

TALLINN UNIVERSITY OF TECHNOLOGY

School of Business and Governance

Department of Business Administration

Anirban Biswas

**THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY
(CSR) ON CUSTOMER RETENTION IN RESTAURANT
BUSINESS IN ESTONIA**

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Supervisor: Merle Ojasoo, Associate Professor

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DECLARATION

I declare that I have compiled the paper independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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Anirban Biswas

(Signature, date)

Student code: 177206 TVTM

Student e-mail address: abpolash13@gmail.com

Supervisor: Merle Ojasoo, Associate Professor

The paper conforms to requirements in force

.....

(Signature, date)

Chairman of the Defence Committee:

Permitted to the defence

.....

(name, signature, date)

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ABSTRACT

Corporate Social Responsibility (CSR) practices are followed by the restaurants to satisfy their stakeholders. The purpose of the study is to determine the effects of these CSR strategies on customers' retention level. This research analysed impact of the CSR strategies followed by the restaurants at Estonia. The analysis on the literature identified that brand image of the restaurant, customers' reviews on the restaurants, restaurants' atmosphere, food quality, service quality, price and eco-friendly practices of the restaurants are the different factors affect the customers' retention level. Recent researches revealed that restaurants consider CSR activities such as offering donations, environment friendly practices, offering healthy food, focus on low energy consumption and contributing to the local communities.

Primary data collection was performed in this research. This research conducted interviews with the managers of the restaurants at Estonia to identify their present CSR activities. A survey was conducted with the customers of these restaurants. Correlation and regression analysis were used in this research to identify the relationship between the strategies and customers' retention level. The study also performed both qualitative and quantitative data analysis. Quantitative analysis was performed to analyse the data derived from the correlation and regression analysis of the research. The study identified that offering quality food and supporting the local community are the major factors influence the customers' retention. The result of the research also revealed that CSR activities have strong relationship with the customers' retention level. The study recommended the restaurants to promote their CSR activities in order get more customers and retain their existing customers.

Key Words: Corporate Social Responsibility, Restaurant Industry, Customer Retention

INTRODUCTION

Corporate Social Responsibility (CSR) is defined as the organisational policy of corporate that aligns business operation with social and environmental goals. It can also be defined as the ethical commitment espoused by the organisation to contribute positively to the improvement of quality of life of the employees and of the society (Soroka and Mazurek-Kusiak, 2014). By embracing CSR practices, an organisation can maximise its positive impact on the society by being socially and environmentally responsible entity apart from achieving the business goal of generating profit. It is also to be noted that the CSR policy will empower the organisations to fulfil the expectations of all stakeholders including shareholders (Sharma, 2013). It is evident that the CSR practices of an organisation determine the ability of the organisation to contribute to environmental and social development of the society.

Research on the usefulness of CSR practices has shown that there is positive correlation between CSR practices of an organisation and its performance. It is also found that the ability of organisation to retain its customers also get influenced by the extent to which the organisation treat its stakeholders in ethical manner (Okwemba et al., 2014). It is also found that the corporate social responsibility combined with the employee engagement impacts the organisational performance. An organisation which has efficient CSR agenda is found to have increased organizational performance than the organisation which does not have the one (Obeidat, 2016). CSR practices impacts the customer retention and attraction capabilities of the organisation by exerting significant influence on customer satisfaction. Ethical and philanthropic dimension of CSR practices are found to impact both customer satisfaction and customer retention capabilities. By improving customer perceptions concerning the organisation through CSR practices, it is possible to enhance customer retention capabilities (Hassan and Nareeman, 2013). It is conclusive that the CSR is one of the effective factors that increasing customer retention and attraction. It is also evident that the organisations need a clear CSR agenda in order to ensure sustained customer base.

The effect of CSR practices on the customer loyalty is also found to be mediated by other factors such as customer trust. CSR initiatives also form an important aspect of strategic planning of the organisation since CSR practices are found to impact the purchase decision making behaviour of the customers. By using CSR, organisation can transform their customers into their corporate ambassadors (Raza et al., 2018). Empirical research on the impact of CSR practices on the customer satisfaction also indicated that the reduced CSR activities of an organisation reduce the customer satisfaction which in turn reduces customer trust and loyalty. It is also found that the

market values of the firm are also influenced by the CSR initiatives of the organisation (Islam, Haider and Saeed, 2013). It is evident that CSR activities of the organisation exerts significant influence on the customer relationship management by influencing customer perception, trust, satisfaction and intention of make repeated purchase in the organisation. It is also evident that the CSR activities have strategic importance to the organisation by determining the extent to which the organisation can impact its customers.

Even though it is evident that the CSR activities impact the organisational performance through influencing customer satisfaction, the extent of research into the customer responses to CSR activities is very limited. It is also to be noted that the current research do not give adequate importance to the behavioural changes experienced by the customers due to CSR policies (Ailawadi et al., 2014). This research will serve as an empirical study in establishing the nature of impact that the CSR practices of an organisation will exert on its customer purchase behaviour. The study will also fill the research gap in CSR literature by critically reviewing various CSR factors that contributes to increased customer retention and attraction capabilities.

The Research Problem considered in this research is discussed in this section. As mentioned by van Doorn et al. (2017), there is lack of research on identifying how CSR policies impact customer responses. It is to be noted that the CSR activities of the firm impact several factors that determines the long term sustainability of the organisation such as profitability (Babalola and Abiodun, 2012). It is also to be noted that the CSR activities of the organisation impacts the corporate reputation of the organisation (Alzghoul et al., 2016).

Thus, it is evident that the lack of adequate information on the effect of CSR activities on the customer retention is the major research problem and it will be addressed through this research.

The main aim of the research is to investigate the impact of CSR strategies on customer retention in the restaurants in Estonia.

The tasks of the research are,

- To review earlier researches and secondary sources on the current practice of CSR in the restaurants
- To verify the relationship between CSR practices and customer retention in the restaurants in Estonia

- To offer recommendations to improve CSR practices and customer retention in the restaurant business

The study also covers the following research questions

- What are the existing practices of CSR followed in restaurants in Estonia?
- What is the effect of CSR strategies on the customer retention in Estonia restaurants?

The data collection process in this research focused on collecting different types of data to satisfy the objectives. The research used both primary data collection method to answer research questions. Primary data was collected from the customers of Estonia in order to identify how different CSR strategies of Estonia impact the customer retention in these restaurants. The research used a survey to collect primary data from 80 customers.

The author of the research also conducted a survey among the customers of the restaurants and interviews with four managers of restaurants from Estonia to analyse the corporate social responsibility strategies followed by the restaurant and its impact on customer retention. The research used both quantitative and qualitative data analysis to decipher the impact of CSR practices.

The overview of the paper's structure is presented below.

The first section will elaborately analyse the existing literature review from previous researches.

The second chapter explains about the nature of methodology used by the researcher to collect and analyse research data.

Third chapter covers data analysis and finding of the collected data by using statistical tools.

Discussion section analyses the findings of the data analysis with findings from literature. Finally,

Conclusion section summarises the findings of the research along with offering recommendations.

1. THEORETICAL FRAMEWORK

The literature will provide a detailed view on corporate social responsibility and its effect on customers in an organisation with appropriate themes and conceptual framework. Different types of CSR practices carried out organisations will be detailed and its influence on customers will be identified. The data for the literature will be collected from secondary sources such as published journals and articles that are related to CSR practices and customers retention level with the main focus on restaurant industry.

1.1 Corporate social Responsibility theories

Triple Bottom Line approach enables organisation and corporate community to understand social values and creates environmental awareness in reducing the level of destruction. Organisations adopt TBL in their business operation as a part of corporate reporting. TBL uses pressure and institutional power to change and reduce negative impact of corporate on the environment (Sridhar and Jones, 2013). The stakeholder management theory is a widely used approach that enables organisations to segregate the CSR, prioritising and categorising the stakeholders, customers has a multidimensional perception. However, implication of CSR practices based on customers' perception improves operation results (Pérez, and Rodríguez del Bosque, 2016). It is understood that triple bottom line provides a strong impact on the organisation and influences their behaviour to change and reduce their impact on the environment meets customers expectation. In case of stakeholder management theory the CSR approach is segmented based on priority. Though, customers are stakeholders they are second in line hence, it is evident the organisation benefits come first.

Institutional theory links rationalised myths with CSR practices where the rationalised myths are considered as social norms, belief and values of the society. This theory in practice enables organisations to make decisions depending on its influence on customers and the external environment. In order to avoid pressures organisation accept the belief and imple social practices that meets customer perception (Jha, and Aggrawal, 2018). Normative theory generates a level of understanding over the situation and showcases how desirable and critical the external situation is proceeding. This theory is very effective in understanding the operation and principles of CSR practices to an organisation. Normative theory presents a core logic that improves production and the relationship between firms and the society (Mitnick, 2018). From the above it is evident that institutional theory generates a link between society and organisation in the pretext of avoiding complexities. Similarly normative approach also creates a link better

firm and customers projecting the external condition. This creates a necessity to develop and maintain a positive relationship with the customers meeting their perception.

From the theories discussed in the section it is evident that on application to an organisation they would enable and assist the management to foresee and predict the external climate. This would put a pressure insisting on the development of CSR practice, providing an understanding over the importance of CSR strategies to organisations.

1.2 Factors that influence customer retention in the restaurant industry

Corporate social responsibility practices of the organisation are gaining positive grounds for the organisation improving sales and reducing financial risks. Green approach followed by restaurants influences customers' attitude towards the organisation. Utilisation of environmental friendly product has a major impact on the customers' behaviour (Schubert, Kandampully and Solnet, 2010). The effect of green products and green practices carried out in restaurants creates a positive impact on the environment. This improves the brand image and promotes a positive review of the restaurant. For instance in Switzerland customers prefer an eco-friendly atmosphere in fast food restaurants (Youn et al., 2016). From the above literature it is revealed that green trend followed in restaurants is attractive and has a positive impact on the customers' behaviour and satisfaction level. It is evident that customers expect environmental friendly product utilisation as it contributes to the improvement of external climate.

Brand image plays an important role in influencing customers' satisfaction and commitment to an organisation. A brand charitable contribution to communal development improves brand image and creates a positive impact on the customers influencing their satisfaction and commitment to the organisation (Mohammed and Rashid, 2018). Customers evaluate an organisation based on their brand impact on the society. Brands that reduce negative impact on the environment and provide exceptional service quality create a strong impact on the customers influencing their brand loyalty and commitment. Ethical standpoints of organisations reduce brand switching behaviour of customers (Albus and Ro, 2017). The above literature reveals that positive brand image of an organisation creates a positive impact on the customers influencing their satisfaction level and retention in the organisation. Brand that contributes to the environment and society has a better impact on the customers increasing their loyalty and reducing their switching behaviour.

Discounting and low price strategy of restaurants has resulted in competition resulting in loss of customers' loyalty. However, implication of CSR practices enabled restaurants to provide better employee benefit and involve in social responsible activity. Millennial generation are attracted to restaurants that contribute to the society (Rhou, Singal and Koh, 2016). Customers' expectation in a restaurant varies depending on individuals. Service quality, food and their relationship with the organisation and external environment influences customer's behaviour and retention level in the organisation. Food quality and ambience influence customers satisfaction while, CSR increases awareness (Swimberghe, and Wooldridge, 2014). Therefore, it is understood the price factor does not create a long term impact on the customers. The external services and contributions made by restaurants influences customers. If the food and service quality increases their satisfaction and influences their retention, CSR increases brand awareness and loyalty of the customers.

Ethical practices carried out by restaurants increases satisfaction level of the customers in the organisation. Honesty, fair play and integrity displayed by organisations in the social responsibility practices influences customers buying behaviour and commitment to the organisation (Hassan and Nareeman, 2013). Organisations that meet charitable expectation of the society with investments and funds improve operation performance of the organisation. Voluntary and involvement of the organisations are identified by the customers. This increases their level of trust on the organisation (Hassan, Nareeman and Pauline, 2013). Critically, analysing the above literature it is revealed that ethical practices and transparent approach of the organisation to the development and betterment of the community creates a positive impact on the customers influencing their retention level in the organisation. It is evident that customers trust organisations that indulge in fair operation.

Hence, from the above literature it is evident that effective practices and contribution of the organisation to the environment and society influences customers and increases their level of commitment to the organisation. This highlights the different factors that influence customers' retention level in restaurants.

1.3 Various CSR Practices followed by the restaurants

Fast food restaurants generate CSR policy to improve social and cultural value of the operating region. Organisations reflect on local priorities and agendas. They take initiatives to use and preserve the local communities by making healthy choices in their menu and food preparation. Franchise's of McDonalds sponsor local community to improve their business operation

(Montalbo, 2015). Many quick service restaurants have been the target of government and activists for environmental degradation, obesity and poor contribution to the society. Hence, McDonald's in particular changed their menu and has set to serve healthy and nutritious food to their customers across the globe (Swimberghe and Wooldridge, 2014). Critically analysing the above literature it is revealed that CSR practices are carried out by organisations in the pretext of improving environmental and social concern. Therefore, it is evident CSR practices that show concern towards community welfare has a better impact on the customers healthy menu plan increases customer retention in organisations.

One of the CSR practices that are widely followed by restaurants is reducing the amount of energy consumed by the restaurants. Restaurants such as Burger King use highly energy efficient devices in order to reduce the total energy consumption and uses renewable sources of energy as an effort to CSR practices. Ensuring the sourcing of material from suppliers who follow ethical practices is also identified as the commonly (Kaur, 2013) Customers of restaurants and food joint have become more cautious over the impact created by the organisation on the environment. Hence, organisations are targeting green conscious customers with effective CSR practices. This involves not indulging in products that are sever threat to the environment and society (Barber, 2014). From the above literature it is evident that customers are attracted to organisations that use less energy in their business operation. The research done by Kaur (2013), stated that restaurants using ethical practices in the business sector with controlled energy consumption improves customer attention. Similarly, the later literature indicated that implementation of green practice in restaurants is also energy efficient and environmental friendly.

Sustainability is the main focus of organisations in restaurant industry. This influences CSR practices in the organisation. For instance McDonald's a global fast food chain operator implemented CSR practices and serves 30% of healthy food to their customers and using energy efficient equipment in the operation process indicating operation of internal CSR practices (Lin and Chung, 2018). Starbucks a worldwide coffee chain restaurant has positive effect on the customers with their CSR practices. The products served in their branches are associated with many traits of the world. The organisations contribution to animal welfare, fair trade, labour issues and environment concerns increases brand image and customer attraction (Andersen, and Skjoett-Larsen, 2009). The literature has highlighted that sustainability in the industry is the major concern for organisations. With changing trend and customers demand for healthy food has been taken into consideration by industrial players. This led to change in menu meeting

customers' perception and demand. Besides, contributing to environmental development also has its wake on the organisation.

Reducing the amount of waste generated is also identified as an important strategy followed by several organisations in the restaurant industry. Some of the steps taken by restaurants to minimise the amount of waste generated includes proper planning of different size of portion that will be consumed by the customers without wasting it, ordering easily perishable products only according to the need and following first in first out practice in inventory management (Kaur, 2013). Conducting campaign to offer foods to deserved people is also identified as one of the CSR strategies followed by several organisations in the restaurant industry. McDonald's conducted a campaign called 'Happy Burger Campaign' to deliver burgers to child welfare organisations. The campaign was positively received by the customers. It is also reiterated that offering healthy foods in the menu is one of the CSR initiatives well received by the customers (Lim, Kang and Kim, 2017). Increasing obesity among younger population forced the restaurants to be more responsible when it comes to offering nutritive food (McCool and McCool, 2015). It is conclusive that the steps taken by an organisation in the restaurant industry towards reducing food waste can be used as the CSR initiative. Philanthropic activities of the organisation are also leveraged to improve CSR image of the firm.

From the literature it is evident that CSR practices are applied by organisations to contribute to the environment and society. This involved reducing carbon impact and providing healthy food and dining atmosphere creating a positive impact on their buying behaviour and retention level.

1.4 Relationship between CSR practices on customer expectation and customers' buying behaviour

Corporate social responsibility practices are carried out by restaurants in an attempt to meet customers' expectation and demand. Organisations that use CSR to change and create an impact on the community gains customers' attention for instance Guadalajara hotel and restaurant industry has attracted larger foreign investment with knowledge management and community service (Sanchez-Gutierrez, et al., 2011). CSR practices plays an important role in improving customer service operations and buying behaviour in the organisation. Restaurants focus on health related problems such as obesity and focus on developing nutritious food. Display of nutrition product and purchase information influences customers purchase intention in the

organisation (Cronin and Pelozo, 2015). From the above literature it is revealed that CSR practices carried out by organisations play an important role in attracting customers. Restaurants use various strategies and techniques to attract customers and influence their behaviour. However, meeting their expectation alone increases their purchase intention in the organisation.

Restaurants with a global reputation that franchise retain local taste, flavour and culture in the dish and approach to meet customers' expectation. Hence, restaurants in Philippines link organisation practice with local environment bring in local community value in the food. High degree of localisation is achieved by the implication of CSR practices (Montalbo, 2015). Economic and social performance of hotels and restaurants are influenced by CSR practices. Customers show favourable attitude and behaviour towards organisations that are socially responsible and reliable. This increases their attachment and repeated purchase intention in the organisation (Jalilvand et. al., 2017). From the above literature it is revealed that CSR practices are used by organisations to achieve their business objective. Hence, the management links CSR practice with customers' needs and expectation. This enables the management to achieve desired impact on their customer base. However, organisations that project a positive social image have a better chance of influencing the customers for a longer time period.

Environmental protection and employment benefits are the major CSR activities that are carried out by organisations to attract new customers and convince existing customers to retain in the organisation. Customers expectation of an organisation is to maintain its product quality and social responsibility towards the community (Esa, Zahari, and Nawang, 2018). CSR practices carried out by restaurants are interconnected with customers trust, loyalty and retention level in the organisation. Display of exceptional service quality and direct customer relationship creates a positive impact on the customers influencing their buying behaviour in the organisation (Sindhu and Arif, 2017). Critically analyzing the above literature it is evident that organizations in restaurants industry are taking caution and voluntary initiatives in reducing the level of damage done to the environment. This is done by studying customers expectation and buying behaviour other organizations. In order to retain their customer base organizations are indulging in CSR practices.

Implication of corporate social responsibility in an organisation is an administration and managerial decision. The decision an initiative is taken by the top management in the pretext of creating a positive impact on the environment and customers. Ethical business practices and display of professionalism by the management influences customers trust and behaviour (Iiyas

Sindhu, Arif and Wright, 2017). A typical initiative taken by organizations in restaurant industry is to conserve energy and use renewable goods to reduce negative impact on the environment. Many leading fast food organizations in London take energy conservation steps to reduce consumption and operate on alternative sources (Kaur, 2013). Critically analysing the above literature it is revealed that CSR practices that influences customers trust and loyalty meets their expectation level in the industry. Organisations that follow ethics have a strong impact on the customers influencing their buying behaviour in the organisation.

From the above literature it is evident that there is a link between CSR practices and customers' expectation and purchase intention. However, it is evident that organisations that indulge in voluntary practices and contribution to the environment has a better chance compared business oriented firms.

1.5 Impact of CSR Practices on Customer Retention

CSR practices applied in an organisation play an important role in reducing systematic risks such as financial crises, management risk, protection and market appeal. This improves their operation performance and enables restaurants to meet customers' perception very effectively. Restaurants implement CSR in generating healthy menu to attract and influence customers (Soyeon et al., 2018). For example Starbucks management strategy has CSR as their central focus this enables the management to consider their customers, business partners and communities before making change in business operation. This enables the organisation to create a sustainable relationship with their customers (Kang and Namkung, 2018). From the above literature it is revealed that CSR practices are inevitable to organisations. This enables management reduce operational risk and improve their approach to create a positive influence on the customers. Hence, CSR has become the centre of focus for organisations. CSR assists organisations to take positive initiatives towards their stakeholders improving their image.

CSR practice is carried out in restaurants to improve financial well being of the organisation and its image. Hence, the management indulge in large charitable financial commitment that contributes to the development of the society. This improves the downside image of the organisation creating a positive impact on the customers influencing their commitment to the organisation (Youn et al., 2016). In restaurant industry implication of CSR plays an important role in improving business operation. This practices increases employment, environmental condition, and community image and food quality. CSR practice in the work atmosphere improves employees approach to the customers leading to sustainable customer relationship (Lin

and Chung, 2018). Critically analysing the above literature it is revealed that organisations in restaurant industry are using CSR practices to improve their overall business performance and industrial image among the customers. Hence CSR approach is carried out both in the inside and external environment.

CSR practice in organisations are carried out and put into action by the top managers based on the business view and cognitive base of operation. The CSR practices are concentrated based on customer and stakeholder demand leading to improving organisation reputation and create a positive impression on customers. This develops an emotional attachment towards the organisation (Lee, Sun and Moon, 2018). In the contemporary society CSR plays an important role in reaching customers. Though this approach is used in varies business environment the contribution provided to the society creates a positive impact on the customers. Consumer perception and their needs are to be considered why taking decisions (Rotter, 2014). From the above literature it is evident that restaurants using CSR practices apply their course of action on the basis on understanding their customer's requirement and needs. It is evident that decisions and changes that are applied based on customers expectation create an emotional attachment to the organisation.

The ethical consumerism displayed by restaurants in their corporate social responsibility practices influences customers repeated purchase intention in the organisation. The effectiveness of CSR increases brand equity and position of the organisation attracting and retaining potential and regular customers in the organisation (Kang and Namkung, 2018). In UK customers lack trust in fast food restaurants for the poor and promoted CSR activities. Customers have high expectation on famous establishments such as McDonald's and Kentucky Fried Chicken, if they fall short of their expectation customers tend to switch their attachment scale (Swimberghe and Wooldridge, 2014). From the above literature it is evident that ethical consumerism projected by fast food restaurants through effective CSR practices influences customers buying behaviour in the organisation. However, as mentioned in the research work of Swimberghe and Wooldridge (2014) if organisations fall back in meeting customers' expectation they tend to switch their brand.

Therefore, from the above literature summary it is understood that customers' retention level in an organisation is influenced by the CSR practices that are carried out by organisations in restaurant sector. However, it is evident that CSR approach and requirement varies with country and management perception.

1.6 Conceptual Framework

Conceptual framework has been designed to project a summary of the factors that influences customers' retention level in an organisation in the restaurant industry. From the above literature it is evident that organisations that contribute to the development of community and that which reduces negative impact on the environment has a higher impact on the customers. Considering the CSR approach carried out by restaurants it is evident that customers expect a genuine and voluntary approach and that influences their retention and satisfaction level in the organisation.

Following diagram explains the conceptual framework based on which the research is conducted.

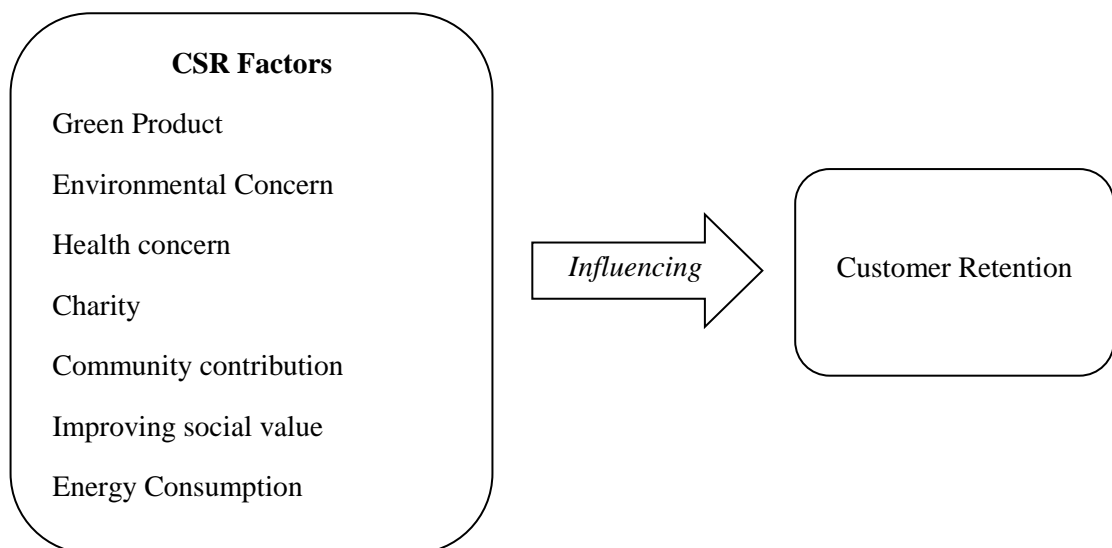


Figure 1: Conceptual Framework (Compiled by author)

As mentioned earlier in the TPL theory the pressure for maintaining a positive relationship with the environment influences organisations initiative towards energy consumption and reduced impact on the environment.

Corporate Social Responsibility practices are widely used by organisations in restaurant industry to improve their image and competitive edge among other players. This initiative is necessary in order to create a positive impact on the customers since they provide that major source of revenue. From the stakeholder theory it is evident that CSR practices are designed based on the

segments and priority in order to achieve the set organisation objective. Customer retention level in organisation is not only influenced by price and food. Organisations contribution and approach to the society plays a strong role in improving their brand image and position in the market. Factors such as green practices, energy consumption initiatives, utilisation on local supplies are some of initiatives that influences customers relationship with the organisation influencing their buying behaviour in the organisation. From the extended literature it is evident that CSR does have a relationship with customers retention level in the industry.

2. METHODOLOGY AND DATA COLLECTION

2.1 Methods of collecting data

The research has been conducted to study the impact of CSR practices of restaurants on customer retention level. In order to gather relevant information to support the research and answer the research question suitable tools and techniques shall be used in the research. This chapter shall provide a detailed description of the methods that will be used to select sample, gather information and analysis the same.

The research that focuses on describing a certain phenomenon is qualitative research. Textual information is being presented as qualitative research (Neergarrd and Ulhoi, 2007). Qualitative research method is used in the study to evaluate and analyse the data gathered from managers of restaurants in Estonia. A select set of managers were approached with open end questionnaire for interview purpose. This method has been selected since, this is effective in analysing data that has been gathered via observation and face to face interview. Further, qualitative analysis is suitable for analysing minimum range of data that has been collected for the research.

Quantitative research would aid in making use of statistical tools for analyzing the data obtained from respondents (Neergarrd and Ulhoi, 2007). Quantitative method has been used in the research in order to study the large volume of data that is collected via survey process. This method is very much effective in converting texts to numerical and vice versa using appropriate statistical tools. The data collected from customers of restaurants in Estonia will be analysed and the results will be projected in the form of figure in order to provide a detailed inception of the survey results and to simply understanding of customers' perception and decision over the CSR practices carried out by restaurants in Estonia.

Primary data collection includes collecting information from the people involved in the research. Survey, observation and interview are being used in this method. Secondary data collection includes collecting information from already existing sources (Wegner, 2010).

Primary data which was collected from the managers and customers of the restaurants at Estonia was used in this research for analysis. Analysing the common corporate social responsibility strategies followed by the organisation is an objective of the research. Therefore, the research considered the managers of the restaurants at Estonia as the appropriate sources of primary data to satisfy this objective. The research conducted a survey and interviews with four managers of

different restaurants in Estonia in order to identify different corporate social responsibility practices followed by them and their impact on their customers.

Identifying the impact of these CSR practices on customers' retention level in the restaurants at Estonia is another objective of this research. This research objective can be answered only by the customers of these restaurants at Estonia. Therefore, the researcher conducted another survey with the customers to understand their loyalty towards the restaurants. An online survey was used to collect data from the customers using Google forms. The survey link of the online survey is presented here.

Refer Appenxi-1 for the survey questionnaire and survey link

The interviews with the managers were recorded by the researcher and stored in a DVD.

Secondary data collection method was not adopted as a part of this research, since the restaurants at Estonia may not publish their CSR practices as reports to the public. In addition, secondary data may not offer the present strategies of these restaurants. Therefore, secondary data was not used in this study. In addition, the secondary data may not offer the data on recent CSR strategies followed in the restaurant industry. Therefore, the research used primary data as the suitable data when compared to secondary data.

Purposive sampling was used for selecting participants based on some criteria. Selection of participants based on knowledge or experience is called purposive sampling (Chrislerand McCreary, 2010). The research has gathered information by using both interview and survey method. Since, the research covers the geographical area of Estonia, purposive sampling technique has been utilised in the research to select appropriate sample population for participating in the survey and interview process. The research involves four managers from select restaurants in Estonia and similarly selective range of restaurant customers were approached for survey process. The data collected from the participants were analysed using effective and suitable analysis method. Convenience sampling technique has not been utilised since, this method selects participants on random basis based on accessibility. This may select the customers or managers who may not have the knowledge on CSR practices and their relation with the customers' attitude and retention. Hence, purposive sampling technique is utilised in the research to select sample unit possessing subject knowledge.

Initially, the author of the research sent online survey questionnaire link to 110 customers of the restaurants at Estonia. The response rate was 72.72% since 80 customers out of 110 customers

were completed their online survey. However, the researcher received 80 responses from the customers. The researcher approached four managers to conduct interviews to understand their corporate social responsibility strategies at their restaurants. All the four managers were accepted to participate in the survey and offered their perceptions. Thus, the response rate of the managers' interview is 100%.

The managers of the restaurants also involved a short survey. The interview responses offered qualitative information which could not conclude a specific conclusion on the efficiency of the specific Corporate social responsibility practices. The example, the interviews with the managers offered a depth understanding on the importance of CSR practices, different CSR practices of the restaurants. However, measuring the effectiveness of a specific CSR method which strongly affected the customers' was not possible in the qualitative analysis. However, this issue can be rectified in the survey method and direct opinions of the managers for the closed ended questions with specific options. Thus, a survey was conducted among them to evaluate the efficiency of their practices. The gathered information was analysed using qualitative and quantitative methods. SPSS tools were used to generate correlation and regression result.

The research has been conducted following all ethical consideration. The survey questions were designed based on the subject and personal questions were not proposed to the participants. The research is free from cultural, social and political context and it is a voluntary process. The interview and survey was a voluntary practice and the participants were not forced under any circumstance. They have the liberty to walk away from participation. In the survey method, the personal identity of the customers was not collected and these details will not be revealed in the research. However, the managers who involved in their interviews offered their names and they do request anonymity of their responses. Therefore, the responses of the managers were discussed in data analysis section and their direct responses were presented in Appendix (See appendix). The research is ensured to be free from plagiarism and copy right issues.

2.2 Data Analysis

Correlation analysis determines the relationship between the variables namely independent and dependent variable. Regression analysis reveals the impact of independent variable on dependent variable (Lee, Dinis and Lowe, 2016). Descriptive analysis technique was utilised in the research to analyse the gathered information and study the research variables. This method is effective in analysing the statistical data attained from the survey performed in this study. The survey data is in percentages; thus, the result can be presented in charts for simplify the data presentation.

Correlation analysis is performed in this research. This method is effective for identifying the relationship between dependent variable and independent variables. Here, the dependent variable is customer retention and the independent variables are CSR practices followed by the restaurants. The data obtained for the research is fed to SPSS software and the correlation and regression analysis results will be generated projecting the significance and positive relationship between the variables. The results for the study are obtained from the questionnaire which was conducted online.

In regression analysis, R value is used to evaluate the result. If the value of r is greater than 0 and is closer to +1, the supports the regression and is significant. However, if it is -1, there is much variance in the regression. The R^2 value represents the goodness of fit which explains that if it is 100% then independent variables are completely controlled by the dependent (Hayes, 2008). The study performed multiple linear regression analysis to evaluate the impact of various CSR practices on customers' retention.

3. ANALYSIS OF THE RESULTS AND DISCUSSION

The data analysis section makes the inferences from the collected data by statistically analysing the data using tools such as correlation and regression analysis. This section also descriptively analyse the data in order to depict the views of managers. The interview of managers will be qualitatively analysed in the section. This section also analyses the relationship between independent and depend research variables. The dependent variable is the motivated customer's retention decision and the independent variables are the caring for the local community, healthy and nutritious food options, lower energy consumption, philanthropic activities, environmental friendly cutlery and packing materials, Professionalism and ethics of workers and Donations made by restaurants. By using regression analysis, the strength between the research variables is presented.

3.1 Analysis of Managers' Interviews

The Managers interview is conducted in accordance with the research question. The first three questions are on the significance of CSR practices in the restaurants in Estonia. In this analysis section, the names of the managers are also revealed. The respondents do not ask for anonymity since the study does not affect the respondents and their restaurants.

The first question is on how long have the managers have been serving in the restaurant industry. The interviewees possessed an experience of no less than ten years' experience in the restaurant industry. One of the manager's Maris Veski who was interviewed said that he possessed experience of 12 years (*Refer Appendix-4*). The responses reveal that the managers have vast experience in the industry.

Question two was to understand the manager's perspective on the importance for restaurants to follow CSR practices. The managers who replied to this question were found to perceive that it is important for restaurant to follow CSR practice. One of the mangers working in Harg restaurant named, Erika Kuul respondents as "*It is important as caring about environment and community and healthy and organic foods. They use paper napkins, recyclable straws*". The other manager, Mari Vibu from Horisont Restaurant said that CSR practices are important for organisation as customers are getting more conscious with time.

The reasons for following CSR practice could be different among the restaurants. But from their response it could be seen that managers have unanimously agreed that it is important to follow CSR practice at restaurants.

The third question and the fourth question are about the CSR practices in the restaurants in Estonia.

The third question is to understand if managers think customers prefer restaurants which engage with CSR practices when they take purchase decisions. From the interview response it could be seen that most of the managers disagreed revealing that only few customers do prefer restaurant based on the CSR practices being followed at the place. One manager Maris Veski stated “*Yes, but not major percentage of people*”. Though this manager agrees partially it could be interpreted that most of the managers have stated that the customers do prefer restaurants that follows CSR practices but, most of the customers do not seem to select restaurants based on this criteria.

The fourth question was to understand what the present CSR practices followed by the restaurants in Estonia are. Mixed response was obtained for this question from managers. Two of the managers said they follow CSR practices but not all. Two of them revealed detailed information regarding CSR practices being followed at the restaurant. Vema a manager working at Lendav Taldrik stated that “*Vegan food, use no meat, using more organic foods also some restaurant owner donate for children. Sometimes it is not profitable*”. Thus, it could be stated that CSR practices are being practiced at restaurants in Estonia but not at all restaurants since, it is not profitable and it is expensive for some restaurants.

Questions five to seven were to understand the CSR practices impact on the customer purchase intention.

Two managers revealed that there is no impact. Two of the managers revealed that people are concerned about the CSR practices. One of the managers named Erika Kuul stated that “*Not a lot, but people are getting concerned about CSR now a days*”. It could be identified that there is no much of an impact of CSR on the customer’s purchase intention however, there is positive influence of customers.

One of the manager, Maris Veski stated that “*Yes, I believe it and our CSR activities is influencing customers to come back but it is not a major extent again*”. The other managers were found to completely deny that customer’s repeated purchase intention did not have any impact on their CSR strategies.

The seventh question is understood if the manager promoted CSR as a Marketing Instrument to retain Customers. Gema working as a manager at Lendav Taldrik stated that “*We are not*

marketing the CSR activities as we believe we are practicing CSR activities as a part of ethics but not for retaining customers”. In tandem with this statement most of the managers revealed that they do promote CSR as a marketing tool for retaining customers.

3.2 Analysis of Managers' Survey

Since the interview conducted with the managers offered only qualitative information about the CSR strategies, the researcher faced difficulty in determining which among the CSR strategies is most effective in impacting the customer purchase decisions. In order to overcome its limitations, it becomes a necessity to collect quantitative data. Thus, the author of the research also conducted a survey with the managers of the restaurants in order to collect quantitative data and the result is presented in this section.

Questions 1 to 3 were asked to understand the importance of CSR practices in the restaurant.

The first question asks the experience of the managers in restaurant industry. The response revealed that managers' experience is found to be varied and they possess more than 6 years experiences in the industry.

Question two was to ask on the importance of CSR for the restaurant. Three of the managers' are found to strongly agree whereas one manager Erika Kuul agreed with the statement on importance of CSR for the restaurant.

The subsequent asks on customers' preference of choosing restaurants which engage with CSR practices when they make purchase decision. Two of the managers were found to select neutral as their option from the five options provided. Two of the managers agreed and disagreed to the statement. Owing to mixed response it could not be known whether customers prefer restaurant based on CSR practices.

Questions 4 to 9 were about the existing practices of CSR in restaurants in Estonia which is the first research question.

The fourth question was about if the restaurant provides a safe dining environment for customers. There were five options provided to managers for providing their answer regarding this one manager selected agree as their option. On the other hand three managers selected strongly agree as their option.

The following question was about if their restaurant provides a healthy working condition for employees. One manager Maris Veski stated that *“agree, as it always needs to be better”*. Strongly agree option was selected by three other managers.

Question six is about if the restaurant is very active in supporting the disadvantaged. One manager Erika Kuul stated that *“Agree as they don’t do anything very actively”*. All the managers were found to agree that they are very active in supporting the disadvantaged people.

The seventh question is asked to understand the commitment of the restaurant to using a substantial portion of its profits to support communities where it does its business. Two managers were found to disagree and two managers were found to strongly agree with the statement. One manager Mari Vibu stated that *“Strongly agree as we are donating 10% of our profit being a part of swissotel”*.

The subsequent question is about if the restaurant puts charity into its business activities. Three managers selected agree as their option and disagree was selected by one of the managers. One of the manager Erika Kull states *“Agree, for example we do some government occasion free at their restaurants”*.

Question nine is to understand if the restaurant shows concern over environmental degradation. Maris Veski revealed *“Yes, zero waste, chefs even when they peel the potato they do not throw the skin of potato rather they cook it again and that helps to reach zero waste aim”*. All other managers were found to opine their restaurant shows concern for environmental degradation.

The final two questions study the effect of CSR practices in Estonian restaurants.

The tenth question is to understand if the CSR practices attract customers to visit the restaurants repeatedly. Two managers were found to select neutral, one manager selected disagree. Maris Veski one of the managers stated that *“Strongly agree that CSR is helping to get repeated customers”*.

The subsequent question was to ask if the CSR practices influence customers to recommend the services of the restaurant to others. Mari Vibu a manager at Horisont restaurant *“Not sadly because they don’t advertise their CSR”*. One other manager was also found to be neglecting the statement. One manager was found to agree and one was found to neutral.

3.3 Analysis of Customers' Survey

The research participants were questioned about their gender in order to evaluate the number of male and female participants.

The results from the survey revealed that there were about 43.8% female participants and 56.30% male participants in the research. From the above figure it is evident that the survey involves higher rate of male participants in the research.

The participants were questioned about their age group in order to understand intention and perception of the customers in restaurant.

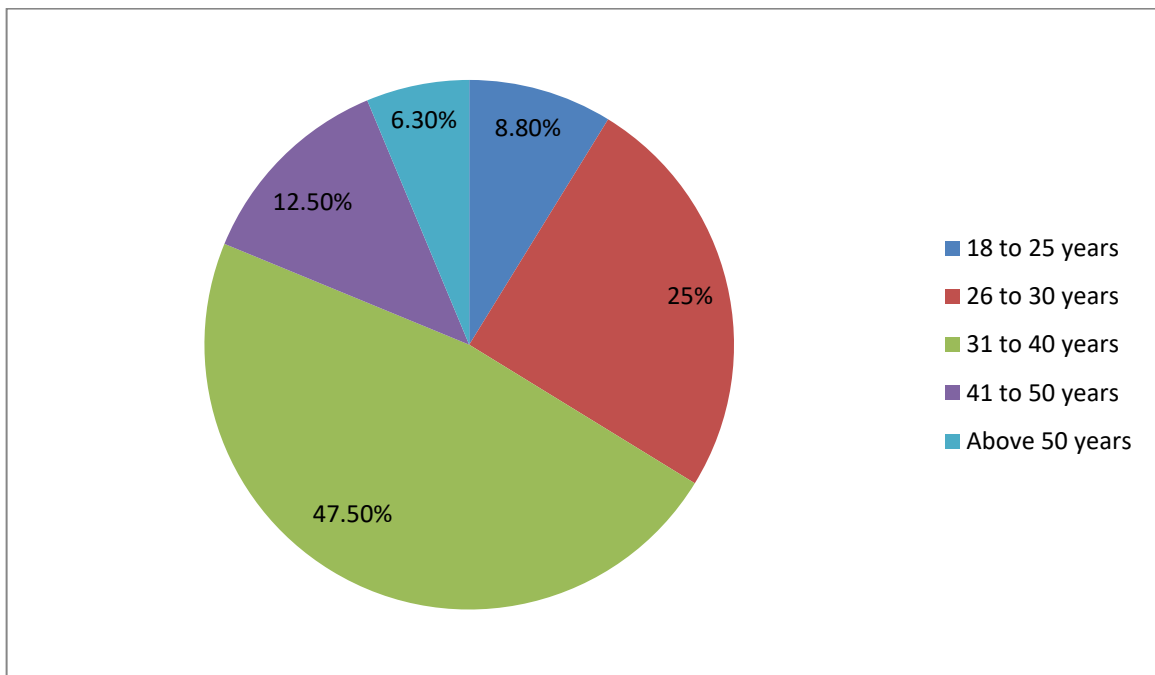


Figure 2: Age distributions (N = 80) (Compiled by author)

The results from the survey revealed that a maximum of 47.50% of the research participants belonged to 31-40 years. From the above figure it is evident that maximum number of customers belonged to the 30's.

Factors influencing customers to remain loyal to the restaurants

The research participants were questioned about the factors that influence their loyalty level in a restaurant, in order to identify the range of factors that has a strong impact on the customers.

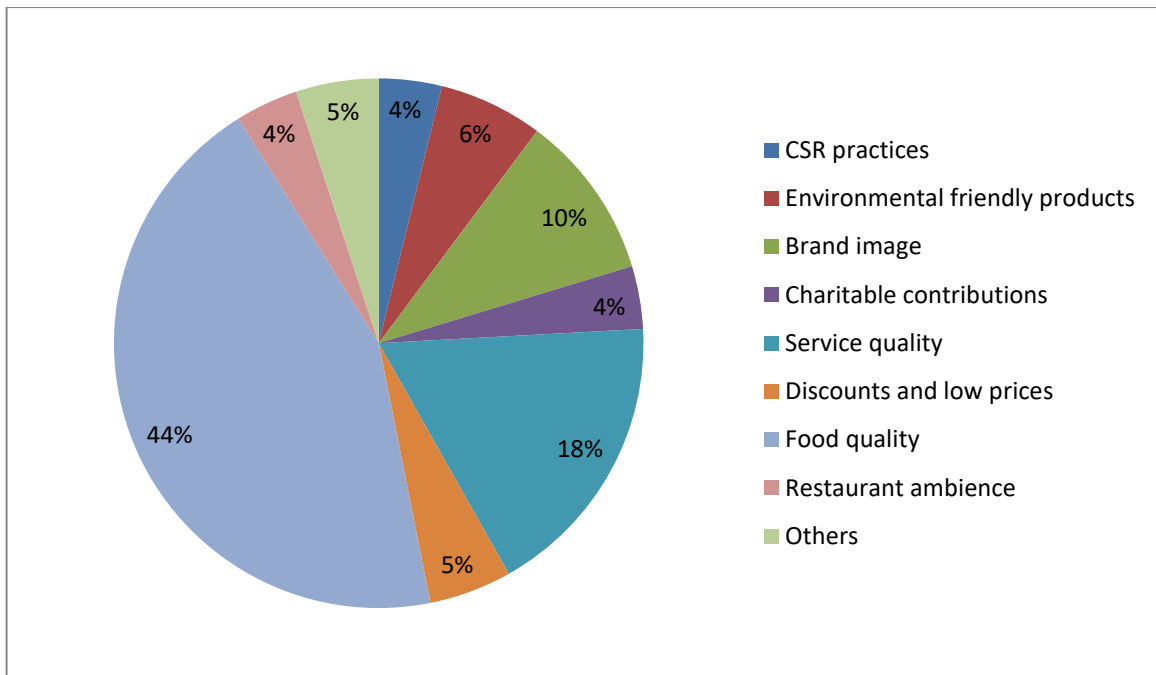


Figure 3: Overall graph on factors influencing customers' loyalty in restaurants (N = 80)
(Compiled by author)

The survey results projected in the above figure indicates that food quality of the restaurants influences 44% of the customers, service quality influences 18% of the participants and 10% of the participants are attracted by the brand image. 6% of the participants were attracted to environmental friendly products. Therefore, it is evident that food quality plays a major role in customers' loyalty level.

The influence of caring for the local community by the restaurant on customers' retention decision is analysed in this section. The research participants were questioned about the influence the restaurants have on customers buying behaviour in the organisation, in order to identify whether the organisations contribution to local community influence their loyalty.

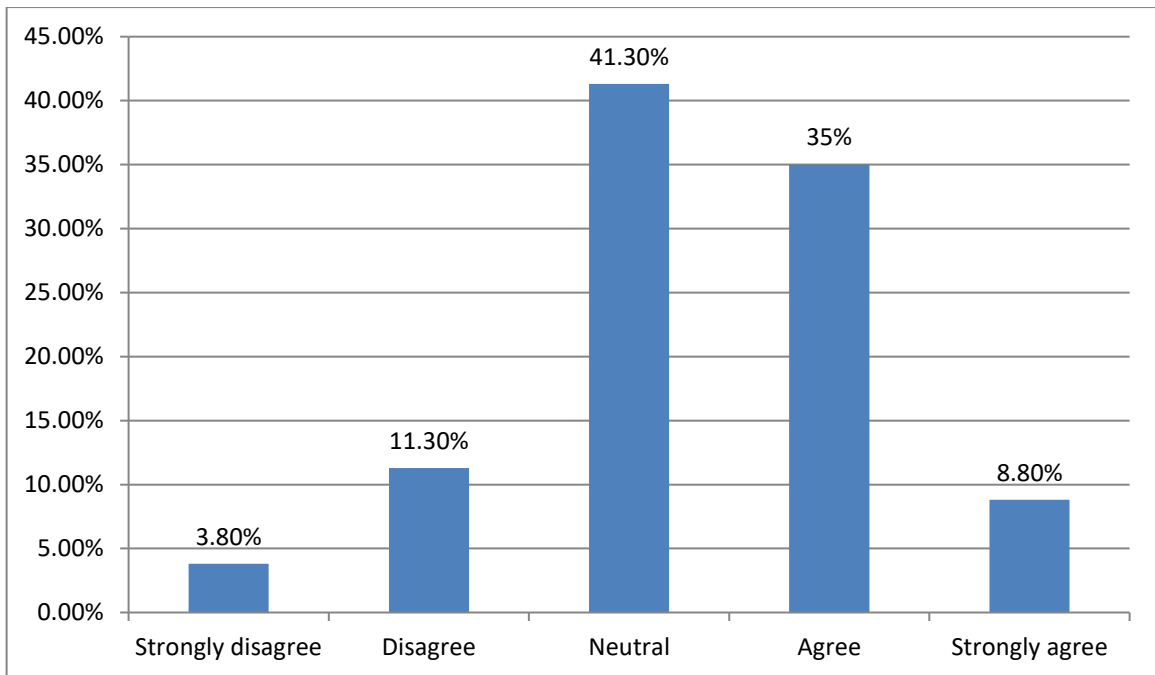


Figure 4: Overall graph on caring for the local community influences customers' retention decision with the restaurant (N = 80) (Compiled by author)

From the above figure-4 it was identified that 41.30% of the customers remained neutral while, 35% of the customers agreed to the statement indicating restaurants contribution to the local community has an impact on their retention behaviour and decision.

Healthy and nutritious food options offered by the restaurant have increased customer patronage to the restaurant:

The above question was proposed to the customers in order to identify the impact of healthy and nutritious food on their customer patronage.

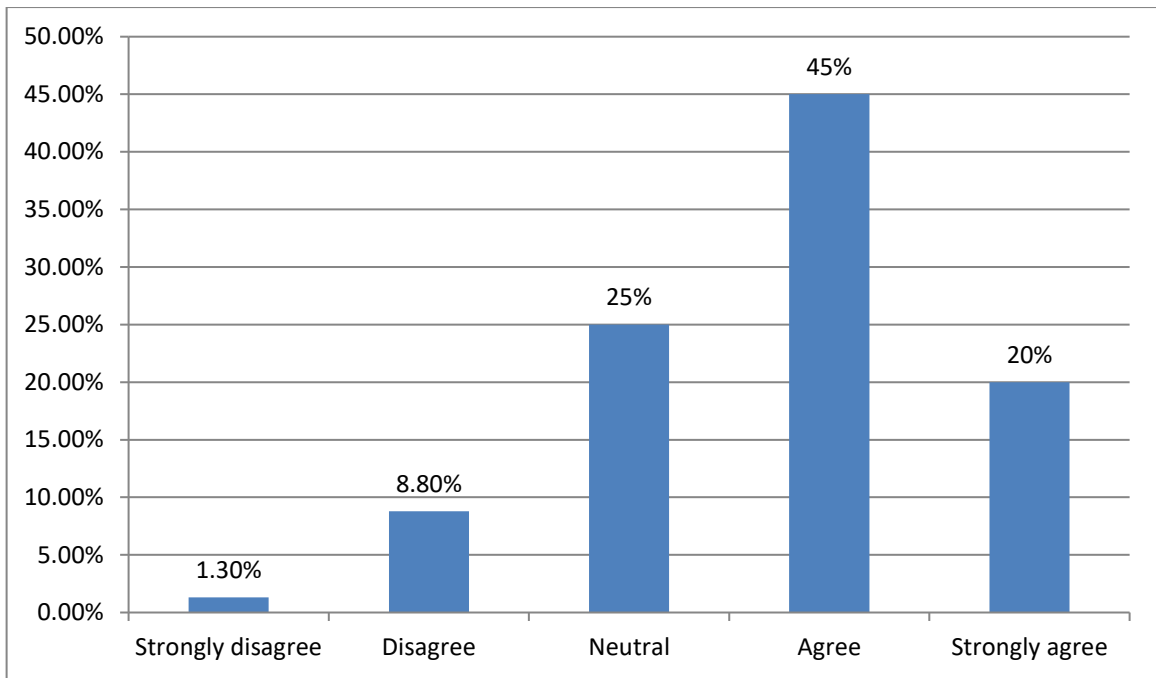


Figure 5: Overall graph on Healthy and nutritious food options have increased customer patronage to the restaurant (N = 80) (Compiled by author)

The results projected in the above figure have revealed that 45% of the customers are attracted to the healthy and nutritious food that is offered by the organisation and this increases their patronage to the restaurant. A minimum of 8.8% of the customers showed disagreement to the statement.

Lower energy consumption practices by the restaurant causes customers to remain with the restaurant:

The research participants were questioned whether the low energy consumption initiative taken by the restaurants influence customer retention level in the restaurant.

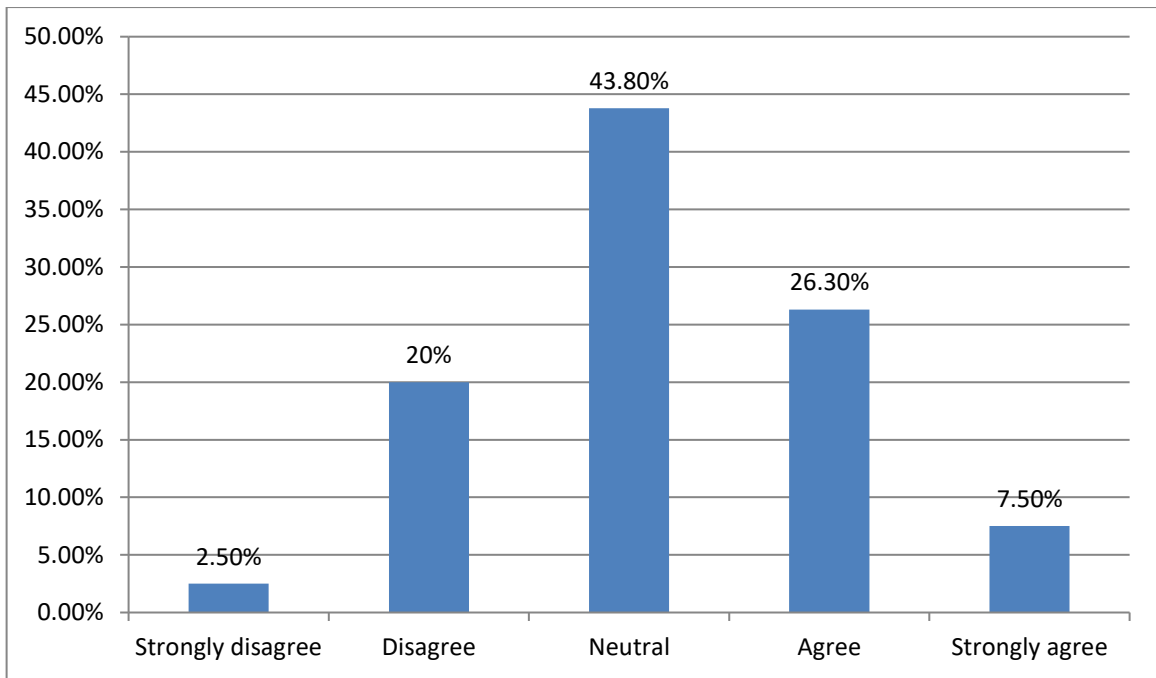


Figure 6: Overall graph on lower energy consumption practices followed by restaurants influence customer retention (N = 80) (Compiled by author)

From the above figure it is evident that 26.3% of the participants showed agreement and a near 20% showed disagreement. Therefore, it is evident that low energy consumption practice of restaurants has an impact on the customers.

Customers remain loyal to the restaurant for its wide range of philanthropic activities:

The customers were inquired with the above question in an attempt to measure their loyalty level with restaurants.

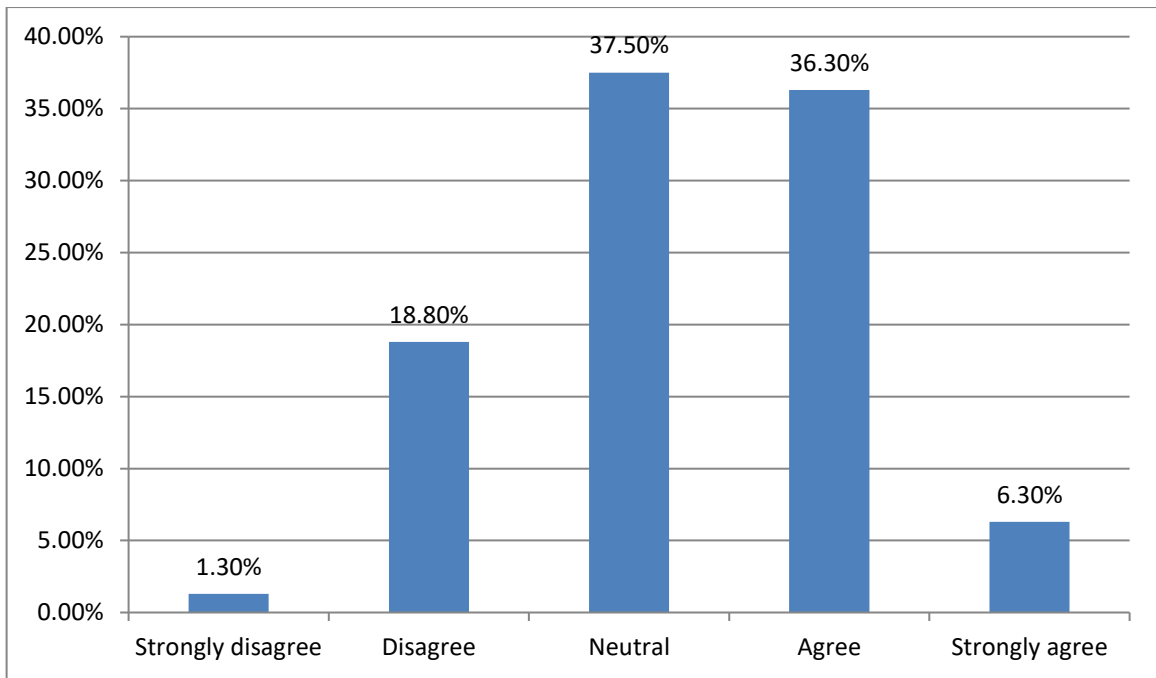


Figure 7: Overall graph on customers remain loyal to the restaurant for its wide range of philanthropic activities (N = 80) (Compiled by author)

From the above figure it is evident that 36.3% of the participants agreed that philanthropic activities that are carried out by restaurants influence customers behaviour and their loyalty towards the organisation.

The environment friendly cutlery and packing material influences customers loyalty to the restaurant:

The research participants were question about the environment of the restaurant and its impact on their loyalty in order to identify external influence on the customers.

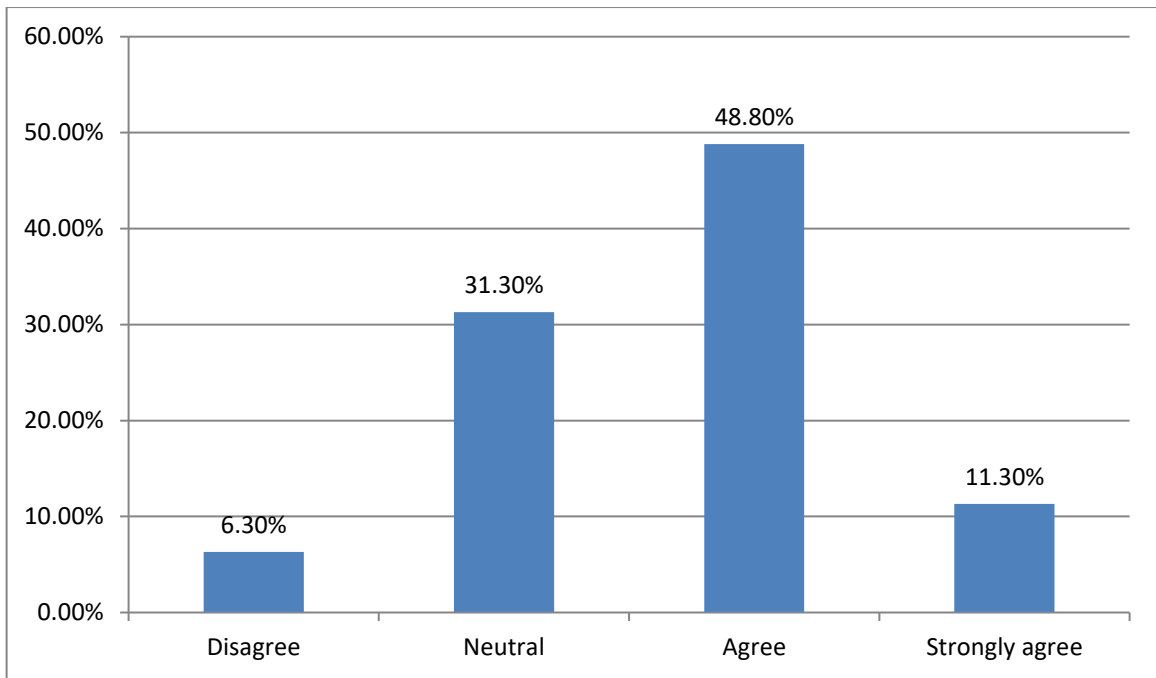


Figure 8: Graph on environment friendly cutlery and packing material influences customers loyalty to the restaurant (N = 80) (Compiled by author)

From the above figure it is evident that environment friendly cutlery and packing marketing has a strong impact on customers' loyalty in the organisation. 48.8% of the customers are attracted to packing material and friendly cutlery.

Professionalism and ethics shown by the restaurant personnel has increased customer retention levels:

The research participants were proposed with the above question in order to study the impact of professionalism and ethics of restaurant on their customers.

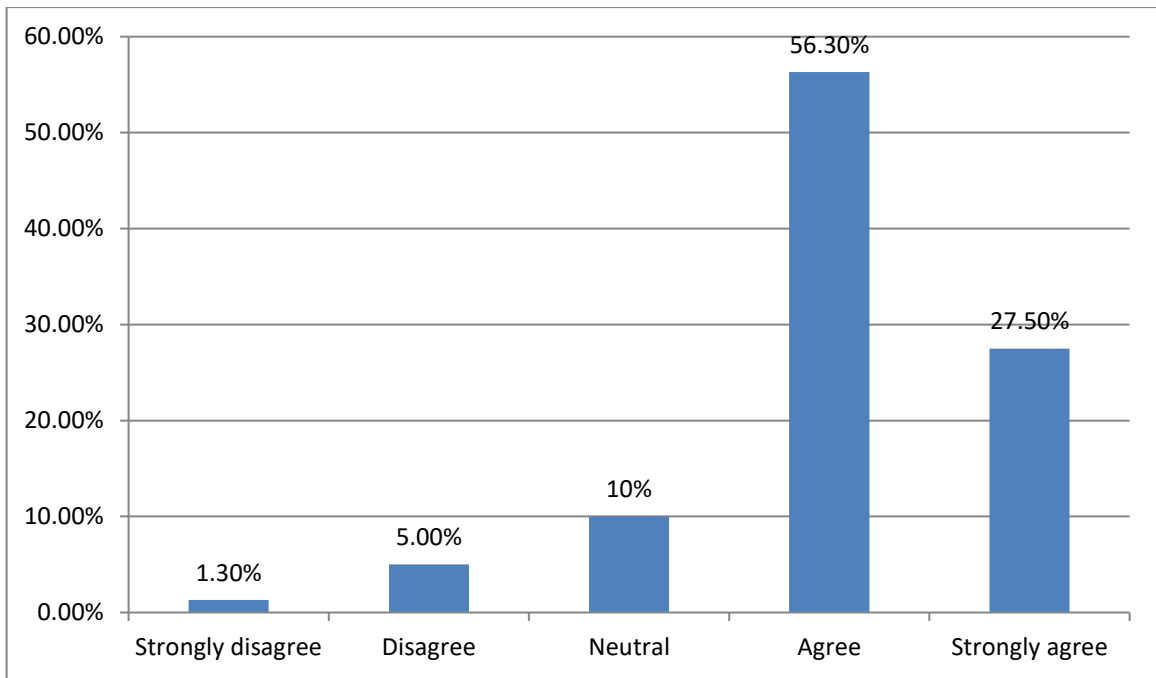


Figure 9: Graph on professionalism and ethics shown by the restaurant personnel has increased customer retention levels (N = 80) (Compiled by author)

From the above figure it is evident that 56.3% of the participants agree to the statement indicating ethics and professionalism displayed by the restaurants influence customers.

Donations made by the restaurant of excess food to food banks influence customers:

The above question was inquired to the customers in order to identify their impact on customers.

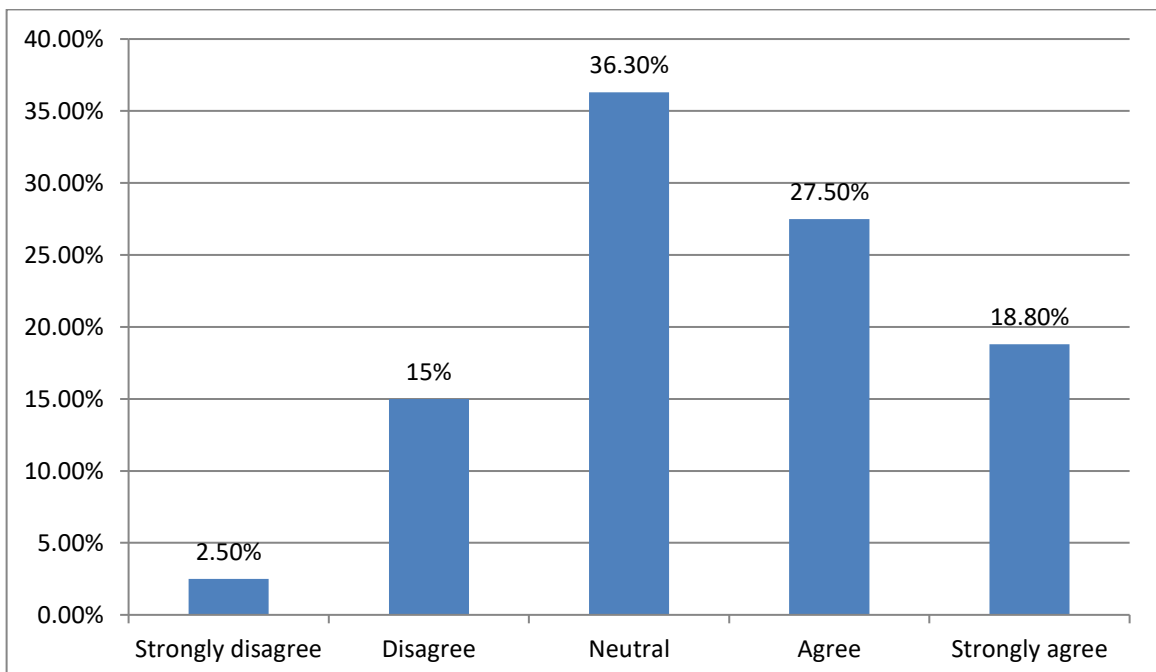


Figure 10: Graph on donations made by the restaurant of excess food to food banks creates positive impact on customers (N = 80) (Compiled by author)

The results projected in the above figure indicated that 27.5% of the customers agreed that donations of excess food to food banks influences customers attitude over the restaurant.

CSR practice adopted by the restaurant has considerably enhanced customer retention decision:

The customers were proposed with the above question in order to understand the impact of CSR practice.

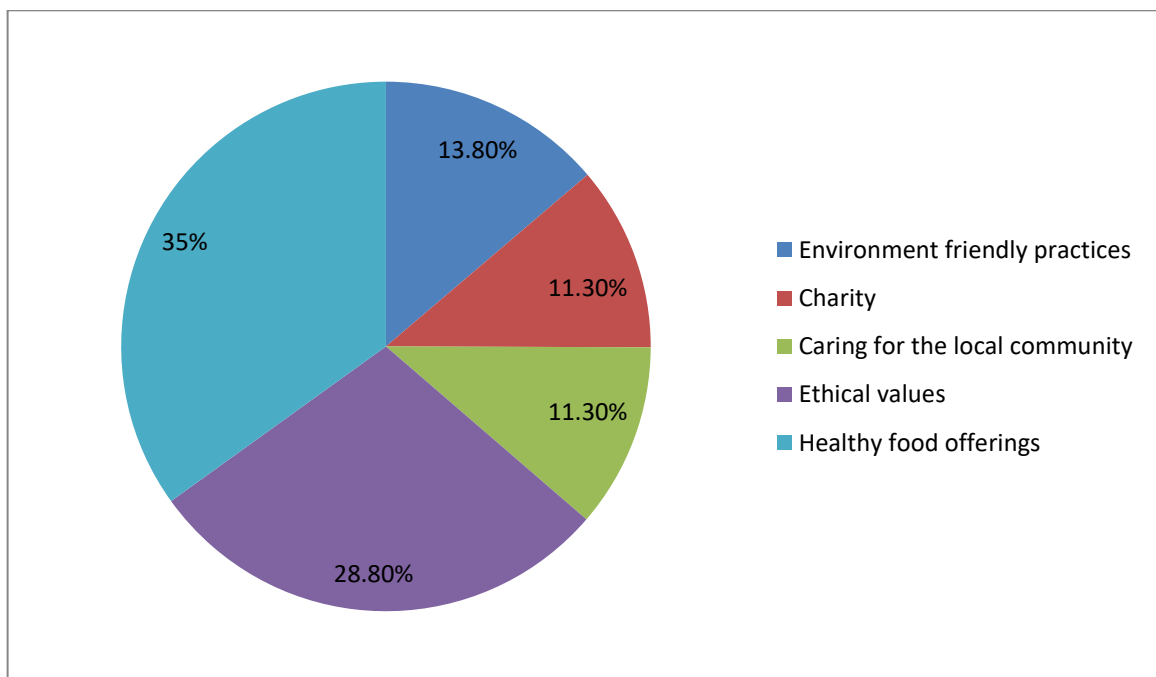


Figure 11: Graph on CSR practice adopted by the restaurant has considerably enhanced customer retention decision (N = 80) (Compiled by author)

From the above figure it is evident that 35% of the customers are attracted to healthy food and 28.8% are influenced by ethical values. Therefore, it is evident that CSR practice influences customer retention.

Different CSR practices implemented by the restaurant have motivated customers' retention decisions:

The research participants were questioned about the CSR practices implemented by restaurants on motivating customers decision.

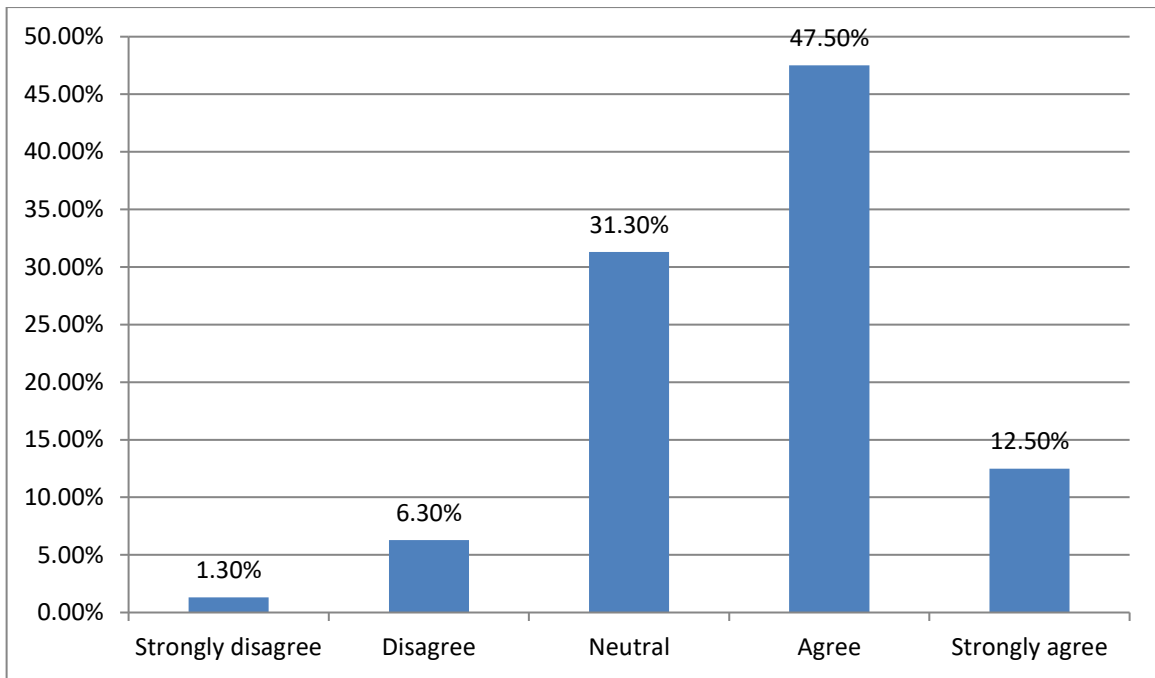


Figure 12: Graph on different CSR practices implemented by the restaurant has motivated customers' retention decisions (N = 80) (Compiled by author)

From the above figure it is evident that 47.5% of the customers agreed with the statement and 1.3% of the customers showed strong disagreement to the statement.

3.4 Correlation Analysis

Correlation analysis was used for determining the relationship between the independent variables and dependent variable (See *Appendix 5* for correlation analysis result). In this section, the common CSR practices identified from the literature review were considered as the independent variable and the customers' retention was considered as the dependent variable.

The evaluation of relationship was done using the significant values derived from the correlation analysis. In order to have a strong relation between CSR strategies and customer retention, the significant value identified from the relationship must be less than or equal to 0.05. Significant value of caring for local community, lower energy consumption practice, philanthropic activities, environmental friendly cutlery and packing materials and donations made by restaurants value is lesser than 0.05. There is no significant relationship between healthy and nutritious options and professionalism that serve as the CSR practices of restaurants and customers' motivation to continue receiving the service of restaurants since, their value is higher than 0.05.

However, the effectiveness of relationship between the dependent and independent factors is based on the Pearson correlation coefficient value derived from the correlation analysis. The relationship between restaurants caring for the local community and customers' retention level identified the largest Pearson correlation value (0.533), which is a positive value. Since this Pearson correlation value is higher when compared to other factors, this factor has positive and highly strong impact on customers' retention level. The correlation analysis identified that all the CSR practices considered in the research (independent factors) have positive impact on retaining their customers. Donation made by the restaurants and other philanthropic activities of the restaurants are the next major factors have positive and strongly relationship with customers' intention on revisiting the restaurants again and again.

3.5 Regression Analysis

The impact of the independent variable or variables on the dependent variable would be known through regression analysis. Regression analysis for the current research is presented below.

Independent variables

- Caring for the local community (CARING)
- Healthy and nutritious food options (HEALTHY FOOD)
- Lower energy consumption (LOW ENERGY CON)
- Philanthropic activities (PHIL_ACT)
- Environmental friendly cutlery and packing materials (ENV_FRND CUTLERY)
- Professionalism and ethics of workers (PROF_ETHICS OF EMPL)
- Donations made by restaurants (DONATIONS)

Dependent variable

- Motivated customers' retention decision (MOT_CUST_RETAIN_DECI)

$$\text{MOT_CUST_RETAIN_DECI} = \beta_1 + \beta_2\text{CARING} + \beta_3\text{HEALTHY FOOD} + \beta_4\text{LOW ENERGY CON} + \beta_5\text{PHIL_ACT} + \beta_6\text{ENV_FRND CUTLERY} + \beta_7 \text{ PROF_ETHICS OF EMPL} + \beta_8\text{DONATIONS} + E$$

β_1 = Constant

β_2 to β_8 = independent variable coefficients

E= Error

Regression Analysis

Table 1: Regression Analysis - Model Summary

Model Summary					
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0	1	.613 ^a	.375	.312	.696
a. Predictors: (Constant), Donations made by restaurants, Healthy and nutritious food options, Professionalism and ethics of workers, Philanthropic activities, Caring for the local community, Lower energy consumption, Environment friendly materials					

Source: (Compiled by author)

The R value from the regression analysis at 0.613 shows that the relative degree of correlation between the dependent and the independent variable. However, in this case the R² value is 37.5% which explains that there is a weak control of dependent variables by independent variables.

Table 2: Regression analysis ANOVA table

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.090	7	2.870	5.922	.000 ^a
	Residual	33.442	69	.485		
	Total	53.532	76			
a. Predictors: (Constant), Donations made by restaurants, Healthy and nutritious food options, Professionalism and ethics of workers, Philanthropic activities, Caring for the local community, Lower energy consumption, Environment friendly materials						
b. Dependent Variable: The different CSR practices implemented by the restaurant has motivated customers' retention decisions						

Source: (Compiled by author)

The significant value is 0.000 which is less than 0.05. Thus, it is evident that the regression model is effective in predicting the research outcome.

Table 3: Regression Analysis Coefficient table

Coefficients ^a				
Model	Unstandardized	Standardized	t	Sig.

		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1.268	.526		2.409	.019
	Caring for the local community	.305	.110	.328	2.776	.007
	Healthy and nutritious food options offered by the restaurant	-.057	.099	-.063	-.576	.566
	Lower energy consumption practices	.116	.121	.125	.960	.341
	Philanthropic activities	.104	.109	.111	.948	.347
	Environment friendly packing materials	.018	.143	.017	.129	.898
	Professionalism and ethics shown by the restaurant personnel	.053	.109	.052	.488	.627
	Donations made by the restaurant	.167	.097	.205	1.714	.091
a. Dependent Variable: The different CSR practices implemented by the restaurant has motivated customers' retention decisions						

Source: (Compiled by author)

$$\text{MOT_CUST_RETAIN_DECI} = 1.268 + (0.305\text{CARING}) + (-0.057\text{HEALTHY FOOD}) + (0.116\text{LOW ENERGY CON}) + (0.104\text{PHIL_ACT}) + (0.018\text{ENV_FRND CUTLERY}) + (0.053\text{PROF_ETHICS OF EMPL}) + (0.167\text{DONATIONS}) + .526$$

The coefficient value for Caring CSR practice was found out to be 0.305. Hence, this has the highest impact on motivating customers to make a decision to stay loyal to the restaurant. Other CSR practices of restaurants such as lower energy consumption, philanthropic activities, environmental friendly cutlery and packing materials, ethics and professionalism shown by workers and the donations made by restaurants are found to have positive impact on customer retention. However, healthy and nutritious food options offered by restaurants are found to have negative impact on motivating customers to be loyal towards the restaurant.

3.6 Discussion

The result from the survey for each question in the survey was presented in the earlier section with graphical illustrations using charts. The result from regression analysis and correlation

analysis aided to identify the actual relationship between CSR activities and customer retention. However, the conclusion of the research is based on the analysis of these results with the existing research and the gap between these researches. The following section discusses the result from this research in comparison with the existing literature.

Importance of CSR practices in Estonian restaurants

The research survey had clearly shown that the various CSR activities implemented by the restaurants in Estonia had influenced the customer retention decisions. According to Schubert, Kandampully and Solnet (2010), the CSR activities adopted by the restaurants play a huge role in motivating the customers to be retained with a restaurant. It can be said that the CSR practices of the restaurants in Estonia have been instrumental in enhancing the customer retention levels.

There are many CSR practices that are followed by the restaurants in Estonia. They include environment friendly practices, caring for the local community, ethical values, charity and healthy food offerings. In addition, safe dining environment for customers, support for the disadvantaged and healthy work conditions for employees were other CSR practices implemented by the restaurants in Estonia. Kaur (2013) stated that when the restaurants engage in various CSR programmes that care for the local community, society, employees and environment, it has a positive impact on the brand image of the restaurant and its customers. It can be understood that there are different corporate social responsibility practices that have been implemented by the restaurants in Estonia to showcase its care for the environment, society and people.

The different CSR practices currently followed by the restaurants in Estonia

The results of the correlation analysis pointed out that the CSR activities of the restaurants of Estonia such as caring for the local economy, philanthropic activities, lower energy consumption practices, donation of excess food to food banks, eco friendly cutlery and packing materials had impacted the customer retention decisions. Mohammed and Rashid (2018) states that when restaurants adopt different CSR programmes, they are influential in the decision of the customer to remain loyal to the restaurant. Hence, the wide range of CSR activities have aided in motivating the customer retention levels in the restaurants in Estonia.

It was clear from the correlation analysis results (*Refer Appendix 4*) that the CSR activities of professionalism and ethics of the restaurant personnel and the nutritious and healthy food options offered by the restaurant did not impact the customer retention intentions of the customers of

restaurants of Estonia. Nevertheless, the healthy food offerings were found to be the key CSR practice that had considerably enhanced the customer retention decision. This was also the main factor that influenced the customers of the restaurant to remain loyal to the organisation. Swimberghe, and Wooldridge (2014) identified that the customer retention is influenced by the CSR programmes and the quality of food offered by the restaurant to its customers. It can be said that in the restaurants in Estonia, its CSR programmes and healthy food offerings have played a huge role in influencing the customer retention decision. However, the research showed that the healthy food offerings in the restaurants in Estonia have not able to considerably influence the customer retention levels.

Impact of CSR practices on customer retention in Estonian restaurants

The regression analysis showed that the CSR activities of lower energy consumption practices, caring for the local community, philanthropic activities, excess food donated to the food banks, use of eco friendly cutlery and packing materials and professionalism and ethics of the personnel in the restaurant had positively influenced the customer retention decisions for the customers of restaurants in Estonia. However, the CSR activity of offering healthy and nutritious foods negatively impacted the customer retention decisions. According to Rhou, Singal and Koh (2016), customers have strong patronage towards restaurants who are actively involved in various CSR activities that address environmental and societal problems. Thus, the CSR practices followed by the restaurants in Estonia have been able to enhance the customer retention levels, although, the food offerings have not able to influence it.

It was evident from the interview that the CSR practices of the restaurants in Estonia have been able to attract customers to the restaurant and recommend them to family and friends. It was mentioned by Albus and Ro (2017) that customers are attracted to restaurants who are involved in CSR programmes and also engage in word of mouth publicity for the restaurant. Hence, the CSR activities of the restaurants in Estonia were able to successfully attract customers and recommend it to others.

The research revealed that the factors such as caring CSR exert positive impact on the employees which in turn improves the loyalty of employees to stay within the organisation. Application of correlation analysis showed that the factors such as caring for local community, lower energy consumption practice, philanthropic activities, environmental friendly cutlery and packing materials and donations made by restaurants have positive impact on the motivation of employees to stay in an organisation. Qualitative analysis of managers' view in interview also

showed that the CSR practices play an important role in exerting positive influence on the perception of employees concerning the organisation.

Recommendations

Recommendation 1: It was identified that the restaurants of Estonia did not use CSR as a marketing instrument for retention of its customers. Using the CSR as a marketing instrument would require restaurants to frame a dedicated marketing plan that will support equally, a CSR program or initiative. An integrated marketing campaign along with consumer research to a particular target audience would be profitable to create customer engagement and then promote customer retention for restaurants in Estonia. Hence, it is recommended that the CSR activities undertaken by the restaurants in Estonia must be advertised in order to create awareness among the customers and to boost the customer retention levels in relation to this an IMC might be appropriate as discussed.

Recommendation 2: It was seen that the healthy and nutritious food provided by the restaurants did not have an impact on the customer retention level. It is advised that the restaurants must offer organic foods that are purchased from local farmers as part of the CSR activities. This will enhance the customer retention decisions. As communication is essential part of CSR promotion, in order to connect to the customers (health conscious), it is important for restaurants to focus on sourcing local produce from farmers in a means to support their cause (as a part of their sustenance). In addition to this, the benefit reaped by the restaurants would be sustainability of business. Notwithstanding, the restaurant may also address the point of combating climate change as an effective message on the part of the CSR campaign. The above results indicate the impact of CSR practices in Estonian restaurants and hence give a conclusive answer to the third and final objective of the research, which is to provide recommendations to enhance the CSR practices for customer retention in Estonia.

The researcher faced constraints with regards to time and costs and so the research was carried out on a limited sample size. The interview was conducted only on four managers. However, future researchers can conduct the interview on more research participants. The results of the research are based on the data of few restaurants in Estonia and cannot be generalised to all the restaurants of Estonia. In the future researches, the study can increase the sample size and collect the data from a large set of sample. A comparative study can be carried out to determine the impact of the CSR activities on the customer retention level of two or more restaurants in

Estonia. In order to narrow down the research in the future, impact of any specific independent factor that affect customers' retention level can be evaluated.

CONCLUSION

The present research was carried out to evaluate the impacts of CSR strategies of restaurants in Estonia on customer retention.

The primary data for the research was obtained through performing survey of the customers of restaurants of Estonia and both a survey and an interview of the managers of selected restaurants in Estonia. The research sample was selected by applying the purposive sampling method in which 80 customers and four managers of the restaurants of Estonia were chosen. The main conclusions that can be obtained from this research is provided below.

The research indicated that the different CSR practices currently followed by the restaurants in Estonia include providing a safe dining environment for the customers, healthy work conditions for the employees, support the disadvantaged, supports the local community with a portion of its profits, engages in charity and shows concern for environmental degradation. In addition, some restaurants are found to use only organic foods and support the local farmers.

The survey showed that food quality was the biggest factor that influenced customer loyalty to the restaurant.

The primary objective of the research which is to review earlier research pertaining to CSR practices in restaurants is fulfilled based on the above conclusions obtained in the research.

The outcomes of the interviews of the research pointed out that the CSR practices have been instrumental in attracting customers to the restaurant and motivate them to recommend the restaurant to others. However, most of the restaurants in Estonia did not employ CSR as a marketing instrument in order to retain its customers. This answers the second objective of the research on the relationship between the CSR practices in Estonian restaurants and the retention of customers in the restaurants. There is a strong relationship between CSR practices and customer retention. However, Estonian restaurants fail to recognise its importance or take advantage.

The results of the correlation analysis showed that the caring for the local community, lower energy consumption practices, philanthropic activities, environment friendly cutlery and packing materials and the excess food donations made by the restaurants to food banks have all been instrumental in motivating the customer retention decisions. However, healthy and nutritious food options offered and professionalism and ethics are displayed by the restaurant personnel. These have been briefly discussed in the prior chapters having to show what existing CSR practices are followed in Estonia. Thus, the first research question is fulfilled with this conclusion that is discussed in detail in the previous chapters.

It was evident from the results of the regression analysis that the CSR activities such as caring for the local community, lower energy consumption practices, philanthropic activities, environment friendly cutlery and packing materials, excess food donations made by the restaurants to food banks and professionalism and ethics displayed by the restaurant personnel had a positive impact on the customer retention decisions for the restaurants in Estonia. Nevertheless, the healthy and nutritious food options offered by the restaurants had a negative impact in influencing the customer retention decisions among the restaurants in Estonia. The discussion and conclusion presented have thus helped in answering the second research questions which is to understand on the impact created by CSR practices on customer retention in Estonian restaurants. The research gives clear indication on how several CSR practices have a positive impact on customer retention but at the same time some factors contributed negatively to the retention of customers in the restaurants. Hence, it is identified that both research questions are fulfilled based on the above conclusion.

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APPENDICES

Questionnaire Disclaimer

The purpose of this academic survey is to determine the impact of CSR strategies on customers' retention level. The restaurants at Estonia are selected to narrow down the research. I request you to offer your opinions for the following questions in order to complete my academic research.

Thank you.

Appendix 1: Customer Survey Questions

Survey link:

https://docs.google.com/forms/d/1L15cBQkbziMHsjJsL77fUpvqNKqYMovwWKJHa5I2HMM/view_form

Section 1: Demographic Factors of the respondents

1. Select your Gender

- Male
- Female

2. Select your Age Group

- 18 to 25 years
- 26 to 30 years
- 31 to 40 years
- 41 to 50 years
- Above 50 years

Section 2: Factors that influence customer retention

3. Which factor has influenced you the most to remain loyal to the restaurant?

- CSR practices
- Environmental friendly products
- Brand image

- Charitable contributions
- Service quality
- Discounts and low prices
- Food quality
- Restaurant ambience
- Others

Section 3: CSR practices that impact customer retention

4. Caring for the local community by the restaurant has influenced my retention decision with the restaurant
 - Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree

5. Healthy and nutritious food options offered by the restaurant has increased my patronage to the restaurant
 - Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree

6. Lower energy consumption practices by the restaurant causes me to remain with the restaurant
 - Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree

7. I am loyal to the restaurant for its wide range of philanthropic activities
 - Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree

8. I am inclined to remain loyal to the restaurant for its environment friendly cutlery and packing materials
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
9. Professionalism and ethics shown by the restaurant personnel has increased my customer retention levels
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
10. I am impressed by the donations made by the restaurant of excess food to food banks
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
11. Which CSR practice adopted by the restaurant has considerably enhanced your customer retention decision?
- Environment friendly practices
 - Charity
 - Caring for the local community
 - Ethical values
 - Healthy food offerings
12. The different CSR practices implemented by the restaurant has motivated customers' retention decisions
- Strongly disagree
 - Disagree
 - Neutral

- Agree
- Strongly agree

Appendix 2: Employee Survey Questions

1. What is your experience in restaurant industry?

- Less than one year
- 1 to 3 years
- 4 to 5 years
- More than 5 years

2. CSR is important for my restaurant

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

3. Customers prefer restaurants which engage with CSR practices when they make purchase decision

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

4. Our restaurant provides a safe dining environment for customers

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

5. Our restaurant provides a healthy working condition for employees

- Strongly disagree
- Disagree
- Neutral
- Agree

- Strongly agree
6. Our restaurant is very active in supporting the disadvantaged
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
7. Our restaurant is committed to using a substantial portion of its profits to support communities where it does its business
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
8. Our restaurant puts charity into its business activities
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
9. Our restaurant shows concern over environmental degradation
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
10. Our CSR practices attract customers to visit our restaurants repeatedly
- Strongly disagree
 - Disagree
 - Neutral
 - Agree
 - Strongly agree
11. Our CSR practices influence our customers to recommend our services to others

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

Appendix 3: Interview Questions

1. How long have you been serving in the restaurant industry?
2. Do you think it is important for your restaurant to follow CSR practices?
3. Do you think that customers prefer restaurants which engage with CSR practices when they make purchase decision?
4. What are the present CSR practices followed by the restaurants in Estonia?
5. What is the impact of your CSR practices on customers' purchase intention?
6. Do you think that customers' repeatedly purchase at your restaurants as the effect of your CSR strategies?
7. Do you promote CSR as a Marketing Instrument to retain Customers?

Appendix 4: Employee Survey and Interview Results

**LEIB RESTORAN- <https://www.leibresto.ee/en/>
MANAGER- Maris Veski**

1. What is your experience in restaurant industry?
-around 12 years.
2. CSR is important for my restaurant
-absolutely, she agrees strongly.
3. Customers prefer restaurants which engage with CSR practices when they make purchase decision
- agree
4. Our restaurant provides a safe dining environment for customers
-agree
5. Our restaurant provides a healthy working condition for employees

- agree, as it always needs to be better.

6. Our restaurant is very active in supporting the disadvantaged

-yes, definitely- agree

7. Our restaurant is committed to using a substantial portion of its profits to support communities

Where it does its business

- for 2 years they are doing charity gala dinners for kids once a year. Every month they donate money cancer stricken kids, support younger people by donating gift cards who are school students or kids.

8. Our restaurant puts charity into its business activities

-yes, for 2 years they are doing charity gala dinners for kids once a year. Every month they donate money cancer stricken kids, support younger people by donating gift cards who are school students or kids.

-

9. Our restaurant shows concern over environmental degradation

-yes, zero waste, chefs even when they peel the potato they do not throw the skin of potato rather they cook it again and that helps to reach zero waste aim.

10. Our CSR practices attract customers to visit our restaurants repeatedly

-they are, strongly agree that CSR is helping to get repeated customers.

11. Our CSR practices influence our customers to recommend our services to others

- yes, she agrees to the fact that they get positive word of mouth for their CSR activities as per her believe.

Interview Questions

1. How long have you been serving in the restaurant industry?

- 12 years around

2. Do you think it is important for your restaurant to follow CSR practices?

Ans- yes, all should participate but not by one or 2 restaurants.

3. Do you think that customers prefer restaurants which engage with CSR practices when they make purchase decision?

Ans- yes, but not major percentage of people.

4. What are the present CSR practices followed by the restaurants in Estonia?

Ans- well, definitely restaurants are doing as I believe ours is not the only one but she did not mention any particular restaurants in Estonia doing such.

5. What is the impact of your CSR practices on customers' purchase intention?

-it is impacting as she quoted herself as becoming concern about CSR concerned, CSR is putting positive influence on people now a days.

6. Do you think that customers' repeatedly purchase at your restaurants as the effect of your CSR strategies?

Ans- yes, she believes it and she added that theirs CSR activities is influencing customers to come back but it is not a major extent again.

7. Do you promote CSR as a Marketing Instrument to retain Customers?

Ans- not in a bigger prospect, but sprading their CSR through social networks like facrbook, instagram platform. They are not promoting csr like big corporate business or not doing any paid marketing. They do not do extensive marketing. They participate in different festivals such as wine festivals and such.

They do business with local and small farmers. They try to not send back any meat supplied if it is not up to quality for a meat fillet but they are making something out of it rather than sending back. They do this to make the farmers not to incur any loss.

Horisont Restaurant - <https://horisontrestoran.ee/>

Mnager- Mari Vibu

1. What is your experience in restaurant industry?

-more than 6 years.

2. CSR is important for my restaurant

- strongly agree. being a part of ACCOR hotel group. They care for the environmentally conscious business. ACCOR group believes its essential to care about environment while doing business.

3. Customers prefer restaurants which engage with CSR practices when they make purchase decision

- Neutral, she says some does but some are not.she adds that making Fuagra (a food item made of Goose liver) involves to feed the goes forcefully and thay had a customer who declined to eat Fuagra because it invlolves inhuman process of force feeding goose through tytheir throat and since then Horisont Restaurant has stripped Fuagra off their menu.

as she states it is costly sometimes to source environment friendly products for exemple straws are

4. Our restaurant provides a safe dining environment for customers

-stronly agree

5. Our restaurant provides a healthy working condition for employees

- Strongly agree as they provide training safety training and also every employee are communicated and trained while any new procedure is introduced.

6. Our restaurant is very active in supporting the disadvantaged

- Once a year around September restaurant SOS comes to swiss hotel and cooks with the chefs. Restaurant donate 10% profit for orphan children in Estonia through a orphan children organisation.

7. Our restaurant is committed to using a substantial portion of its profits to support communities where it does its business

- strongly agree as they are donating 10% of their profit being a part of swissotel.

-

8. Our restaurant puts charity into its business activities

- agree.

9. Our restaurant shows concern over environmental degradation

- use as little plastic as possible and to the guests they serve nothing with plastic. Only minimal usage is made in the kitchen. They use biodegradable straw even though it is a bit expensive. For the cocktails they use glass straw that do not need to be thrown out but it can be reusable. In the kitchen they emphasise on making less waste out of the product and the head chef considers the menu preparation keeping the concern to create less waste possible. Even they put decomposable straws in the drink when only clients request.

10. Our CSR practices attract customers to visit our restaurants repeatedly

-neutral, because horisont do not advertise their CSR activities extensively. Only thing they advise is they use eggs from free ranged chicken.

-

11. Our CSR practices influence our customers to recommend our services to others

Not sadly because they don't advertise their csr.

-

Interview Questions

1. How long have you been serving in the restaurant industry?

2. Do you think it is important for your restaurant to follow CSR practices?

- people are becoming more conscious now a days

3. Do you think that customers prefer restaurants which engage with CSR practices when they make purchase decision?

4. What are the present CSR practices followed by the restaurants in Estonia?

- they should its not only one restaurant should do this. She added, there happens a get together at swissotel where different other restaurants joins and chefs from d those restaurants cooks foods. They guest who come to visit and they pay for the food that chefs cook. The money which is raised from that get together is donated as a charity to the children. The motive of this donation is to ensure no

children are starving. In 2 years 74000 euros had been raised and was donated already.

-5. What is the impact of your CSR practices on customers' purchase intention?

- little impact as horisont does not advertise their CSR extensively. Some restaurant in Telliskivi, Tallinn specially vegan restaurants advertise what they do. In Estonia the younger generation is definitely getting concerned about CSR but the orders are not thinking about that.

6. Do you think that customers' repeatedly purchase at your restaurants as the effect of your CSR strategies?

- not sadly. The reason could be horisont is a luxury restaurant and people come there for different occasions such as birthdays, proposal.

7. Do you promote CSR as a Marketing Instrument to retain Customers?

- no, we are not advertising our CSR to retain customers extensively but only through facebook page. Apart from advertising freerange chicken eggs. She added that restaurants owners can think about the promotion of CSR in coming time.

Harg Retoeran.- <https://resto.harg.ee/>

Manager- Erika Kuul

Manager Survey Questions

1. What is your experience in restaurant industry?

- More then 10 years.

2. CSR is important for my restaurant

-agree,

3. Customers prefer restaurants which engage with CSR practices when they make purchase decision

-Disagree, only 10% of customers does so.

4. Our restaurant provides a safe dining environment for customers

- yes, strongly agree.

5. Our restaurant provides a healthy working condition for employees

- strongly agree. As they do everything by7 the health and safety law.

6. Our restaurant is very active in supporting the disadvantaged

- agree as they don't do anything very actively.

7. Our restaurant is committed to using a substantial portion of its profits to support communities where it does its business

- not yet. Disagreed.

8. Our restaurant puts charity into its business activities

- agree, for example they do some government occasion free at their restaurants.

9. Our restaurant shows concern over environmental degradation

-strongly agree.

10. Our CSR practices attract customers to visit our restaurants repeatedly

- disagree as only 10 % comes back for scr activities of csr.

11. Our CSR practices influence our customers to recommend our services to others

- neutral.

Interview Questions

1. How long have you been serving in the restaurant industry?

2. / more than 10 years.

3. Do you think it is important for your restaurant to follow CSR practices?

Ans- it is important as caring about environment and community and healthy and organic foods. They use paper napkins, recyclable straws.

Do you think that customers prefer restaurants which engage with CSR practices when they make purchase decision?

Very little as 10%.

4. What are the present CSR practices followed by the restaurants in Estonia?

- no idea about that. She says some restaurants might do but not maximum restaurants as it is expensive to many extent.

5. What is the impact of your CSR practices on customers' purchase intention?

- not a lot. But people are getting concerned about csr now a days, she said.

6. Do you think that customers' repeatedly purchase at your restaurants as the effect of your CSR strategies?

Not yet like Starbucks or some other business. Only thing hard is doing little Instagram post. She also said they are thinking about making little waste but that's for making more profit.

7. Do you promote CSR as a Marketing Instrument to retain Customers?

- not yet.

Lendav Taldrik - <http://www.lendavtaldrik.com/en/>

Manager- Gema

Manager Survey Questions

1. What is your experience in restaurant industry?
- 14 years.
2. CSR is important for my restaurant
- Strongly agree,
3. Customers prefer restaurants which engage with CSR practices when they make purchase decision
- Neutral, may be some percentage but not more. But for lenteb taldrik the manger believes that more CSR concerned customers are coming because they are careful about the food they pay for.
4. Our restaurant provides a safe dining environment for customers
-strongly agree, offcourse yes.
5. Our restaurant provides a healthy working condition for employees
- strongly agree, as they have first aid box at the restaurant and training about safety at work
6. Our restaurant is very active in supporting the disadvantaged
-agrees saying that he says it is very complicated in terms of paper works or complex procedure. He says if the process becomes eaiser that many restaurants will be interested to benefit the disadvantaged people in different ways.
7. Our restaurant is committed to using a substantial portion of its profits to support communities where it does its business
- disagree apart from making discount for childrens on some occasion but that happened only once.
8. Our restaurant puts charity into its business activities
- disagree.
9. Our restaurant shows concern over environmental degradation
- strongly agree.
10. Our CSR practices attract customers to visit our restaurants repeatedly
-neutral as they don't advertise CSR as a part of business. Mostly they come for good food.
11. Our CSR practices influence our customers to recommend our services to others
- disagree,

Interview Questions

1. How long have you been serving in the restaurant industry?
14 years.
2. Do you think it is important for your restaurant to follow CSR practices?
- yes he believes its very important but other restaurants should start doing this to inspire other restaurants.
3. Do you think that customers prefer restaurants which engage with CSR practices when they make purchase decision?

Disagree, they start rating of the restaurants.

-

4. What are the present CSR practices followed by the restaurants in Estonia?

- vegan food, use no meat, using more organic foods also some restaurant owner donate for children.
Sometimes its not profitable.

5. What is the impact of your CSR practices on customers' purchase intention?

-not much

6. Do you think that customers' repeatedly purchase at your restaurants as the effect of your CSR strategies?

Not really.

7. Do you promote CSR as a Marketing Instrument to retain Customers?

- they are not marketing the CSR activities as they believe they are practicing csr activities as a part of ethics but not for retaining customers.

Appendix 5: Correlation Analysis

Table 4: Correlation analysis result

Correlations									
		Caring for the local community	Healthy and nutritious food options offered	Lower energy consumption practices by the restaurant	Philanthropic activities	Environment friendly cutlery and packing materials	Professionalism and ethics shown by the restaurant personnel	Donations made by the restaurant	Customers' retention decisions
Caring for the local community	Pearson Correlation	1	.119	.336**	.379**	.446**	.213	.391**	.533**
	Sig. (2-tailed)		.291	.002	.001	.000	.058	.000	.000
	N	80	80	80	80	78	80	80	79
Healthy and nutritious food options offered by the restaurant	Pearson Correlation	.119	1	.438**	.213	.397**	.276*	.282*	.131
	Sig. (2-tailed)	.291		.000	.058	.000	.013	.011	.248
	N	80	80	80	80	78	80	80	79
Lower energy consumption practices by the restaurant	Pearson Correlation	.336**	.438**	1	.457**	.572**	.140	.464**	.369**
	Sig. (2-tailed)	.002	.000		.000	.000	.214	.000	.001

	N	80	80	80	80	78	80	80	79
Philanthropic activities	Pearson Correlation	.379**	.213	.457**	1	.460**	.140	.454**	.394**
	Sig. (2-tailed)	.001	.058	.000		.000	.215	.000	.000
	N	80	80	80	80	78	80	80	79
Environment friendly cutlery and packing materials	Pearson Correlation	.446**	.397**	.572**	.460**	1	.361**	.445**	.372**
	Sig. (2-tailed)	.000	.000	.000	.000		.001	.000	.001
	N	78	78	78	78	78	78	78	77
Professionalism and ethics shown by the restaurant personnel	Pearson Correlation	.213	.276*	.140	.140	.361**	1	.286*	.206
	Sig. (2-tailed)	.058	.013	.214	.215	.001		.010	.069
	N	80	80	80	80	78	80	80	79
Donations made by the restaurant	Pearson Correlation	.391**	.282*	.464**	.454**	.445**	.286*	1	.448**
	Sig. (2-tailed)	.000	.011	.000	.000	.000	.010		.000
	N	80	80	80	80	78	80	80	79
Customers' retention	Pearson Correlation	.533**	.131	.369**	.394**	.372**	.206	.448**	1

decisions	Sig. (2-tailed)	.000	.248	.001	.000	.001	.069	.000	
	N	79	79	79	79	77	79	79	79
**. Correlation is significant at the 0.01 level (2-tailed).									
*. Correlation is significant at the 0.05 level (2-tailed).									