are you to buy a product which supports a cause against a similar one that doesn't?**
- Very likely
 - Somewhat likely
 - Not likely
- 9. How likely are you to buy a more expensive product which supports a cause against a similar, but cheaper one that doesn't?**
- Very likely
 - Somewhat likely
 - Not likely
- 10. Have you ever boycotted a company that you considered to be unethical?**
- Yes
 - No
- 11. Have you ever boycotted a company as a political statement?**
- Yes
 - No
- 12. Have you bought a fair trade product in the last three months?**
- Yes
 - No

- 13. How likely it is for a company's CSR efforts to influence your buying decisions?**
- a. Very likely
 - b. Somewhat likely
 - c. Very unlikely
- 14. Do you think a company has to hold up to its CSR statements and reports?**
- a. Definitely
 - b. Probably
 - c. Probably not
 - d. Definitely not
- 15. Have you ever heard of a company that does anything bad for society and/or environment?**
- a. Yes
 - b. No
- 16. How likely are you to stop buying from a company that is notorious for lying to its customers, even if you are satisfied with its product?**
- a. Very likely
 - b. Somewhat likely
 - c. Somewhat unlikely
 - d. Very unlikely
- 17. How likely are you to be loyal to a company that supports a cause?**
- a. Very likely
 - b. Somewhat likely
 - c. Somewhat unlikely
 - d. Very unlikely
- 18. Do you expect companies to take stands on social and political issues?**
- a. To a great extent
 - b. Somewhat
 - c. Very little
 - d. Not at all

7.2 Appendix 2

Interview questions:

1. Do you think it is consumer's responsibility to buy from ethical companies?
2. Do you do your own research in regards to a company's corporate responsibility before buying its products?
3. Could you name a few brands that you actively support because they are cause-oriented and explain why you do so?
4. Does it bother you if a company profits from its ethical behavior?
5. Do you care if a company behaves ethically at a consumer's expense, meaning that the product or a service that is claimed to be ethical costs more than alternative ones?
6. Have you ever boycotted a company that you believed was unethical?