



CONSUMER'S PERCEPTION OF COMPANY'S CORPORATE SOCIAL RESPONSIBILITY IN THE CONTEXT OF A GEOTHERMAL ENERGY FACILITY DEVELOPMENT

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ABSTRACT

Nowadays companies are putting a lot of efforts in a wide variety of Corporate Social Responsibility (CSR)-related activities, such as socially responsible employment, natural capital preservation programs, etc. (Sen & Bhattacharya, 2001; Ali et al., 2017). In particular, companies are ascribed to have various spheres of responsibility, or CSR domains (Ali et al., 2017; Lee et al., 2012). The social and environmental domains (SD and ED) where companies are usually accounted for responding to their impacts on the society and the environment (European Commission, 2001; Öberseder et al., 2013). Moreover, companies need to properly communicate their CSR efforts, constituting a third domain of responsibility: the communication domain (CD) (Swaen & Chumpitaz, 2008; Parguel et al., 2011). Companies' CSR efforts have been proved to be beneficial to consumer's response, and consumers' loyalty represent one of the most important construct for understanding the goodness of CSR-related activities (Lacey et al., 2015; Stanaland et al., 2011, Lee et al., 2012; Inoue et al., 2017). Despite companies' efforts, studies on consumers' view of CSR and CSR domains are lacking (Brunk, 2010), and the understanding of which CSR-related activities are the most effective in affecting consumers' loyalty is of paramount importance for companies that want to avoid damages to their profitability. In particular, the development of renewable energy facilities such as deep geothermal energy facilities have already caused consumers' oppositions, resulting in damages to companies' profitability. Thus, it is even more important for geothermal energy companies to understand how consumers see and value their CSR engagement.

To address such issues, we empirically tested which CSR domains are valued by consumers, as well as the relative importance they give to each CSR domain when evaluating their loyalty. We explored these evaluations across five developing countries – i.e. Brazil, Russia, India, China and South Africa (BRICS) –, and we considered the context of a deep geothermal energy facility development. We used data from a questionnaire survey of 1516 respondents gathered within the metropolitan areas of the capital cities of each BRICS country. To test our hypotheses, we applied the rologit model, which allows us to study how consumers combine different attributes into an overall evaluation of their loyalty. Stemming from the three CSR domains identified in literature, four attributes were considered: local communities' well-beings (ILC) and managers' nationality for the SD; environmental impact (EI) for ED; communication transparency and reliability (CUT) for CD.

Attributes	Weights	Modalities of variation of the attribute
Impact on local communities (ILC)	3	The well-being of the local community is higher because of the presence of the company.
	2	The company does not generate positive or negative impacts for the local community.
	1	The company negatively impacts the well-being of the local community.
Managers nationality (MN)	3	The company ensures a balance between employing (X) managers and foreign managers.
	2	Only a minority of the managers employed by the company are from foreign countries.
	1	The company employs only (X) managers

Environmental impact (EI)	3	The company has no negative impact on the natural environment.
	2	The company has a limited, but not permanent, negative impact on the natural environment.
	1	The company has a highly negative and permanent impact on the natural environment.
Communication transparency (CUT)	3	The company provides transparent and reliable information to customers about its activities.
	2	The company provides only partial information to customers about its activities.
	1	The company does not provide information to customers about its activities.

Results are described as follow. When considering all the BRICS countries together, results show that ILC and CUT represent the most important attributes upon which consumers base their loyalty, with the former preceding the latter in terms of strength. Further, EI has a weak but positive effect on consumers' loyalty, while MN has a weak but negative effect. We also detailed the results along the BRICS countries. While ILC represents the most important attribute regardless of the country considered, MN does not show any significance across countries. Moreover, EI is relevant only in the case of China and CUT does not display any effect on consumers' loyalty only in the case of India. The SD emerged as the most important CSR domain as compared with ED and CD, but only when referring to ILC – and not to MN. Thus, energy companies should prioritise the understanding of how and to what extent the development of deep geothermal energy facilities impacts local communities' well-being over the employment of managers with multicultural backgrounds. Despite that, they should avoid to completely overlook MN, since literature underlines the importance of individuals' integration to excel in CSR performances. Moreover, energy companies can still draw from ED and CD strategic advantages when performing CSR-related activities. While the former indirectly influences ILC depending on the CSR-activities performed, the latter remarks the importance of avoiding phenomena of "greenwashing". This paper contributes to the literature of CSR-consumer binomial, taking the consumers' perspective on the evaluation of CSR domains and related activities.

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