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## How Customer Trust, Commitment and Loyalty are Impacted by CSR Activities Over Time.

Abstract ID: EASM-2015-277 - (805)

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Date submitted: 2015-03-27

Date accepted: 2015-04-22

Type: Scientific

Keywords: Corporate Social Responsibility, Trust, Loyalty, Sport

Category: J: Corporate Social Responsibility Communication in Sport:

Synopsis:

Abstract:

Aim - This paper investigates the role that corporate social responsibility (CSR) plays in building key relationship quality perceptions (trust and commitment) between an Australian Football League (AFL) team and its season ticket holders (STHs). In turn, the link between relationship quality and ongoing customer loyalty is examined. Acknowledging that relationships vary over time, the study also examines if these mediated relationships between CSR and loyalty are moderated by relationship length.

Theoretical background - Researchers examining the corporate social responsibility (CSR) efforts undertaken by organizations have noted that the reasons for engaging in CSR, and the sincerity with which it is undertaken, vary greatly. This variety in approaches is partly due to how little we know about the impact of CSR on organizational stakeholders (Sen and Bhattacharya, 2001). Yet while it may seem an important thing for organizations to do, CSR is difficult to assess and determining where it fits within the gamut of organizational activities is also problematic. So the questions of who should be responsible for organizational CSR, and whether it is worthwhile undertaking, remain unanswered.

Some advances have been made. Organizations undertaking CSR are often driven by a desire to increase customer loyalty, and that a positive relationship between the two has been found (Martinez and del Bosque, 2013). More recently, that relationship was confirmed in a non-profit organization setting (Andreini, Pedeliento and Signori, 2014), suggesting it might be universal across industries and organization types. Adding detail to our understanding, a number of studies have been undertaken examining antecedents to loyalty that might mediate the relationship between CSR and loyalty. For instance, trust and commitment are the two most commonly examined antecedents of loyalty

(Martinez and del Bosque, 2013), but factors such as service quality perceptions (Andreini et al., 2014) have also been studied. All of this research suggests that the relationship between CSR activities and customer loyalty is not direct. Rather, CSR impacts on aspects of the customer relationship, which in turn influences outcomes like the loyalty and word-of-mouth behavior of customers.

To develop this idea further, our study continues the empirical examination of whether CSR perceptions have an impact on trust in, and commitment to, an organization. Further, we examine whether trust and commitment induced by CSR perceptions enhance customer loyalty, and whether these relationships are moderated by the length of time a customer has been with an organization. In doing so, we examine whether CSR can impact upon the basic tenets of strong customer relationships, so as to shed light on whether CSR is, in fact, beneficial to customers and worth integrating more fully into the experience of the customer with the organization.

This study focuses on a professional sport team and its season ticket holders (STHs). We purposely chose a context typically referred to as 'high-involvement' (McDonald, 2010), to improve the chances of: (i) customer awareness of CSR (often very low) and (ii) meaningful flow-ons. In the organization examined here, CSR activities are well-established and a prominent part of its relationship with its stakeholders.

**Method** - The survey data is drawn from almost 6,000 STHs of a professional sport team. Structural equation modeling and the non-parametric bootstrapping regression technique are used to test the hypotheses.

**Findings** – The results support the direct impact that CSR perceptions have on both the degree of trust and commitment felt by customers. The mediating role of trust and commitment on the link between CSR and loyalty is also supported. Further, the results suggest that the indirect effect of CSR on loyalty via trust is moderated by relationship length. That is, perceived CSR generates higher levels of trust that drives loyalty among relatively new STHs compared to their long-term counterparts. Conversely, the effect of CSR on loyalty via commitment is not moderated by relationship length, suggesting that commitment plays a consistent role across tenure groups.

**Implications** - This study provides evidence of a direct impact of CSR activities on key aspects of customers' relationships with sports organizations. Moreover, the study supports the notion that CSR should be managed holistically with other aspects of the customer's experience, and suggests that CSR may be the best way to foster trust amongst newer customers. The incorporation of the multi-dimensional measures of trust and commitment, and the recognition of the influence of relationship length on CSR's impact, allow deeper understanding of how CSR might be employed over time to achieve organizational goals.

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