THE IMPACT OF CORPORATE SOCIAL RESPONSIBILITY ON CONSUMER SATISFACTION (A CASE STUDY: CAR INDUSTRY IN SHIRAZ)

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ABSTRACT

This study aims at investigating the effects of corporate social responsibility on consumer satisfaction with the auto industry in Shiraz. The notion of social responsibility were assessed through questionnaire in seven categories: "labor practices", "environmental performance", "community development", "customers' perceived prices", "consumers' perceived quality", "relationship selling" and "fulfil expectations". The population sample includes 385 questionnaires which were filled out by all the car buyers and customers in Shiraz in 2013. The methodology of this study includes a descriptive one based on a causal-comparison scheme. Using SPSS software, the data was analyzed by statistical tests, two-variable linear regression, the standardized regression coefficients, etc. Results confirm the positive effect of corporate social responsibility on consumer satisfaction. Results indicate a positive impact of all seven dimensions of corporate social responsibility on consumer satisfaction.

KEYWORDS: Corporate Social Responsibility, Consumer Satisfaction, Car Industry, Environment

Marketing activities of organizations are managed by five different concepts. These include manufacturing, good, marketing and social marketing. Social marketing concept was established in 1970 as a full and independent scientific notion. Philip Kotler and Jraltman were two popular scholars and experts who introduced this new scientific field. Social marketing concept is based on this concept that the needs and resources of each organization must be determined based on the target market's needs and desires first; then to overcome the rivals, these desires are fulfilled efficiently and effectively [7, p.49]. Social marketing philosophy is in accordance with corporate social responsibility. The foundations of corporate social responsibility goes back to the early decades of the twentieth century. Corporate social responsibility in management is considered as a challenge therefore it is associated with business practices [8]. Corporate social responsibility is considered as an integral part of the business literature and the enthusiasm toward investing in companies that have corporate social responsibility reporting practices is increasing [6, pp.1-3]. Management scientists have presented numerous definitions of social responsibility. For example, Dereg French and Saverd indicate in their book called "culture in management": corporate social responsibility is a duty upon the private institutions; that is there must be no negative effects on people's social life [3]. The dimension of duty has not been defined clearly, but it generally includes tasks such as preventing and evading environmental pollution, discrimination in employment, immoral activities as well as informing the consumers of the quality of the products which is a positive part in people's life in the community. Relationship between CSR and consumer behavior is complex. Corporate social responsibility is in effect not only for the customers' opinions and attitudes of the company itself but also the products. Consumers are highly interested in buying products from companies paying attention toward CSR [1].

PROBLEM STATEMENT

Corporate social responsibility provides methods which are dealt with by organizations in their business as well as the society's commercial, legal, moral and social expecations [9, p. 2].. There is no doubt that customer satisfaction is one of the most strategic issues in recent decades. Since customers determine the survival of a company in global market, companies can no longer be indifferent to the expectations and demands of their customers [4, p. 22]. It is thought that the factors that affect consumer satisfaction include a new category which is derived from the company's corporate social responsibility. In fact Shruti Gupta and Julie Pirsch (2008) believe that the markets, which have embraced corporate social responsibility programs, have increased the level of consumer satisfaction and loyalty. Moreover, analysts believe that the more corporate social responsibility is achieved by an organization, the better performance can be seen in that business which generally increases their customers' satisfaction. In fact, it is not...
clear which corporate social responsibility measures can obtain a higher satisfaction in comparison with the other measures. In fact, there is a gap between our understanding of the relationship between contemporary trends in corporate social responsibility and the ensuing consequences on the organization. In this study, we try to find the answer to this question: "How can corporate social responsibility affect consumer satisfaction?"

Development of CSR in Iran is severely under the competitive nature of the market. Thus most of the manufacturing and service organizations consider customer's satisfaction from an identical strategic point of view which is to increase the market's share. Over the past few years, the government began privatizing state-owned industries, considering social responsibility as a way to transfer the state-omned sectors to the private sector in order to enhance the national competitive potentials of Iran in international occasions [11].

THEORETICAL FRAMEWORK

Corporate Social Responsibility and Consumer Satisfaction

Philip Kotler, defines customer satisfaction as following: Customer satisfaction is the pleasant and unpleasant feelings of a person which are derived from a comparison between his/her ideas and expectations [2, p. 518]. On the other hand, customer satisfaction is defined as a customer's feeling or attitude towards a product or service after it is used [5, p. 147]. In order to determine how CSR can enhance consumer satisfaction, it is an important to consider different aspects of corporate social responsibility. In this study, we have focused on seven dimensions of corporate social responsibility and their impact on consumer satisfaction. The categories of corporate social responsibility is based on Sandra et al. (2012). They categorize CSR into seven dimensions: "labor practices", "environmental performance", "community development", "perceived consumer prices", "perceived consumer quality", "relationship selling" and "fulfill expectations" [10, p. 3]. Labor practices show the company's relationships with its employees. It includes factors such as the importance the company gives to working conditions, employment conditions, working place and appropriate accommodations for employees. Environmental performance of the company shows the company's relationships with the natural environment. It contains factors such as the company's recycling laws and the company's remedial acts to control the atmospheric pollutants of their products. Community development activities indicate the company's participation in community and social environment such as community activities to reduce unemployment, to do welfare activities and to improve the society's quality of life. Consumer's perceived price shows the perception of product price from the customer's point of view. Moreover, factors such as the proportion of sales to economic conditions and the relationship between product function and price costs are dealt with in this regard. Perceived quality is the consumer's perception of quality from his/her perspective. It includes factors such as the overall quality assessment, safety and strength, failures and defects of the products. Relationship selling contains the relationship between sales people and dealers on the one hand and the customers on the other hand. It contains measures such as customer's affair, customer's sense of secure connection with the company, considering customer's needs and interests. Fulfill expectations indicates the company's adherence to its commitments to customers as well as meeting their expectations. Therefore, in this study, the research hypotheses are:

Major hypothesis

Corporate social responsibility has a positive impact on consumer satisfaction.

Minor assumptions

1. Consumer's perceived quality has a positive impact on consumer satisfaction.
2. Consumer's perceived price has a positive impact on consumer satisfaction.
3. Corporate environmental performance has a positive impact on consumer satisfaction.
4. Community Development has a positive impact on consumer satisfaction.
5. Labor practice has a positive impact on consumer satisfaction.
6. Fulfill expectations have a positive impact on consumer satisfaction.
7. Selling Relationships have a positive impact on consumer satisfaction.
Conceptual model of research

Figure 1: Conceptual model of research (The impact of corporate social responsibility on consumer satisfaction)

Corporate Social Responsibility

- Perceived Quality
- Perceived Price
- Environmental Performance
- Community Development
- Labor practice
- Selling Relationships
- Fulfil Expectations

Consumer Satisfaction

RESEARCH METHODOLOGY

This study is a descriptive, causal-comparison piece of research based on applied objective. Data is examined using a Likert scale five-choice questionnaire by the members of the sample data collection (Survey) and relationship between variables is examined through regression method. In other words, regression is used to examine the relationship between variables, and SPSS software is used to reach this purpose.

The population of the study includes all car buyers and customers in Shiraz in 2013. Gathering the data sample was carried out between January 2013 and June 2013. Considering the cross-sectional survey research method, there is likelihood of change in sample population's result over time. Therefore this study is limited to the its time and place scope. The population of the study includes all car buyers and customers in Shiraz in 2013. Three major auto manufacturers were selected in this study: Saipa, Iran Khodro and Pars Khodro. In order to achieve a representative sample of the target population, the market share of each of the companies involved in this study was reached. Then using classified sampling method, the samples were categorized. Considering the fact that the exact number of the population is not clear, relative estimation formula with 5% limit error and 50% maximum variance were used.

\[ n = \frac{Z^2 \cdot pq}{e^2} \]  

So the number of samples was estimated 385. The samples were classified according to the sampling ratio of market share of domestic producers [i.e. Saipa 205 cases (53.2%), Iran Khodro 164 cases (42.7%) and Pars Khodro 16 cases (4.1%)] among buyers and customers who were selected randomly. To gather information about the literature review, library research and note taking were carried out. To collect field data, questionnaires were used. The questionnaire was a five-choice Likert scale. It is based on Sandra's (2012) famous questionnaire, which has been naturalized by marketing professors to meet Iran's culture and organization structure. So the questionnaire is valid. If the Cronbach's alpha value is greater than 0.7, it is a reliable questionnaire. If the value is closer to 1, the questionnaire is more reliable. Cronbach's alpha equals 0.945 which is more that 0.7. Therefore, the questionnaire is reliable.

METHODS OF DATA ANALYSIS

The demographic characteristics of the sample

These findings are based on gender, marital status, age group and level of education.

Base on sex, 81/8 percent (315 people) of them are male and 18/2 percent (70) of them are women. Accordingly, most of the respondents have been male. Based on marital status 66/8 percent (257) of them are married, and 33/2 percent (128 persons) are single. Accordingly, most of the respondents have been married. According to age group, 40 percent (154
persons) are between the ages of 20 to 30 years, 31.2 percent (120) of those aged 31 to 40 years, 16.8 percent (65 people) are between the ages of 41 to 50 years and 12 percent (46 people) of them are 51 years and above. Accordingly, most of the respondents have been between the ages of 20 to 30 years and minimum respondents have been 51 years and above. Based on education, 37.9 percent (146 cases) of the have BA, 34 percent (131 people) have lower degree, 19.5 percent (75 people) of associate degree, and 8.6 percent (33 people) of them have Master's degree or higher. Accordingly, most respondents have been undergraduate and fewer respondents have been postgraduate and above.

Verification of hypotheses and analysis of the proposed model

As the variables have interval scale, for the directional path, bivariate linear regression inferential tests of hypotheses was used. Amount of F indicates whether regression model of the study is appropriate or not; in other words whether, the independent variable explains the changes of dependant variable or not. The detection of this subject is possible with the significant amount of F in the error level of less than or more than 0.05. The following table shows the regression linearity test results.

<table>
<thead>
<tr>
<th>Regression (1)</th>
<th>Mean</th>
<th>Sum of Squares</th>
<th>Degree of Freedom</th>
<th>Average of Squares</th>
<th>F Statistics</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression (2)</td>
<td>2904.748</td>
<td>1</td>
<td>2904.748</td>
<td>355.012</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (3)</td>
<td>1464.240</td>
<td>1</td>
<td>1464.240</td>
<td>123.910</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (4)</td>
<td>1044.498</td>
<td>1</td>
<td>1044.498</td>
<td>80.300</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (5)</td>
<td>2152.528</td>
<td>1</td>
<td>2152.528</td>
<td>212.245</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (6)</td>
<td>2748.997</td>
<td>1</td>
<td>2748.997</td>
<td>320.696</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (7)</td>
<td>4119.067</td>
<td>1</td>
<td>4119.067</td>
<td>824.677</td>
<td>.000a</td>
<td></td>
</tr>
<tr>
<td>Regression (8)</td>
<td>4094.780</td>
<td>1</td>
<td>4094.780</td>
<td>851.303</td>
<td>.000a</td>
<td></td>
</tr>
</tbody>
</table>

Therefore, according to the significant amount of test F for each of the eight regression in error level of less than 0.01, it can be concluded that the regression model of the research, a mixture of independent and dependent variables and independent variables, is a good model and independent variables are capable of explaining the changes and the variance of the dependent variable well.

Evaluating the significant of the effects of the seven dimensions of corporate social responsibility on consumer satisfaction in the regression equations.

Secondary research hypotheses testing are present in the following table:

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Significance</th>
<th>Standard Coefficient</th>
<th>Non-standard Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Hypotheses (1)</td>
<td>.000</td>
<td>.694</td>
<td>1.022</td>
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<tr>
<td>Secondary Hypotheses (2)</td>
<td>.000</td>
<td>.495</td>
<td>.928</td>
</tr>
<tr>
<td>Secondary Hypotheses (3)</td>
<td>.000</td>
<td>.417</td>
<td>.335</td>
</tr>
<tr>
<td>Secondary Hypotheses (4)</td>
<td>.000</td>
<td>.598</td>
<td>.924</td>
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<td>Secondary Hypotheses (5)</td>
<td>.000</td>
<td>.675</td>
<td>.739</td>
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<tr>
<td>Secondary Hypotheses (6)</td>
<td>.000</td>
<td>.826</td>
<td>.917</td>
</tr>
<tr>
<td>Secondary Hypotheses (7)</td>
<td>.000</td>
<td>.694</td>
<td>1.352</td>
</tr>
</tbody>
</table>

Standardized regression coefficients in less error than 0.01 is significant for all sub-hypothesis of the study, so it can be said that the seven dimensions of corporate social responsibility are effective on the consumer satisfaction; it means as one standard deviation of the seven variables corporate social responsibility increases, consumer satisfaction increases in different amounts whose amount of increase is specified for each of the variables in Table 2.

According to the significant level Sig = .000 which confirms all sub-hypothesis, it can be concluded that the seven dimensions of corporate social responsibility (work performance, environmental performance, social development, consumer perceived
price, consumer perceived quality, consumer, sales communications, and satisfied expectations) have positive effect on consumer satisfaction; it means that as the seven dimensions of corporate social responsibility is higher, consumer satisfaction is higher.

Evaluating the significant of the impact of corporate social responsibility on consumer satisfaction in regression equation (8)

The main hypothesis testing of this study is listed below:

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Significance</th>
<th>Standard Coefficient</th>
<th>Non-standard Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary Hypotheses (1)</td>
<td>.000</td>
<td>.833</td>
<td>.207</td>
</tr>
</tbody>
</table>

Standardized regression coefficient of 0.833 in less error level of 0.01 is significant, so it could be said that the variable of corporate social responsibility is effective on consumer satisfaction; it means that with a standard deviation increase in the variable of corporate social responsibility, consumer satisfaction consumption amount 0.833 of the standard deviation increases. So, the main hypothesis is confirmed according to the above table and corporate social responsibility has a positive effect on consumer satisfaction.

**CONCLUSION AND RECOMMENDATION**

One of the important and common aspects between previous research and this study is that in previous researches it has been proven that customers' positive perception variable of Corporate Social Responsibility has a significant effect on the variables of customer's satisfaction. So, one can expect that as the positive perception of customer of CSR activities gets higher, customer satisfaction increases and by the reduction of the customers’ positive perception of CSR activities, customer satisfaction gets lower. This study also confirms this issue.

In line with previous research, regarding the importance of corporate social responsibility, this study aims to examine the impact of corporate social responsibility on consumer satisfaction which indicated that corporate social responsibility has a positive and significant impact on consumer satisfaction. The results also show satisfied expectations, from among seven aspects of corporate social responsibility, have the highest impact on consumer satisfaction and the lowest impact related to the environment performance indicating the importance that customers expect companies to adhere to the commitments they have made with customers and expect them to satisfy some services. From among the other aspects of the corporate social responsibility, sale Communications and the perceived quality were more effective, after fulfilling the expectations, rather than other dimensions, on consumer satisfaction.

This indicates that customers are willing to feel a sense of security in the relationship they have created with this company, and the company is always willing to do their issues, perceives their needs and want the best interest for them. Also, it indicates that customers and car buyers are looking for high quality products with high strength and safety and low shortcomings and failure. In our country Iran, the subject of corporate social responsibility is not desirable, and, compare with developed countries, has less been done on it and is still not known. Few advertisements have been done on it and there is not enough information.

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