An empirical study in the food sector about how CSR strategies, perceived quality and corporate reputation are related to, and affect, purchase intention

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A tutte le persone che ho conosciuto in questo percorso che mi hanno aiutata in qualche modo a crescere ed arrivare dove sono ora; Ai miei amici di sempre e alle nuove amicizie che sono stati fondamentali in questi anni, in particolar modo vorrei ringraziare “Residenza Tolmino” NMC, FMM e TFPO senza i quali non starei qui a scrivere i ringraziamenti e con il sorriso; Alla mia numerosa famiglia che anche se da lontano, mi ha fatto sentire a casa,

ma soprattutto un ringraziamento speciale va ai miei genitori, la mia roccia che mi hanno sempre spronata a dare il massimo e a lottare per ciò in cui credo.
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Introduction

Why should firms adopt CSR practices? The literature has generally provided some answers in which the company adopts: a rational approach based on the assessment of various costs and benefits; an institutional approach based on imposed legislations and an ethical approach based on the belief that humans have dignity in their nature per se and are capable to freely make decisions.

Despite the crisis and the difficulties in which many firms operates, many small and medium enterprises are dealing with building a positive relationship with their territory and their stakeholders, mainly thanks to a social commitment that most of the time goes beyond what is transmitted and communicated to the externals.

In the last five years, sustainability has become a trend all over the world, but it is becoming everyday discussion only in the last months since the speech of Greta Thunberg. This little girl at the early age of fifteen has started protesting about the immediate urge to combat the climate change. What is happening to the environment now, is the result of the continuous human intervention on Earth.

Firms and people have never cared much about the consequences of their actions on the environment and this has lead to several problems like pollution and obviously climate change. More or less, for five years onwards, many companies have been adopting several sustainable actions and people have been increasing their recognition toward the importance of behaving ecofriendly. Behaving in socially responsible ways is very expensive; unluckily not every firm can afford to do it and to be profitable at the same time. This problem is faced mainly by small enterprises and in underdeveloped industries. Hence, as for what my research concerns I decided to investigate on how the perceived corporate social responsibility (hereafter CSR) and the perceived quality influence corporate reputation and the intention of purchasing products in a particular industry, the food sector.

As a young woman growing in a family business belonging to this sector, I have always been particularly enthusiastic and fond of this industry. Thus, I decided to combine my personal interests and background with some literature to analyze the food sector having more basic information. The first step in my research is the analysis of the existing literature for what concerns the CSR and the
sustainability in this industry. During my researches, I noticed that the information about this topic was limited because the sustainability in the food sector is still on the way to be explored.

This is one of the reasons why I decided to go on with an empirical research taking into consideration a growing firm in this industry: La Fabbrica della Pasta di Gragnano. I chose this specific artisan pasta factory because it is my family business and I am able to have direct information for everything that concerns the internal CSR actions since the firm does not promote any of the activities it adopts.

The aim of my research is to demonstrate that corporate social responsibility strategies carried out by “La Fabbrica della Pasta di Gragnano” generate an increase of the perceived quality of its products and thus, an higher purchase intention.

My work is divided into three chapters. In the first one, I summarized my findings about the CSR, the CSR adopted in the food sector and the consumers’ willingness to pay for socially responsible practices to check if actually consumers are willing to support sustainable firms. Then, in chapter two I developed a questionnaire with four hypotheses that I spread through the web.

The fulcrum of my thesis is chapter three. In this last section, I tested a research model based on the data stemmed from the structured questionnaire to study the effect of the several variables pointed out in previous chapter. I ran several multivariate linear regressions models using a Software for Statistics and Data Science (STATA® version 14) to check how the various variables influence each other and are influenced by the several developed items.
CHAPTER 1: From the conceptual background to its implementation

1.1 CSR – Literature review

Corporate social responsibility is a very broad concept that can take many forms depending on the company and industry. CSR is important for the community but at the same time, is valuable for a company that decides to join the world of sustainability. A single definition of the CSR does not exist and it has many different practices depending on the interpretation it takes and the field in which it is used. First, this acronym stands for Corporate Social Responsibility and generally, it can be defined as a business approach that contributes to sustainable development by delivering not only economic benefits, but also social and environmental ones for all stakeholders.

CSR has become a truly recent point of discussion and a kind of mantra for activists, employees, consumers, international regulatory agencies and obviously corporations.

As Kitchin pointed out in 2003’s article, corporate social responsibility is typically seen as “the brand-specific duties and resultant actions of commercial organizations in relation to their communities of need—defined and delivered outside the core transactional context of the business,”1 many reasons may exist to adopt it. For example, several companies think about CSR as a set of philanthropic and community activities outside the core of the business responsibilities that are aimed principally at strengthening the reputation of a company. For others, CSR is not simply an extra; rather it is embodied in the activities and interactions enclosed in a business institutional structure, which reflects company’s political, economic, and social values related to their responsibilities to several stakeholders. For many, CSR is the basis of a business model suggesting that doing what is good for society should be shaped by doing what it takes organization’s brand to do well in the competitive marketplace.

CSR activities are not only addressed to external factors of a company (e.g. to reduce environmental pollution) but can even help forge a stronger bond between stakeholders and

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corporation i.e. they can boost confidence and help both managers and employees feel more connected among each other and with the world that surrounds them.

It is important to highlight that for a company being socially responsible, it first needs to be responsible to itself and to its shareholders. Often, just large corporations implement CSR and only as a marketing strategy. The bigger and more visible the corporation is, the more responsibility, higher standards and competition it has to bear with.

To help companies implement CSR in their everyday business, in 2010, the international Organization for Standardization (ISO) introduced a set of voluntary standards: the ISO 26000 that provides guidance rather than requirements because the nature of CSR is qualitative than quantitative, and its standards cannot be certified. ISO 26000 defines what social responsibility is and helps organizations translate CSR principles into real actions. This standard is examined for every kind of organizations regardless of their activity, size, or location especially because many stakeholders contribute to develop it worldwide, so it represents an international consensus.

However, the World Business Council for Sustainable Development (WBCSD) provides a universal shared definition of Corporate Social Responsibility. As it is stated by Castka et al., “CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”.

Therefore, CSR takes into account the perspective of customers, investors and the needs and expectations of employees, suppliers, communities and society as a whole.

1.2 CSR linked to the food sector – literature review

Corporate social responsibility is truly relevant for food sector as this industry has a strong impact and a high dependence on the economy, the environment and the society. Generally, every industry of the economy is facing an increasing societal demand with respect to CSR; but there is no other sector highly dependent on natural resources like the food industry as well as having considerable

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impact on the environment. Some of the societal concerns are specific to the sector, while others have peculiar influence on the food industry – for instance labor rights. Indeed, often bargaining power in this industry stands only where there are large retailers; while suppliers that mainly are located in developing countries, can only accept the offers they receive. Hence, the food sector is linked to several social concerns, which indicates a strong demand for CSR.

Firstly, this industry, which is dependent on natural, human and physical resources, has a very strong impact on the economy as a whole.

Secondly, given that food covers basic human needs, people tend to be interested in what they eat, summing their views in the expression: “you are what you eat”. This leads customers to be more concerned not only about the origin of the products, but also about the production of raw material including any implication on the animal welfare, the environment – particularly on energy and water employment and waste - and social condition along the production process as well as the quality, healthiness and safety of products.

Thirdly, the food chain has a unique structure. Since small and large enterprises use different approaches to CSR, this implies potential conflicts regarding the employment of the CSR in the food supply chain.

For the above-mentioned reasons, the CSR linked to the food sector should be studied much more in depth than it is being done now. There is a lack of data about this topic mainly because big enterprises get their supplies from developing countries, where farming practices undergo few controls and therefore data is not collected. It is essential to highlight that emergent nations should not be underestimated because they represent the main suppliers of raw materials worldwide.

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1.3 Consumers’ Willingness to Pay for Socially Responsible Practices

As a result from the signals the planet is trying to send to protect it and the increasingly poor living conditions across the globe, many consumers are starting taking into account more sustainable behaviors. Others are working for or supporting organizations committed to social and environmental changes. Hence, since consumers are trying to be responsible citizens of the world, they also want corporation to be sustainable.

Actually, Corporate Social Responsibility is becoming a trend in the last few years, but still few studies are being made on consumers’ willingness to buy a CSR-related product. Few studies have been discharged examining consumers’ attitudes towards CSR activities and their effect on buying behavior. Reports suggest that consumers’ inclination to pay more for sustainable products is increasing and that CSR programs have a huge influence on Millennials. In an American report limited to US respondents, it is shown that young respondents are increasing recognition toward CSR issues. Indeed, almost two-third of people between 18 and 34 years old are willing to pay more for social and environmentally responsible products. This propensity is particularly evident among female Millennials. They are identified to be the biggest supporters of firm’s CSR actions. Among the several Millennials segment identified, female Millennials are the most likely to purchase and be more loyal to a firm with social and/or environmental benefit and spread through word of mouth a firm’s CSR activities.\(^6\)

Following the results of one of the researches of Nielsen – a global measurement and data analytics company - for people who are willing to pay more, among the top sustainability purchasing drivers there are companies being environmentally friendly, and companies being known for their commitment to social values. Nielsen reveals that two-thirds of its respondents is willing to pay more for products and services coming from companies committed to positive social and environmental impact. According to the report, topical willingness to pay more is even consistent across income groups. The study reveals a strong increase in the percentage of young people interested to pay an extra for sustainable products.\(^7\)

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Scholars have a long debated whether organizations adopt CSR activities because of desires to engage an ethical behavior or of using it as an instrument to earn more profits. However, the real question that has always been asked both by scholars and by companies is if consumers are actually intended to buy a CSR-related product.

Findings from a study on consumer reactions to Corporate Social Responsibility made by Sen and Bhattacharya show that sustainable initiatives do have a positive effect on consumers’ firm evaluations but they are mediated by customers personal perceptions and their support of the CSR. Consumers’ company evaluations are more sensitive to negative CSR, meaning that they react negatively to negative association of the sustainability of the firm. Sen and Bhattacharya’s research suggests that the influence of corporate social responsibility on customers’ willingness to buy is not straightforward positive. The firm’s sustainable activities can affect both in direct and indirect way; moreover company’s actions in certain CSR domains, for instance labor conditions can directly affect the attractiveness of the products and services provided by the firm.\(^8\)

Firstly, consumers need to be aware of any firm’s level of social responsibility before this factor can have an impact on their purchasing. No studies were found in the literature that measure consumers’ awareness or knowledge of the social responsibility levels of companies. This is mainly due to the fact that CSR is a broad and complex concept truly challenging to measure.\(^9\)

Resource dependency theory – “the study of how the external resources of organizations affect the behavior of the organization”\(^10\) – suggests that consumers who view social good as value-added would be willing to pay for CSR attributes. Generally, one would expect that customers vested in a cause would respond intensively to CSR messages. However, findings show that all things equal, customers prefer to support socially responsible businesses, but only when corporate ability and product quality are high they will pay premium prices.\(^11\)

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1.4 Introduction and history of the firm “La Fabbrica della Pasta di Gragnano”

The aim of my research is to analyze empirically the previously studied theoretical background focusing on a particular firm in the food industry – a sector still on the way to be explored, as emerged by the literature.

The representative for my research is the firm “La Fabbrica della Pasta di Gragnano”. It is a family-owned pasta factory at its fourth generation located in Gragnano.

Gragnano is a little town near Naples, in the south of Italy, famous worldwide for the art of producing pasta for more than 500 years.

Producing pasta in Gragnano is defined to be pure art, coming from ancient heritage where pasta does not simply come out of the union of durum wheat semolina and natural springs water from the surrounding mountains; but also from history, culture, traditions and obviously family secrets.

In 2012, “La Fabbrica della Pasta di Gragnano” is the first factory to obtain the PGI certification worldwide – “Pasta di Gragnano I.G.P.” (Certificate Certiquality n.1 / 2012) – and has been increasing its recognition for the last 10 years for its high quality products. The strengths of the company are the production of big-size type of pasta with different shapes and flavors and the high number of patents it possesses.

The history of the family in the pasta sector dates back to 1976 when Mr. Mario Moccia bought a famous pasta factory that was in crisis at that time. In 1994 the family was forced to sell the factory,
but after few years they decided to set up an artisan pasta factory and produce high quality products in memory of Mr. Mario Moccia, who dedicated his entire life to the family business. Thanks to him the foundation of the first consortium of pasta factories (COPAG) was possible and was the starting point of the recognition of Gragnano as a brand.

Today Antonino, Mr. Moccia’s son, is the actual ‘pastaio’ – the main pasta maker, who follows the production’s family secrets and is already transferring the traditions to his nephew, Mario.

Together with some skilled staff, they still follow the ancient production process, employing bronze dies and including the new offered technologies. The production process takes a lot of time, dedication and patience because the long and delicate drying process is still conducted at low temperatures.

Figure 2: Mr. Mario Moccia outside a pasta factory. (Source: “La Fabbrica della Pasta di Gragnano” [Online] Available: https://www.fabbricadellapastadigragnano.com/la-storia)
1.5 CSR activities of “La Fabbrica della Pasta di Gragnano”

“La Fabbrica della Pasta di Gragnano” focuses its business on total transparency and shared information, but there are no explicit and highlighted sustainable actions. The main reason is that the firm focuses mainly on being a storyteller and on spreading its high quality products, not employing any marketing plan to point out its CSR activities.

Nowadays, with all the innovations implemented in the factory, the firm is known to be the biggest and highest-quality artisan pasta factory in the whole world and employs several sustainable actions in the everyday business life.
The continual improvement of technology causes the company to make repeated investments, which help it improve efficiency in the paper, carton boxes, plastic and cellophane recycling process and even to introduce some packages that can be reused for other purposes. For instance, the firm made a collaboration with the brand Cuki® - a company producing food containers and packaging - to produce a reusable container for their “Lasagne” (Figure 5); an ample selection of vases in glass has been introduced to be reused for any purpose (Figure 6); a strong carton box has been designed and developed to be reused as a tray (Figure 7) and many others.

Figure 5: "Le Lasagne" (Source: “La Fabbrica della Pasta di Gragnano” [Online] Available: https://www.fabbricadellapastadigragnano.com/la-fabbrica/)

Figure 6: "Vaso della Fortuna" with Gigli tricolore Source: Martina Moccia, April 2019
Furthermore, as for what concerns the environment, the firm purifies the water employed for the bronze dies washing; it has insulated the areas to avoid heat and energy dispersion; it has new boiler systems that use less gas and recycles the exhausted fumes to reuse the heat.

Finally, the firm leaves the heating systems on 24 hours/7 days so that it does not have to use any supplementary boiler for health services, instead it uses the same installation for the drying process, to heat the production and offices rooms and to heat the water used for the several cleansing processes to have less impact on the environmental pollution.
The firm is concerned about social issues as well. It devolves the 10% of the revenues of the “Caccavella”, “Sole”, “Cuori”, “Stelle” and “Ruote” – a special shapes of pasta, some of which are patents of the factory – to a charitable foundation – Telethon®. The factory, together with other people, contributes to the maintenance of a foster home located in Arzano (Naples) and roughly 3-4 times a year donates around 5 quintals to several charitable entities of the territory like churches, communities and Caritas; even the scraps of machining fresh pasta is given for zootechnical use.
Moreover, the firm is a family business that focuses on the respect of traditions and values of the past. It is truly concerned about the well-being of its personnel. It gives flexibility on working hours to take care of the family and a “break room” was created where anyone can dedicate some time to themselves. Indeed, the personnel is truly motivated and active inside the firm because it is appreciated, always taken into consideration and it actually feels part of the firm.
CHAPTER 2: Experimental design and methodology

2.1 Analysis of the approach employed

After an accurate review of the literature about corporate social responsibility, I created a questionnaire in order to expand my research, hoping to demonstrate that CSR activities do have an impact on the purchase intention in the food sector.

Up to now, this industry has not been taken a lot into account and the study of the CSR related to the food sector is still a world on the way to be explored.

There is an increasing recognition of the beneficial effects that CSR has on businesses, but still there are different opinions. The first one based on perceptual learning is a process described by the capacity of the sensory systems to react to stimuli that are continuously improved by experience; indeed, it occurs with several interaction with the internal and external environment as well as practices coming from specific tasks. These are the reasons why this approach takes into account the view of different shareholders.\textsuperscript{12} Some other scholars consider corporate reputation from a signaling theory perspective\textsuperscript{13}. This latter view considers company reputation as arising out of suggestions provided by the firm about non-observable product characteristics.

These theories mainly act to sustain a positive reputation taking into account corporate social responsibility as a signal of high-quality good or service, in particular when it is not possible to verify the actual quality of the product taken into account before the real purchase.

Other authors contemplate corporate reputation to be an approach that has a direct impact on intention to perform a certain type of behavior.\textsuperscript{14}

I focused my research on an approach based on corporate reputation as an attitude within the Theory of planned Behavior – TpB. It aims at predicting an individual’s intention to engage in a

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behavior at a specific time and place. The theory was intended to describe all behaviors over which people have the ability to exercise self-control. Indeed the most important element of this model is behavioral intent. It is affected by the attitude about the possibility that the result of the behavior and the evaluated risks and benefits will be the one wished.

The TpB states that behavioral achievement relies upon both motivation (intention) and ability (behavioral control).\textsuperscript{15}

Given a literature review on the studies of the impact that the CSR has on businesses; my personal analysis of the problem and my research question: \textit{“How the perceived CSR and the perceived quality influence corporate reputation and purchase intention of products in the food sector”}; I focused my study on four variables: perceived CSR, perceived quality, corporate reputation and purchase intention.

\section*{2.2 Description of the hypotheses}

All the variables are the key elements in my research model and are linked through four assumptions. Generally, a hypothesis states a presumed relationship between two variables in a way that can be tested with empirical data. Then, after an extensive literature review and following the theory of planned behavior approach, I found out that attitude-based conceptualizations of corporate reputation and the intention of purchase by customers are expected to end up with a positive relation; therefore, I introduce the first hypothesis in the research model.

\textbf{Hypothesis 1}: The more positive the corporate reputation of a firm, the higher the purchase intention of customers for that firm’s product.

Secondly, I focused on the relationship between perceived CSR and corporate reputation. Even though there is no precise and general definition of the Corporate Social Responsibility, as mentioned before, it generally refers to transparent business practices, compliance with the law and respect for people, communities and environment\textsuperscript{16}. Scholars who looked at this relationship have identified that actually CSR influences corporate reputation. It has been acknowledged that one of


\textsuperscript{16} CHANDLER, G (2001) Defining corporate social responsibility. \textit{Ethical Performance Best Practice}

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the factors that allows sustainable activities to intensify business competitiveness is their impact on intangible assets such as brand equity, human resources motivation and corporate reputation\textsuperscript{17}.

Customers are more favorably disposed toward companies with a good reputation obtained through engagement in social development and environmental protection\textsuperscript{18}. Many findings demonstrate a positive impact of CSR initiatives on corporate reputation, therefore:

**Hypothesis 2**: The stronger the perceived CSR of a firm by customers, the more positive its corporate reputation.

As a matter of facts, another important factor that influences the purchase intention is the perceived quality of the product. In explaining their relationship, there are two main distinctive categories that have to be highlighted: the objective and perceived quality.

While the objective product quality corresponds to the actual technical excellence of the product, the perceived one is mainly about customer’s view of products or services’ ability to fulfill his expectations. It is based on the company’s current image, consumers’ experience with other products or services offered by the firm, and the influence of other people’s opinions. Hence, perceived product quality refers to customer’s assessment of the excellence or superiority of the product or firm taken into consideration.

Several studies demonstrate that there is a positive direct effect of perceived quality on the purchase intention of customers\textsuperscript{19} and that the intention to buy a product is higher for customers who perceive a high quality of the offering, therefore:

**Hypothesis 3**: The higher the perceived quality of a firm’s product, the higher is the purchase intention of customers for that firm’s product.


Moreover, as pointed out by Brammer and Pavelin in 2006\textsuperscript{20}, the perceived product quality is an aspect determining the reputation of a firm; therefore, companies that are perceived to produce high quality products tend to enjoy better reputation; as a result:

**Hypothesis 4:** The higher the perceived quality of a firm’s product, the higher is the corporate reputation for that firm.

Given the variables, their hypotheses and their respective items, I developed an online structured survey for collecting data and I applied a quantitative approach to study the final effects. The following figure represents the research model.

\[\text{Perceived CSR} \rightarrow \text{Corporate Reputation} \rightarrow \text{Purchase Intention} \]

\[\text{Perceived Quality} \rightarrow \text{Corporate Reputation} \rightarrow \text{Purchase Intention} \]

\[\text{Perceived CSR} \rightarrow \text{Corporate Reputation} \]

\[\text{Perceived Quality} \rightarrow \text{Corporate Reputation} \]

\[\text{Perceived CSR} \rightarrow \text{Perceived Quality} \]

\[\text{Perceived Quality} \rightarrow \text{Perceived CSR} \]

\[\text{H1} \]

\[\text{H2} \]

\[\text{H3} \]

\[\text{H4} \]

\[\text{Figure 10: Research Model} \]

Moreover, I created a new research model. The idea is to test, differently from the cited literature, which of the variables Perceived CSR, Perceived Quality and Corporate Reputation has more impact on the Purchase Intention, including them jointly in the right side of the regression model. The aim of the new regression is to place on the same level the three variables, without having the Corporate Reputation as causal link. The new constructed research model is described in the figure below.

![Second Modified Research Model](image)

**Figure 11: Second Modified Research Model**

### 2.3 Description of the variables

All the variable are measured through multiple items and are the most used to analyze the influences the CSR has on the perception of any business, on the subjective associations of the company’s stakeholders and on the customers’ purchase intention of the goods and services provided by the firm.

The first variable taken into account is the corporate reputation based on customers’ attitudes toward the company. It can be defined as the overall estimation of past actions and future probable
behavior of internal and external stakeholders of a company. Corporate reputation is something vitally important, but many companies do not give a second thought about it. Although reputation is an intangible concept, many researches universally show that a great reputation adds significance to corporate worth and is able to provide competitive advantage. It has a dynamic nature, changing and evolving according to the social culture, as well as the behaviors and results obtained by the company itself. Reputation possesses the character of transitivity, i.e. it moves from one subject to another either only on the base of mechanisms of belonging to similar social groups, or as a result of word of mouth.

To measure corporate reputation I relied on the findings of Brown\textsuperscript{21} who developed six 7-point bipolar items in response to the question: “\textit{Compared to all companies in this factory’s industry, how would you rate this company taken into account?”}

1. the very best-the very worst
2. the least reliable-the most reliable,
3. the least reputable- the most reputable
4. the least believable- the most believable
5. not at all known-the best known
6. the least trustworthy- the most trustworthy

In many studies\textsuperscript{22}, a clear reference is made to reputation as a consequence of corporate social responsibility; which Carroll wrote in 1979, “\textit{includes the economic, legal, ethical and discretionary expectations that society, in its various components, has toward the company at a given historical moment}”. Hence, the second variable taken into account is the CSR as perceived by customers and their relative support of socially responsible businesses.

The study is based on the instrument developed by Singh et al in 2008 and it is refined through several items that capture different dimensions of the CSR, consisting of commercial (or economic), ethical and social responsibility. The author included four questions per each dimension using a 10-point scale, where one stands for highly unfavorable and ten is equal to highly favorable.

As Carroll’s studies have shown, companies not only have ethical obligations with their stakeholders, but they are expected to be even society-oriented, having voluntary activities aiming at raising the well-being of the society as a whole. This is the main reason why economic dimension is supposed to be included in the corporate social responsibility.

The economic responsibility does not simply suggest profit achievement; it exploits the firm’s overall value generation that involves motivating the entire sales, innovation and technical staff. Thus, it is closely related to the product commercialization. This dimension may differ greatly amongst companies and consumers, for this reason I decided to include also the demographics of respondents in the study of the dimensions of CSR.

Therefore, the first dimension – Commercial responsibility – is examined through the following items:

7. The company is an innovator and launches new products into the market continuously
8. The company's products always maintain good quality
9. The company informs in a correct and truthful way about the characteristic/properties of its products
10. The company behaves ethically/honestly with its customers

The second dimension concerns the ethical responsibility. It deals with the extent to which the firm is honest in its business relationships and is studied through the resolution of the following statements:

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11. The company is concerned to fulfill its obligations vis-a-vis its shareholders, suppliers, distributors and other agents with whom it deals

12. The company is concerned to respect the human rights when carrying out its activities

13. The company always respect the norms defined in the law when carrying out its activities

14. For the company, respecting ethical principles in its relationships has priority over achieving superior economic performance

The last dimension of the CSR perceived by customers is the social responsibility, which assesses the company’s engagement in environmental protection and social causes. For what concerns this latter part, the following items were examined:

15. The company is concerned about protecting the natural environment

16. The company directs part of its budget to donations and social works favoring the disadvantaged

17. The company supports the development of society by financing social and/or cultural activities

18. The company is concerned with improving the general well-being of society

The third variable is the perceived quality. Unfortunately, there is no single mean to universally evaluate this one because quality is a subjective concept and consumers adopt different variables to establish the quality of a product or service. These attributes vary depending on consumers; what may seem as high quality to someone, may be perceived as inferior to someone else. Frequently many customers use prices as an indicator of product quality especially in the absence of any available information or condition to try or eventually taste the product.

However, sometimes some consumers determine the quality according to the country of origin, the type of distribution channel, the packaging or simply on the overall quality of goods and services issued by the producer. The quality of customers’ perception depends mainly on their way of processing and interpreting the stimuli of the given information. Perception plays a pivotal role in consumers’ life; it is the process by which an individual select, organizes and interpret information inputs to create meaningful picture of the world. Hence, quality perception is a complex and so subjective concept that cannot be easily examined.
I followed part of the Tsiotsou research that studies the perceived product quality on a 7-point scale - where one is the minimum and seven the maximum – through the items:

19. How would you evaluate the quality of the factory’s products?

20. Overall are you satisfied with the brand’s product?

The fourth and last variable is the purchase intention. A variable that expresses the customers’ willingness to buy a certain product or service and that depends on different external and internal factors. Consumers’ decision to purchase a product is influenced to a large extent by the attributes that a successful manufacturers is able to provide to the product through advertising, packaging or any promotional techniques. Purchase intention can be even influenced by recommendations by a reliable source, by any emotional association and by the expected outcome of the use of a product or service. Hence, I decided to implement the consumers’ stated support of socially responsible businesses view of Alan Pomering and Sara Dolnicar. It is measured using a seven-point scale – where one corresponds to strongly disagree and seven to strongly agree - through the following items:

21. I would pay more to buy products from socially responsible company

22. I consider ethical reputation of businesses when I shop

23. I prefer to buy products of a company that shows caring for the wellbeing of our society

I also included an item from the previously implemented author Tsiotsou

24. Will you buy products of this brand?

Finally concluding the study of the fourth variable considering other three items taken from the research of Lin, Chieh-Peng, et al examined through a five-point Likert scale - anchored by one equal to strongly disagree and five equal to strongly agree.

25. Given the chance, I intend to purchase from [name of the company]


26. It is likely that I will buy products from [name of the company] in the near future.

27. I expect to purchase from [name of the company] in the near future.

Lastly, I decided to implement a simplified version of demographic items studied again from Singh et al to consider the sample profile and use it as common denominator among the various variables with the respective items.
CHAPTER 3: Data analysis

3.1 Sample recruiting, characteristics and analysis

For the quantitative analysis of this study, I implemented an econometric approach to observe how the selected variables of the research model influence each other and are influenced by the items.

To be able to test the research model in this study, a Software for Statistics and Data Science (STATA® version 14) was employed in order to run linear regression models.

The sample is of a convenience style meaning that it is a specific type of non-probability sampling method. It relies on data collection from population members who are conveniently available to participate in study.

I spread the survey through the web and out of a sample where males and females are balanced, younger respondents are overrepresented; indeed out of 123 answerers, the majority are up to 34 years old. Only the 18% approximately are between 34 and 54 years old and the 4.84% are more than 54. The scarcity of respondents of age older than 54 may not imply that the population belonging to this category is very disinterested in the topic, but reflects my online contact mode. Hence, the result is attributable to the sampling.

The high percentage of respondents below 34 years old confirms the outcome of the employment status; indeed the 66.94% are students while the 30.65% are workers and only the 2.42% are categorized as unemployed, pensioners or homeworkers.

As what concerns the real and proper study of the survey, I ran several multivariate regression including into which one the socio-demographic variables as a control, to get estimates that are more reliable *ceteris paribus*.

For each respondent, I constructed some indicators following the various hypothesis to be tested. The first indicator – Corporate Reputation - is calculated as the mean of the items 1 to 6. The second one studied is the Perceived CSR, which is obtained through the mean of the questions from 7 to 18. Furthermore, I have included three subset of the Perceived CSR as separate indicators.
The first one, the Commercial dimension, is represented by the mean of the questions 7, 8, 9 and 10. The second, the Ethical dimension, is represented by the mean of the subsequent four questions; while the last one - the Social dimension by the mean of the questions 15, 16, 17 and 18.

The Perceived Quality – the third indicator – is taken from the mean of the question 19 and 20. Lastly, the Purchase Intention, which represents the fourth indicator, is obtained by the mean of the questions 21, 22, 23, 25, 26 and 27. Each indicator used to run the multivariate regressions, is summarized in Table 2 in the Appendix.

Before observing the effects of the several described variables, rather than directly following the study and regressions employed in the literature, I created a sort of new research model that includes every sub-dimension of the CSR, thus implementing new sub-hypotheses to test which one among the commercial, ethical and social dimension has more impact on the corporate reputation. The hypothesis 2.1 aims at testing the correlation between the Commercial dimension of the CSR and the corporate reputation; while the hypothesis 2.2 the interaction between the Ethical dimension and the corporate reputation and finally the hypothesis 2.3 aims at studying the effects that the Social dimension has on corporate reputation. The sub-hypothesis of the modified research model are summarized in the following figure.

![Modified Research Model](image)

*Figure 12: Modified Research Model*
3.2 Analysis and results of the regressions

The outcome of the regressions studied through the STATA research model are summarized in Table 3 in the Appendix.

The first regression I studied (M1 in Table 3), follows the second hypothesis, hence studying the influence of Perceived CSR on Corporate Reputation.

The results of the regression output show that the independent variable - Perceived CSR - has a positive and statistically significant effect on the dependent variable - Corporate Reputation - *ceteris paribus* gender, age and employment status.

The reliability of this estimate is supported by the very low P-value, that is under 0.05 and the t-statistic, that is over 1.96 - the t-statistic corresponding of a 95% confidence interval.

The coefficient of the independent value is about 0.5422 meaning that an increase of one point of the indicator related to Perceived CSR implies an increase of Corporate Reputation variable of 0.5422 circa, *ceteris paribus* the other control variables.

Resuming the second hypothesis, the results of this regression confirm the positive relation between Perceived CSR and Corporate Reputation.

After the evaluation of the whole impact of the recognized sustainability, it is relevant to analyze the impact of each single dimension. Indeed, I ran other three bivariate regressions (M1a, M1b, M1c), to measure how Corporate Reputation is correlated, *ceteris paribus*, to each single dimension of the CSR.

The results show that each component is statistically significant given the low P-value; but the one that has more impact on the dependent variable is the Commercial dimension with a coefficient equal to 0.505 approximately.

As a matter of facts, respondents care more about the innovations and quality of the products launched in the market. This perfectly supports my research question because the main aspect that consumers care the most among the CSR dimensions is the one supporting product’s quality, innovation and characteristics, which are indeed measured by the Commercial dimension.
However, even the social and ethical dimension have a similar impact, so they should also be taken into account when the firm decides to implement a marketing strategy based on the CSR.

The second model tests and confirms the fourth hypothesis (M2). The independent variable - Perceived Quality - is positively correlated and statistically significant. The positive coefficient shows that a unit increase of the Perceived Quality implies an increase in the Corporate Reputation of about 0.807, *ceteris paribus* the other control variables.

The subsequent model analyzes the correlation between the Purchase Intention and the Perceived Quality where the first variable is the dependent one, while the latter is the independent one (M3).

As the Stata output shows, the positive coefficient of the independent variable is statistically significant. The positive influence of Perceived Quality on Purchase Intention - exposed though the hypothesis number three - is confirmed by the positive coefficient equal 0.49 circa.

In the last model (M4) the remaining effect of the research model to be studied is the influence of Corporate Reputation on Purchase Intention. Resuming the first hypothesis, I can confirm that *ceteris paribus*, the more positive the reputation of a firm, the higher the purchase intention of customers for that company’s products.

The reliability of this estimate is supported by the very low P-value, which makes the variable statistically significant. The positive coefficient of the independent value means that an increase of one unit of corporate reputation implies an increase of purchase intention of 0.498 circa, *ceteris paribus* the other control variables.

The outcome of the regressions studied through the STATA research model are summarized in Table 3 in the Appendix.

Furthermore, I decided to test multicollinearity to see if it affects the estimates. It occurs when two or more predictors in the model are correlated. Hence, I ran the Variance Inflation Factor (VIF). If VIF value exceeds 5.0 or is by tolerance less than 0.2, then there is a problem with multicollinearity.

---

The findings are positive for this study because all the VIF variables are less than five and the mean VIF is 2.25, meaning that there is not multicollinearity among the variables. Table 4 in the Appendix shows the VIF values.

Lastly, I ran a multivariate regression including Perceived CSR, Perceived Quality and Corporate Reputation as independent variables (M5 in Table 3) to study their whole effect on Purchase Intention; thus following the new research model described in the previous chapter (Figure 11).

The outcome shows that the only statistically significant variable *ceteris paribus* is the Perceived CSR with a P-value equal to 0.072. I can conclude that the Perceived CSR has positive impact on the Purchase Intention and it is the only statistically significant variable with respect to the others; hence, as a matter of facts respondents care much about the CSR, thus supporting my research question.

In the following table, I have reported some summarizing descriptive statistics resulting from the realization of the survey and the sampling method used. The table shows for each variable the total number of observations, the mean value, the standard deviation and the minimum and possible maximum value per variable.

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Worker

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Unemployed, Pensioner, Homeworker

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Table 1: Sample descriptive statistic table

3.3 Main findings

The quantitative analysis of this study aims at observing how the selected variables of the research model influence each other. The developed questionnaire was spread through the web employing a convenience sample. The indicators used to run multivariate regressions are the fulcrum of each hypothesis to be tested and the results of the data analysis support all the formulated hypotheses.

Following the research model inspired by the literature, it is confirmed through the statistically significant dependent variable that the more positive the reputation of the firm, the higher the purchase intention of customers for that firm’s products, thus confirming the hypothesis number one.

The positive results of the second tested hypothesis shown by the very low P-value, confirm that the stronger the Perceived CSR of a firm by customers, the more positive its corporate reputation. Rather than the whole effect, even the effect of each single dimension of sustainability on the reputation of the firm has been studied and ended up with each sub indicator to have positive influence on the Corporate Reputation.

The findings of third tested hypothesis confirms through the statistically significant dependent variable that the higher the quality perceptions of a firm’s product, the higher is customers’ intention to buy for that firm’s products.
Finally, the positive results of the last hypothesis suggest and confirm that the higher the perceived quality of a firm’s product, the higher is the purchase intention of customers for that firm’s goods and services.

Lastly, findings of the second modified research model (Figure 11) where I placed on the same level the Perceived CSR, the Corporate Reputation and the Perceived Quality show that among the three variables, the only statistically significant one *ceteris paribus* the control variables, with a P-value equal to 0.072 is precisely the Perceived CSR.

Furthermore, the VIF test shows that the variables do not have multicollinearity.
Conclusion

The main objective of this work was to better understand the effect of perceived corporate social responsibility and perceived quality of products on corporate reputation and purchase intention.

My empirical study about the CSR and quality impact on the purchase intention in the food sector showed that actually the corporate social responsibility does has a positive impact. Since people are starting caring more than before about this topic, one of my suggestion is to continue the empirical research on other firms and fields in the food sector because it is still on the way to be explored. The food area is very broad, takes many forms, varieties and is one of the fundamental of the economy; hence, it should be examined more deeply, in many ways, circumstances but above all among different cultures.

My structured survey based on the limited existing literature in the food sector, focuses on the specific firm “La Fabbrica della Pasta di Gragnano” that even if has many CSR activities, does not publicize them at all. Mainly because it belongs to the category of small-medium enterprises and being a relatively new, artisan and growing firm it has focused its marketing plan on the advertisement of its high quality products and on the innovative designs of the pasta’s shapes that identify “La Fabbrica della Pasta di Gragnano” among its competitors.

Findings show that the main variable affecting the Purchase Intention among Perceived CSR, Perceived Quality and Corporate Reputation is actually the Perceived CSR. This last result of the structured questionnaire perfectly supports my research question. Moreover, the results show that among the three sustainable dimensions - Commercial, Ethical and Social - the Commercial one has more impact on the reputation of the firm. This means that, as a matter of facts, respondents care more about the innovations and quality of the products launched in the market.

Following these results, my suggestion to the firm is to adopt the triple bottom line framework. By using it, the firm can expand how it views its position in the economy and above all its capacity to remain in the future. Obviously, no single bottom line can keep up any business alone, but all the three dimensions play a pivotal role in determining if the firm can stay in the business as a social and environmental company and generate a profit along these parameters. Sustainability is even a measure of the company’s ability of belonging to the market basing its actions on its impact on the environment, its link to the community and its contribution to the economy as a whole.
Hence, my suggestion to the marketing team of the firm “La Fabbrica della Pasta di Gragnano” is to start a marketing plan based on the promotion of the sustainable actions that the firm employs in its everyday business life, because they have a positive impact on customers’ purchase intention. For instance, the firm could take inspiration from the advertising made by Ichnusa®, a Sardinian beer company that even established a partnership with Legambiente® to promote its CSR activities and passion linked to the territory. However, they should continue focusing on the production of innovative and high-quality products, implementing a marketing strategy centered on the diffusion of the several employed sustainable actions and finally, make some structured surveys to send to their direct and bigger customers to scrutinize their true willingness to pay for socially responsible practices.
## APPENDIX

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<th>Indicators</th>
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Table 2: Sample indicators

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Table 3: Sample STATA output
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*Table 4: VIF Table*
References


• CHANDLER, G (2001) Defining corporate social responsibility. *Ethical Performance Best Practice*


