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**THE USE OF CORPORATE SOCIAL  
RESPONSIBILITIES FOR BRAND LOYALTY IN  
FAST FOOD RESTUARANTS IN ESTONIA.**

Bachelor Thesis

Programme: Business and governance, specialization Marketing

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## ABSTRACT

Corporate Social Responsibility (CSR) presents a tool for companies' engagement to environmental and societal issues in Estonia food business as well as other businesses or multinational corporations that take part in this activity in the European Union, United Kingdom, United States, Australia, and parts of Africa.

This paper examines closely the three main fast food restaurants in Estonia which are Hesburger, McDonalds and Subway. Hesburger is the only fast food restaurant among these restaurants that was founded in Europe (Finland), the other restaurants are originally from the united states of America, which now has many branches all over the world. The details of the framework talk about people's awareness of CSR activities fast food restaurants carry out that has interest in its participation with its various partners to implement the comprehension of corporate social responsibility for the state and operation of the local.

Hesburger and McDonalds are similar in terms of their products they sell like burgers, fries, and drinks. Subway is a way more different from them because they offer more sandwiches with a variety of many different ingredients and a different method of ordering food different from that of Hesburger, McDonald's.

Keywords: Corporate Social Responsibilities (CSR), food business, fast food, restaurants, consumer, customer, community, environment, companies.

## **INTRODUCTION**

Marketing by Kotler (1991) is defined as "the science and art of exploring, creating, and delivering value to satisfy the needs of a market at a profit." One of the main ideas of marketing is to identify the needs and wants of the society with the aim of making profit, and to make the customers feel like they are part of the company. For companies to survive they have to produce and sell their products and services to customers, and if the customers are satisfied with the product then they will repeat the purchase of that product. Nowadays, most companies turn to invest more in Corporate Social Responsibilities (CSR). A study in 2014 shows that some of the biggest companies in the United Kingdom and in the United States of America spent more than 15 Billion dollars (The Economist, 2015).

Corporate Social Responsibility (CSR) concept is a marketing tool that came into existence in 1950 when Bowen (1953) wrote and published a book about CSR and companies associated with it, but according to Carroll (1979), "it can be traced back to 1930. There are many divided opinions about CSR, even today according to European Commission, "CSR means Businesses should take responsibilities for their impact on society, both from an economic, environmental and social perspective" which implies that companies need to work more harder and clarify the concept of looking after the society.

According to Frederick, (1960) and Heald (1970), CSR is defined as a set of obligations with legal and ethical commitments-national, and international-to stakeholders, which helps to impact the growth of an organization which then turns to generate through their activities and social, labour, environmental and human right issues. With CSR, companies have been more recognized, also have their social and environmental concerns in their operation (Valor & De la Cuesta, 2003). These have mostly been brought into the public by entrepreneurial practices that turn to satisfy the concept of the environmental and social aspects of the organization.

Corporate Social Responsibility is still a relatively new subject and it is very motivating and interesting, there are quite a few researches done about this field in Estonia although the responsibility of caring for our environment has become

more important over the years. Customers have taken a bigger step towards their social attention to a more socially responsible subject for a civil society. Therefore, it is only a matter of time, when companies would learn to understand the importance of Corporate Social Responsibility activities in Estonia. The expectations of today's consumers should be one of the driving forces for companies because the perception of the customers now depends on a lot of attributes. But to understand the real attitudes of consumers in Estonia towards Corporate Social Responsibility, the Author of this paper scrutinize and research the importance of SCR activities in fast food restaurants and their awareness of the activities they carry out.

CSR is important for the consumers because they want to be known and identified rather than how they support the companies CSR work in society and that is one of the problems with the study. To be people who care about their environmental issues and human rights is a vital point for consumers (Kryhul, 2006).

People have doubts on how organizations turn to make money (profit) out of the process of CSR but forget to know that the customers play a big part in the process which goes all the way to giving them the reason to buy with the high-quality product they produce. Furthermore, the customer's willingness to buy from these companies because they think they are helping in a way for the company to be able to provide for its own needs as for the benefits of the society. Finally, "the halo-effect" which is the impression created in one area to influence the opinion in another area that is, the good deeds of the companies will turn to earn a greater consideration from the consumers (The Economist, 2015).

Companies practising CSR not only focused on what their customer buy but also on knowing the relationship between their company and their consumers and how the customers rate the company. If a company invests in CSR activities with the help of word of mouth from the customers, giving feedback, and helping other customers to make choices, it will positively influence the restaurant (Verley, 2013).

## **Aim and objective**

In line with the discussion above, the purpose of this thesis is aimed at finding the level of awareness of CSR in the fast food restaurants sector in Estonia and how it contributes to a customer brand loyalty. Furthermore, the study is aimed at finding why customers are willing to pay more for food products because of the brand, and how the product brand supports the use of CSR.

Since corporate social responsibility (CSR) gives companies the opportunity to give back to the society, there are many things the customers expect from the company in terms of their CSR activities which are; the perception of CSR image of their business to develop sustainable products, environmental leadership, and product quality and economic accountability. There have been few studies about consumers in Estonia and though of corporate social responsibilities and ethical consuming, but these were not talking about CSR relating to food business but rather in general. But, as of today society, the field of responsibility is changing fast. The expectations and thoughts of consumers are vital and important for businesses to start applying corporate social responsibilities activities in their business which consumers will see it being beneficially to the society and this would motivate other companies to engage into corporate social responsibilities.

Thus, the purpose of this bachelor's study is to look at the food business in Estonia and see how they are using the CSR to improve the image of their company to attract more stakeholders in their business. This work will review how Hesburger, McDonald's, and Subway make use of CSR to gain brand loyalty for their product. Secondly, it will find out which of these restaurants has a higher impact on the usage of CSR from their customer's perspectives based on price, value, atmosphere, quality of food and their CSR activities if they know of any. Finally, analyse and compare the impact of CSR in the responses between the fast food restaurants and their customers and similarities between there restaurants and customers.

Against this background, the author formulated the following research questions:

- 1) What is the influence of corporate social responsibilities towards consumers brand loyalty to Fast food restaurants?

- 2) Are customers aware of the corporate social responsibility activities of their favourite restaurant?
- 3) How can corporate social responsibilities improve the food business?

The listed questions will help the author to achieve the objective of the research, which is to find out how aware the customers in Estonia that can lead to their brand loyalty and to analyse the present situation. The scope of this work involves and quantitative research methods. The author carried out a survey (online and paper-based) which contain open-ended questions. The questions are divided into three parts with each part aim at answering the three formulated research questions.

Along the course of the paper, a background of the study will be addressed alongside with the aim of the research, the main research questions, results presented from the survey of the research that was carried out and they study will be rounded with the conclusion part.

The second part of the study introduces the research methods and the sample size, which were used for conducting the survey. This chapter also explains the objectives of the study more closely and brings out the results of the survey which was carried out. The third part will analyse the results of the research more and bring out the important findings. In this section of the paper, the research questions will be answered, and the author will make her proposals.



# **1. Literature review**

## **1.1. Brand Loyalty and Repurchase Intention**

Brand loyalty, a multinational concept that has intrigued researchers for decades and nowadays it is still perceived as a multidimensional construct which has many definitions Gounaris & Stathakopoulos, (2004) Brand loyalty is an emotional relationship that is built on trust which is the most important thing in the relationship between the buyer and the seller. Brand loyalty is the customer's interest in creating and maintaining a relationship derived from the love of the product or goods one consumes. For organizations to have a long business relationship together there must be trust, and it does not occur over a short period of time but only through continuous positive efforts from the employees in the organization. Through actions and deeds, anyone can prove worthy to be trusted with the quality of products, services, and information they provide to customers, and with this customer will fall for it after they are satisfied with what they want and need (Lucas, 2005).

The adoption and modification of repurchase intention were basically from social psychology and marketing. Repurchase intention is the intention to stay in a relationship and maintaining the buying habits from your perspective of the values the product has on you as a consumer (Rusbult, 1980). Repurchase intention is referred to as a marketing defence strategy that businesses see as a means of making a profit and being successful (Cronin et al., 2000). Relating this into fast food businesses, companies are paying attention to customers to persuade them to make repurchase rather than letting their customers turn to choose and accept the product of its competitors. Repurchase intentions are the repetitive use of a product or service again in the future and this is resolved consumer behavioural intention that shows the propensity to stay and continue consuming the product they best prefer. The probability of a customer to continue purchasing the same product over and over again could be due to the relationship he or she has with the company of the product provider and product quality could be seen as one of the factors that can influence that, also the products image and

the company's reputation from the activities it carries out (CSR activities) can be a factor (Ranaweera and Prabhu, 2003).

## **1.2. CSR and Food Business**

CSR centres on the idea of food business may be held socially and ethically by the accountability of various stakeholders such as customers, consumers, employees, government, investors, communities, NGOs, and the media. The traditional economic research model defines CSR as integrated various streams and legal considerations to the ethical and discretionary responsibilities (Carroll, 1991). The food business must be functional over the years and now it is more popular due to the improvement in technology. The amount of calories and nutrients that we need and how the food industry has gotten us into loving what they produce with us not knowing for sure how good it is for how health has been one of the factors of their growth, they turn to use their knowledge to store more food by coming up with ways of preserving them to last longer than the original food for example fast food restaurants will sell frozen fruits which they know can be stored more longer than the original fruits and prevent if for depreciation as to get more profit. Food business can now use their profits to help to carry out business operations in an ethical manner while contributing to economic developments and improving the quality of life for the employees in the food sector and members of the community, it is essential for food businesses to operate in a socially responsible manner.

There are a lot of restaurants in Estonia and a lot of fast food restaurants which turn to provide us with a large variety of food every day and any time. Some of these restaurants are owned by foreigners and others by locals which is good in terms of healthy competition. A restaurant is a place where people pay to sit and eat meals that are cooked and served on the premises There is a difference between fast food restaurants and buffet restaurants. Fast food restaurants are those where customers get their meal quickly after the order for meals and examples of such restaurants are; McDonald's, Hesburger, Subway, and Cafeteria for staffs and or students and at workplaces. Meanwhile, buffet restaurants are those which offer a variety of meals categorized from breakfast, lunch or dinner and they are mostly found in shopping malls and hotels an

example(s) of this type of restaurant is Mon Repos restaurant, Tchaikovsky restaurant. NOA Restaurants have been of great help to the society for the provision of food, jobs, saves time for cooking, and our leisure time has become more valuable.

In their work, D'Aprile and Mannarini (2013) stated that there are critical challenges companies need to overcome by the role they play in society, for example, environmental sustainability. And that they should consider themselves as agents of socio-economic development by taking part in social and human progress of the community which will be of great value to them in terms of getting recognition and by so attracting more customers in their business. To overcome critical challenges faced by companies, rethinking of the role they play in the society and considering themselves as an agent of socio-economic while taking part in the human and social progress of the community will be of great value to them in terms of getting recognized more and attracting more customers to their business. Moreover, a corporate image can be managed with the use of CSR which implies that there can be differentiation social based marketing which will not be like that of competitors (Chatterton and Maxey, 2009). Furthermore, CSR influences a positive price, food quality, and behaviour and these companies will benefit from the increase in sales (Ailawadi, et al., 2011).

In the fast food industry, CSR has long been well known and exploited mostly by the existing multinational, and yet in Estonia, it is still a new thought under working progress (Carroll,1999). There are various financial as well as societal gains derived from the development of a CSR in a fast food restaurant within Estonia. Most existing fast food multinational have developed several measures involving the development of a sustainable society and owner at large (Craine,2008).

It is a top priority for many corporations in various sectors of business most especially in the food business to try and maximize their impact on the society by highlighting the importance of the public and the need for the contribution from fast food restaurants operation of an economic system that can fulfil a strong public belief. In the world nowadays, fast food restaurants and other companies are shifting towards a CSR approach. CSR has changed the concept

of the traditional food business which can explain why it is a contested idea. CSR is not only a strategy for food business but also a way of behaving ethically and trying to have a specific impact on the society and not only of its personal interest (The Telegraph webpage). Furthermore, the importance of a sustainable environment by fast food businesses and other businesses and corporations has also driven the availability of more sustainable food products for customers and consumers to be able to choose what they will prefer to consume. Customers of fast food products are a little more aware of the ingredients they consume because it is available on the food business website and its employees are aware of it in case they are asked. Also, in the world of today. Companies' profits are not enough but rather its engagement with its customers, investors, consumers, and the public in terms of its environmental and social responsibilities it can offer to them as a food business company is what matters most. The food business should understand the community and environmental values importance (Frederick,2006).

Yasmin (2016), said that one of the importance of CSR to food business is that it attracts people to the restaurants. People may favour the food the restaurant offers based on the quality, the freshness, texture, and flavour. These may drive them to choose a restaurant over another. Furthermore, the food business is seen as one of the most profitable sector's business nowadays because there is a huge improvement of sales in the food business meanwhile, there is a wide variety of food most recently. Additionally, diversity has been one of the reasons for different types of food. Not forgetting people's eating habits nowadays due to an increase in culinary cultural curiosity and many also have specific sites. Client retention has also been one of the advantages of CSR in the food business because customers have the trust in them which has also led to their repurchase order based on the company's reputation, style, and ideas to establish in future (corporate social responsibility for a restaurant) Yasmin (2016).

Nevertheless, CSR activities in food business also turn to attracts and retain investors these implies that they are concerned with the provision of the food products needed by the fast food restaurants for the making of their food. Also, forging a corporate partnership with a local or national corporation that provides

ingredients or raw products to produce the company's fast food. With this partnership, the relationship between the food company and the company providing the raw materials becomes stronger and this will lead to the trustworthiness of the companies Yasmin (2016).

### **1.3. CSR in the European Union (EU) and in Estonia Food Business**

In the improvement of innovations, competitiveness, and sustainable development, (CSR) has been a very important tool in the European Union (EU). According to European Commission (EC, 2008), CSR is in place to reinforce the development of new markets and innovations as well as opportunities for growth since it requires organizations to flower the new trends in the markets which will help them ensure consumer trust through adopting new sustainable business models (EC,2011).

Since the 1990s, the EU has been trying to encourage CSR with the aim of a sustainable development strategy (SDS) and to improve companies' image to the public in terms of profit wise. It tries to focus on the divergences and commonalities of CSR practices occurring in different EU countries. In its green paper in 2001, the EC policy has been taken into consideration strongly by promoting the idea of innovations across Europe contributing to an increase in employability by the creation of jobs (EC, 2006).

CSR in the EU is supported by the instalment of CSR global challenges like environmental benefits for example; recycling, renewable resources, and integration of environmental management tools. Benefits to community and general public like; charitable contributions, employee volunteer programmes, and product safety and quality. Company benefits from sales increase, customer loyalty, greater productivity and quality, workforce diversity and lower operating cost. These also lead to the effort to extend of CSR into markets outside of the EU (Bussard, 2005). Individual firms now feel the pressure with the economic and social impacts of the crisis. Which is as a result of a company's performance of their firms CSR activities (Antosova, 2012). In the EU there is a great opportunity for innovation for firms and the encouragement they get for their

competitiveness, they can be supported through co-financially for concrete projects. The European parliament appeal to develop a further policy in the area of CSR strategy in businesses in the EU and this project is set to being in 2020 which is now called "Europe 2020".

CSR has had both long term and short-term support in the EU since 2010, it has led to a long-term view which shows its importance in the creation of positive conditions for sustainable development. Further, a responsible behaviour from companies can have a positive role to play in the creation of a good and permanent workplace for the employees to ensure that they are well taken care of and this will boost their zeal to improve in their individual qualities and improve in the quality of the output (Antosova and Csikosova, 2014; Wolowiec, 2012).

The food industry in Estonia came up with an association in June 2009 called the Estonian Food Industry with the aim of providing information about customers of the food product within the country. One of the outcomes of this association is that now, products packages of food made in the country have the national flag of the country on them along with the price tag. The Estonian food industry aim was to make the product for people who appreciate the traditionally made products (Ministry of Rural Affairs, 2016).

Even though this section of thesis focuses on Estonian food businesses and companies that practice (CSR) but first, the author looks at Estonia as a whole in terms of its history and reputation when it comes to registering and starting up businesses and how profitable it has been to them after the impact of CSR in many businesses.

Most studies look at CSR in Europe or in the USA and in Asia and little seems to be known about the impact it has in some countries. Estonia is a small country which has suffered back in the days when they were under the (USSR) now called Russia, Estonia has been known as one of the leading business countries in Europe in terms of start-up businesses and innovations and is also welcome people with business ideas to start their business here. Estonia is sometimes called the incubator, where radical and even extreme changes can be made very

quickly (Kooskara,2004). It is also good to know that in Estonia one can register a business in 30 minutes because of how digitized the country is. One of the developments that took place in 2003 by the government is a strategy for the sustainable development of Estonia for the next 30 years under the name, Agenda 21 (Raagma, 2003). The economic situation and history of CSR in some European countries are not at the same level as that of Estonia (Vastutustundliku,2011). The production of competitive services and products, attracting new investments and struggling with retaining its best talents are some of the reasons why CSR is not at a very high level in Estonia. Nevertheless, there are companies who carry out CSR activities and are well known for the services they offer to the community. Examples of such companies are; Tallinn SADAM, Swedbank, Omniva, SEB bank, Telia, DPD, Manpower, CV Keskus.ee and Nordic house.

Since February 2015 Port of Tallinn has been part of the Estonian business forum and has always addressed the issue of CSR in Businesses for a sustainable operation with the help of the employees, customers and the local communities.

These companies have been approved has been successful in carrying out CSR activities in Estonia and some have been rewarded with certificates of appreciation. An example of a company that was acknowledged for its CSR activities recently is the port of Tallinn. On May 24th, 2018, a business forum in Estonia was set to acknowledge companies that consider CSR activities and among the 70 companies that were selected for the acknowledgement, Port of Tallinn was one of the companies chosen for the award of acknowledgement in 2018 and was given a silver quality label for CSR activities based on a questionnaire index of 2018. In 2018, more Estonian companies participated in the CSR index questionnaire and many were rewarded with goal label, for example, Manpower, Swedbank, DPD Eesti, SEB bank, Telia, Tallinn Lennujaam, Tallinna Vesi, Fortum Eesti, ABB, and Ericsson Eesti.

According to (Noorkõiv, in Geomedia, 2004), companies lack financial resources and lack of time to fully engage themselves in CSR activities. This is the main challenge in engaging in CSR. Thus, for Estonia to have a strong CSR

culture, the government, companies, employees, consumers, shareholders and other stakeholders must be involved.

#### **1.4. Fast food restaurants in Estonia and their CSR Activities**

Hesburger is one of the largest fast food business in Estonia. Originally from Finland, they have branches in Estonia, Latvia, and Lithuania with a larger share of the market they turn to outsell their United State brand McDonald's. Hesburger is the largest food chains in Finland. In 2010, it had an estimated sale of 190 million euros which motivated the company to expand its restaurant chain in the coming years. Hesburger produces most of its product in Finland and they are very open to the raw materials they use to produce the products, and for the products which are not produced in Finland but out of Finland for example beef which comes from HKScan Sweden. They depend on high-quality products based on the best raw ingredients, there is also a self-assessment scheme to ensure quality throughout their chain. Hesburger has made available the information of all its products and customers can find the listed ingredients for each product, also their cashiers can provide that information in case the customer is more interested in knowing where its from and what ingredients it is made of. At Hesburger, there is always the thought of improving the quality of their products, their services and their ecological environment rather than just thinking of making delicious hamburgers. They have a CSR strategy where they focus on the environment for example, they developed biodegradable packaging, build restaurants with solar panels, and come up with innovative solutions for a circular economy. Not forgetting the fact that employees' uniforms are made from recycled plastic bottles and our used oil becomes biofuel for ships. (Estonia Hesburger homepage, 2019).

McDonald's was opened in Estonia in 1995 in Tallinn. Thereafter, had branches in Tartu, Parnu, and Narva with over 550 employees serving more than 8 million people yearly. McDonald's is also found in Latvia, Lithuania, Malta and Greece the company has had about 2800 employees in over 5 countries. In 1967 McDonald's became an international company and expanded its franchise to Canada and Puerto Rico. In 1971 it conquers Europe and in 1995 it came into the Baltic market and was warmly welcome to Tallinn, lots of changes to the meals



with Big Mac and Happy meal the most popular. The new burger is introduced every century and goes with this captivating phrase "the higher the better", workers are aware of their responsibilities to protect the environment and preserve it for the future. In McDonald's, they focus on the 4R which are (reduce, reuse, recycle and redesign) to consume less energy and resources. They are also ensuring the handling of waste by so their packages are equipped with the non-waste symbol to alert visitors to handle their waste properly which also leads to the recycling of some of the waste. Also, they are working on their delivery process to prevent waste and to reduce emissions and save energy more efficient use of paper which is not going to be harmful to the environment. They also are trying to minimize the energy and water consumption in all their restaurants. There is a flexible chart which allows students to have working hours and time for them to be at school so as to make it a balanced time schedule for them, also workers are giving some time to make their plan for the coming month to know when and when not they can or cannot work still it is part of the flexibility in working hours. McDonald's known to be operating in many countries, they came up with the idea of McPass which allows their workers the movement to other European countries. This pass will allow you to document your skills and knowledge to be able to work in any of its restaurants in Europe (Estonia McDonald homepage,2019).

Subway was opened in 1965 by a young entrepreneur called Fred Deluca when he was about studying to become a doctor but did not have enough money, with the help of his family and friend he was able to open the first store in 1965 than a goal to open more stores (32) in ten years. Subway aims at providing a wide variety of nutritious foods while reducing its ecological footprint by enhancing its supply chain and using a strict code of conduct, on having a positive impact on the communities. Also, they aim at creating awareness about the freshness of food their customers and increase food and water quality, save water and reduction of waste. They are also helping the environment by reducing energy and water consumption and waste production not forgetting building an Eco restaurant which they try to save electricity and water and the reduction of waste through recycling. (Estonia subway homepage, 2018-2019).

## **2. Methodology**

This chapter consists of the research questions and the method in which the survey was carried out is explained, followed by the descriptions of the sampling technique used and an overview of the used methodology.

### **2.1. Research questions**

- 1) What is the influence of corporate social responsibilities towards customer repurchase intentions?
- 2) Are customers aware of the corporate social responsibility activities of their favourite restaurant?
- 3) How can corporate social responsibilities improve the food business?

### **2.2. Research design**

#### **2.2.1 Sample**

For the survey, there were 95 people who participated in the online survey shared on social media like WhatsApp, Snapchat, and Facebook Messenger. Also, 30 hard copies were handed out and the author got 16 answered copies. The survey was in English and was shared only to people living in Estonia, the author estimated a total of 130 responses from both online questionnaires and printed copies. The number of the questionnaire received from the survey was 125 and after going through the answers the author could identify 14 questionnaires that were not answered completely since some respondents were unable to answer some of the questions maybe because they were not interested in it. After conducting a quantitative survey, which was taken within a 7 days period from the 13<sup>th</sup> of April to the 20 of April 2019. The questionnaire was in English and was shared via social media outlets like Facebook Messenger, WhatsApp, and Snapchat. The author's minimal goal was to get at least 130 filled questionnaires. As of the result, there were 111 respondents. Therefore, it can be said that the goals were not meet. The results were analysed, and the empty responses were deleted in order to give a better overview of the responses meanwhile completed

responses were preserved to maximize the data obtained from the survey of 111 respondents.

The results of this thesis were meant to bring out the analysis of the survey generated

### Question1

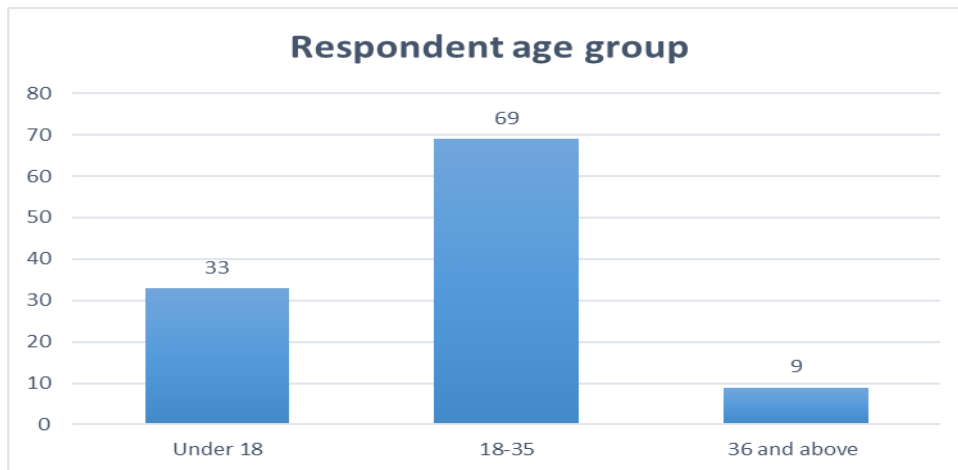


Figure 1: Age group of participants

Source: Compiled by the author

From the above result based on the survey carried out, the author was able to gather the following data. Out of a sample size of 111, people under the ages of 18 years old were 33% of the respondents. Meanwhile, the ages from 18-35 years old had a 69% which was the highest age group in the survey, and finally from the ages of 36 and above there was just 9% which also shows there were fewer respondents from the ages of 36 and above.

The average age of the participants was between 18-35 years old which had a 56% out of 100%, and the age group with the lowest number of respondents was the ages from 36 years and above with 11%. Not forgetting the second largest age group with was under 18 years old with an average of 33% out of 100%. The 56% of the participants who are between the ages of 18 to 35 years old are students from Tallinn University of Technology doing either their bachelor's or master's degree and some of them were employees in the university. Meanwhile, the participant under the ages of 18 is in middle school and high school.

### **2.2.2 Design and procedure**

The survey consisted of 7 questions; time taken for the questions to be answered 3-5 minutes. The data was collected through a questionnaire designed with a research software called SurveyMonkey and printed copies were also available. And was distributed via social media platforms like Snapchat, WhatsApp, Facebook Messenger and hand out copies to students from the 13<sup>th</sup> of April to the 20 of April 2019.

After the collections of opinions from a large sample size and satisfy with the results between different respondent groups, this questionnaire will be divided into three parts.

The first part contains the purpose of the survey followed by a definition of the term CSR and summary of what activities it can carry out, then questions like the consumers' age his or her awareness of CSR activities awareness of fast food restaurants. The respondent's ability to continue with the questionnaire can be indicated from this first part. Respondents with no knowledge about CSR activities will be excluded from the data analysis. This format of classification was introduced by Rahim et al (2011).

In the second part, the attitude and behaviour of the customers based on fast food restaurants can impact the customer repurchase intentions and what makes them eat at a certain restaurant. Quality of the food, price and value, atmosphere and CSR activities like charity donations and environmental protection and finally the respondent's knowledge of the term CSR and the activities they carry out within the food sector and respondents could choose either as agree, disagree, strongly agree strongly disagree and neutral.

The third part focused on which is your favourite restaurant and what you think your favourite restaurant carries out CSR activities and if they are aware of these activities, they can state it down and if they are not of this activity they don't have to answer.

### **2.2.3 Measures**

Measurement instruments: The data was collected through a questionnaire designed with a research software called SurveyMonkey which the Author used for the collection of data from the respondents with the use of social media outlets like Facebook Messenger, WhatsApp, and Snapchat. Also, hard copies of the survey were handed out to some students from Tallinn University of technology as well as some few staffs.

The author carried out quantitative research as the main priority was to reach to many respondents as possible. This method gave the author a large sample and required no special skills to answer the questions. It also gave the possibility of compiling an online questionnaire and share it easily through the internet by the help of social media outlets like Facebook Messenger, WhatsApp, and Snapchat. Hard copies of the questionnaires were also handed out to students because of the shortcoming the author had with the program which designs the questionnaires. The method allowed in doing this statistic and more generalized and summarized analysis (McDaniel & Gates, 1998).

Personal questions like the ages of the participants were also part of the survey questions and opinion about the knowledge of CSR was also needed from the respondents, question number 3 asked about the importance of CSR activities.

The questionnaire questions mostly consisted of 5 closed-ended questions with agree, disagree, strongly agree strongly disagree and neutral. With the fourth question, respondents were able to select more than one answer used for the answers This survey included four single-choice questions, two open-ended questions and one question with multiple answer selection. The last two questions were open-ended questions which the respondent's idea or choice was in their hands, and because of that, there were many respondents who were not motivated to answer the question, or they answer it quickly without knowing for sure what is expected from them.

Question one was about the age group participating in the survey followed by question two which was based about the importance of CSR activities in food business and question three which asked about the importance of fast food

restaurants engaging into CSR activities and answers from this questions where (agree, disagree, strongly agree strongly disagree and neither agree or disagree). The quality of the food, your loyalty, price and value, atmosphere and an example of some CSR activities carried out by companies like charity donations could be seen in the fourth question of what makes them eat from any of these restaurants. With this question, we can see the consumers have a different opinion about what makes them go to any of their favourite restaurant (Hesburger, McDonald's, and subway).

### 3. Results and Discussion

#### 3.1 Results

The results of this thesis were meant to bring out the analysis of the survey generated.

Question 2

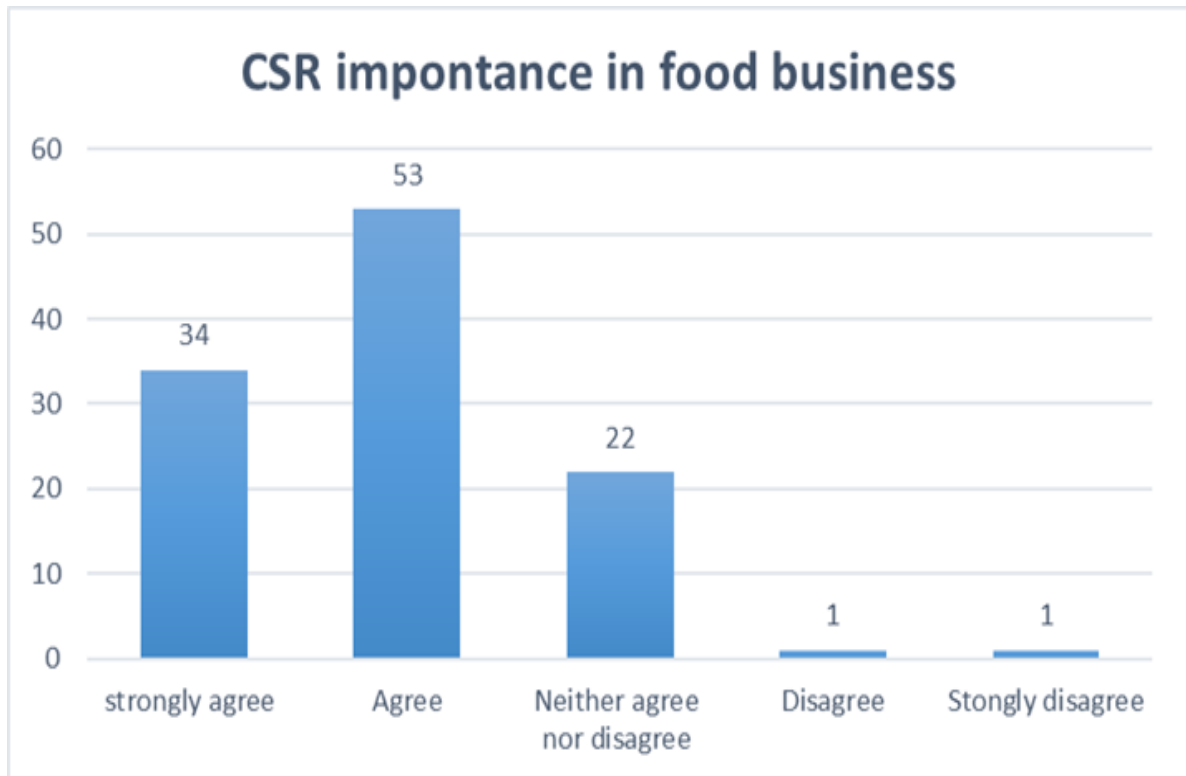


Figure 2: Corporate social responsibility important in the food business.

Source: Compiled by the author.

Above is the second question of the survey which tries to find out from the respondents how CSR is important and there were five different choices to pick from which are Strongly agree to have a 34%, agree having 53% which is the highest that means people actually think CSR is important, neither agree nor disagree had 22%, disagree and strongly disagree both had 1% with only one respondent from each group not accepting or not knowing about the importance.

Question: 3

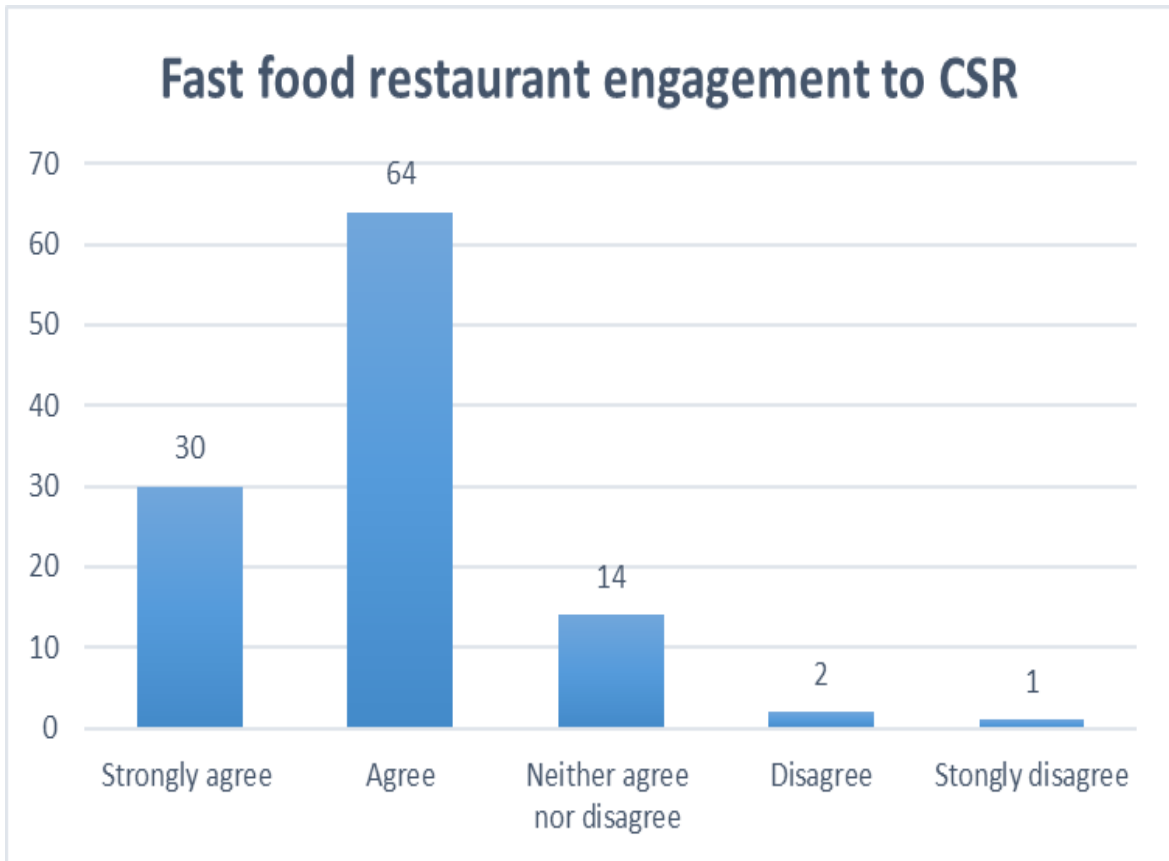


Figure: 3 The importance of your favourite fast food restaurant engaging in CSR activities.

Source: Compiled by the author.

The third question is asking the respondents if it is important to them that their favourite fast food restaurants engage in CSR activities, and the feedback got from this question where 30% strongly agrees, 64% agrees with its favourite fast food restaurant carrying out CSR activities, 14% neither agree nor disagree with this, 2% of the respondents disagree with its favourite fast food restaurant carrying out CSR activities and finally 1% strongly disagree about its favourite fast food restaurant carrying out CSR activities.



Question: 4

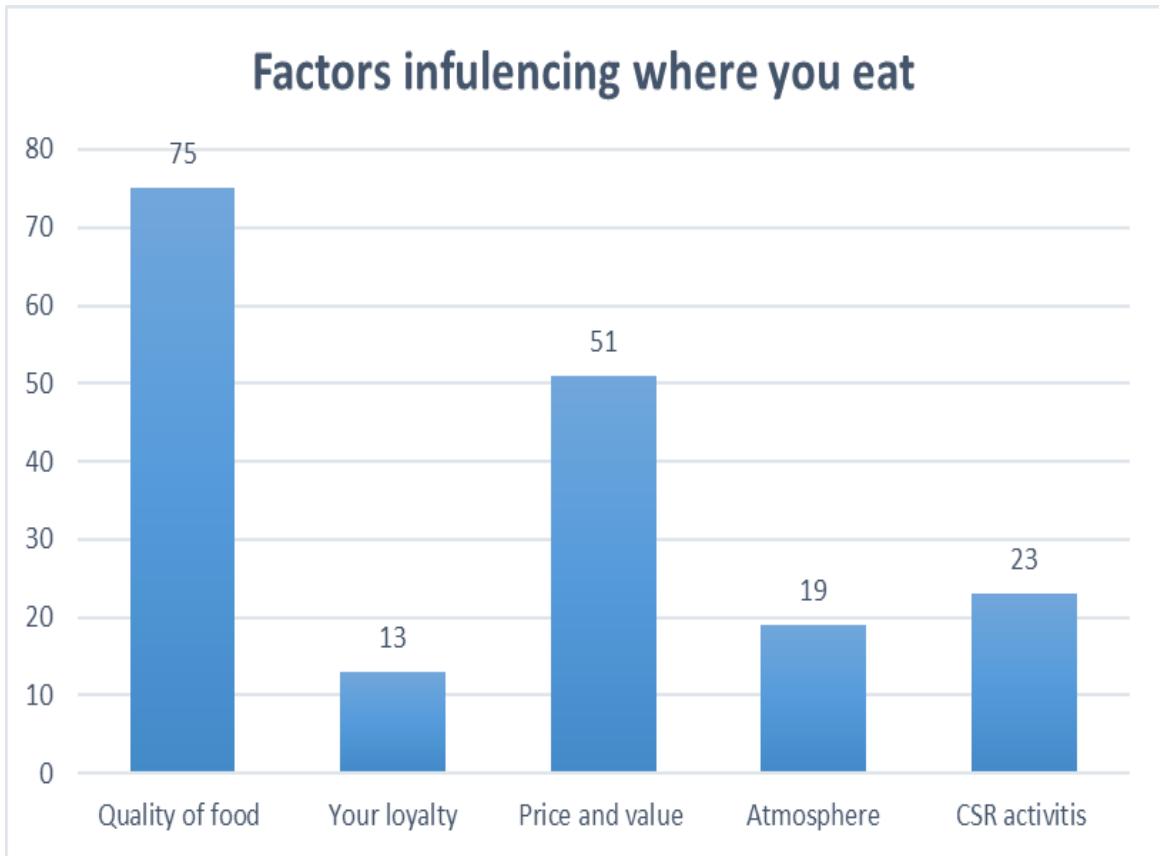


Figure: 4 what factors influence where you eat

Source: Compiled by the author.

From the above survey, the fourth question asked about the factors that influence where you eat. More than half of the respondents choose the quality of the food with a 75%, the customers loyalty 13%, the price and value of the fast food restaurant got 51% meanwhile the atmosphere of the restaurant got 19% and the CSR activities of the restaurant i.e. charity donations, environmental protection, good working environment and attracts and retaining investors got 23%. Note that respondents were given the opportunity to select more than one answer to this question.

Question: 5

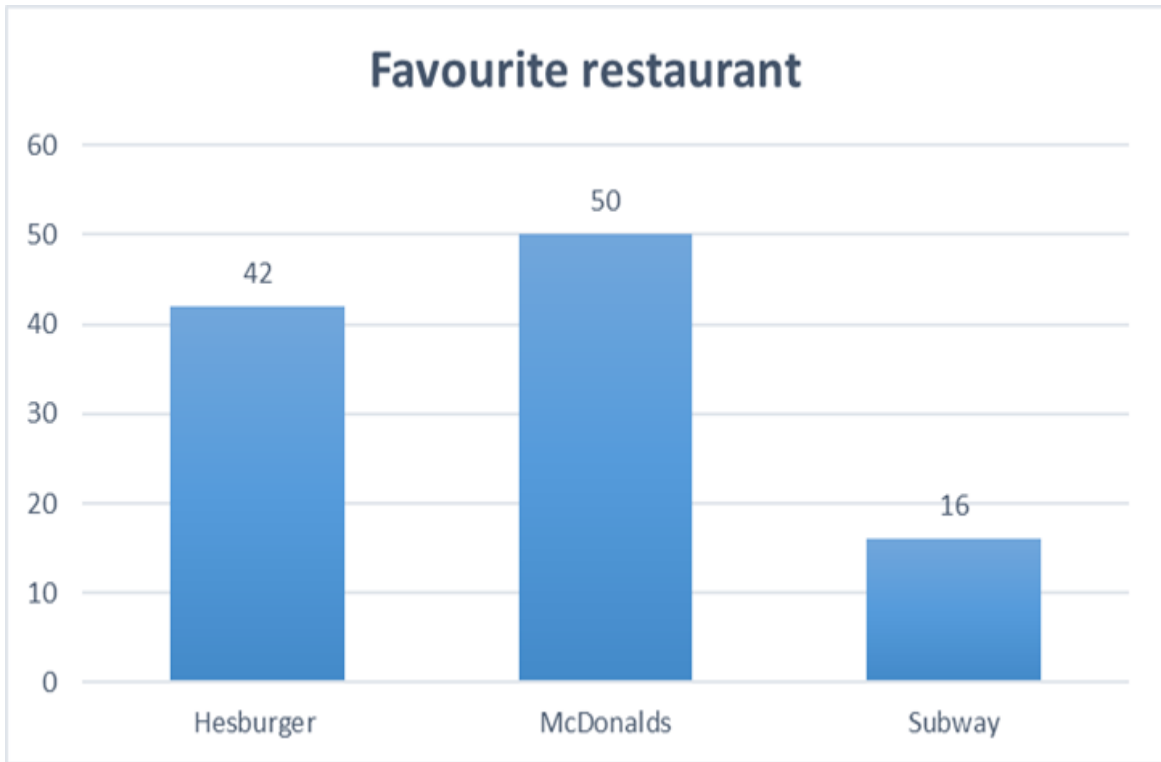


Figure: 5 Among these restaurants which is your favourite?

Source: Compiled by the author.

Above is a chart that shows the various fast food restaurants used for the survey and which of them is more preferred by the respondents. Hesburger which is the first on the chart is preferred by 42% of the total respondent. Nevertheless, McDonald's is the most preferred fast food restaurant in Estonia with a 50% that is 8% more loved and preferred other than Hesburger, finally, Subway is the less most chosen with 16% responses. According to this survey a total of 108 respondent selected one of these restaurants out of 111 leaving 3 respondents not choosing any of the restaurants maybe because they are not a customer of fast food or did not like any more than the other.

Question: 6

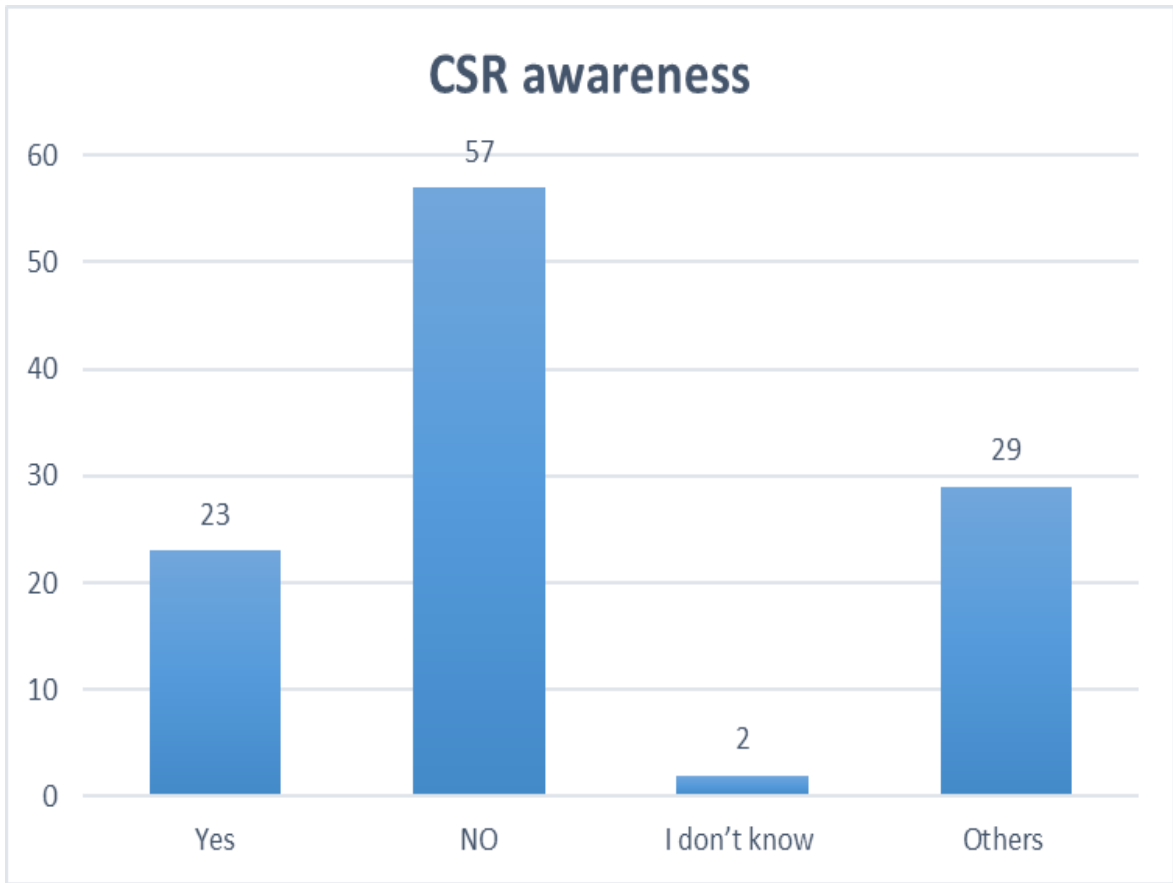


Figure: 6 From figure 5, are you aware of any CSR activities your favourite restaurants do?

Source: Compiled by the author.

The chart above illustrates the number of respondents about their awareness of their favourite fast food restaurant carries out CSR activities. According to the result, 32 people wrote down some of the activities they think fast food restaurants carry out like environmental sustainability and donations to charity. I don't know (IDK) respondents were just 2 followed by 57 respondents who said NO denying the fact that they are unaware of CSR activities their favourite restaurant carries out, and finally 23 respondents agreed to be aware of CSR activities carried out by fast food restaurants.

### Question: 7

The seventh question was mainly for those who said yes in the previous question (Question 6), their responses were; environmental sustainability, donations to charity, education, good working environment, environment protection, sport activities, football sponsorship, energy saving equipment, donation of money to sick people, eco-friendly clothing from recycled waste products. According to these answers, the author noticed that consumers in Estonia are aware of some CSR activities fast food restaurants carry out. Nevertheless, are the customers benefiting from these activities? The author will talk more about this in the discussion and conclusion part.

## **3.2 Discussion**

In this current chapter, the author analyzes and try to understand the most important findings from the theory and practice which is based on the theoretical background, previous research and the author's thoughts. In addition, the previously set questions for this research will find their answers. Lastly, the author will make a couple of suggestions for improvement. The empirical research of the current study shows the importance of fast food restaurants engagement in CSR activities in Estonia.

Findings show that 94 of the survey participants strongly agrees or agree about the fast food restaurants engagement in CSR activities. The first research question, “What is the influence of corporate social responsibilities towards consumers brand loyalty to Fast food restaurants?” people prefer brands a lot these days and what the brand offers to motivate them to be loyal to the company (restaurant). The price the restaurants offers for its meals or the atmosphere or the quality of the food are all factors that will influence the consumers towards the brand. This shows that the concept of CSR has changed from how it was not understood by consumers years back as stated by (Turu-uuringute, 2009) who said consumers will be left uninformed about small public awareness and small presence of relative literature as one of the reasons why companies are not willing to accept Corporate Social Responsibility as a business activity for success.

The second research question; “Are customers aware of the corporate social responsibility activities of their favourite restaurant?” In addition the result of this question related to questions 2 which talks about the importance of CSR in food business which got 87 out of 111 respondent agreeing of its importance and question 3 which talks about the importance of your favorite fast food restaurant engagement in CSR activities which 94 out of 111 respondents agreed to the fact that it is important for their favourite fast food restaurants to engage in CSR activities. The survey shows that customers are aware of Corporate Social Responsibility and the activities their favourite restaurants carry out.

The 3 question talks about the improvement of corporate social responsibilities in food business “How can corporate social responsibilities improve the food business?” Improvement of CSR can be done by educating the customers about the importance of going green for a better environment. Also, and learn how to reduce their usage of power and reduce the impact the consumer has.

In addition, the survey also asked about what will influence you as a consumer to purchase from any of the restaurants (Hesburger, McDonalds and Subway)? According to the statistics gotten from the final results which participants where had a choice to select more than one answer (75 out 111 respondents) selected quality of the food as the best influencing factor that will make them purchase from a restaurant and 51 out of 111 respondents selected price and value as their influencing factor for purchasing at their favourite fast food restaurant. According to the result from Nielsen Company which studies Estonian Human Development report that was publicized in 2008 pointed out that people turn to consume more socially responsible products in order to save and protect the environment (The Nielsen Company, 2008; Eesti Koostöö Kogu, 2009). Top 3 socially responsible companies in Estonia are Swedbank, EMT, Elion according to (CSR index, 2010).

### **Recommendation and suggestion**

After all, being said, the author brings out a couple of suggestions for improvement, which might be beneficial for CSR development in the food business in Estonia. Firstly, organizations who focus mainly on CSR and other

social aspects should also collaborate more with different companies both big and small organizations. Many companies today might think of being responsible in terms of environmental protection, charity donations, and giving out gifts during Christmas. Therefore, these companies need more information about what they can do to attend the goal of them being more socially responsible and how their business can affect the society which will bring along a generally positive image. To conclude, there should be seminars about corporate social responsibility for fast food companies and information about what they need to do. Also, the media can be a bigger influencer in terms of creating awareness of positive results.

Secondly, organizations (fast food restaurants) who deal with corporate social responsibility issues need to concentrate on increasing the awareness of the public about the subject since it came from a study carried out in Estonia and talks about fast food restaurants in Estonia. It will be wise to make use of the media for the spread of the knowledge of CSR where free materials of ways and strategies are available for all, and creating an interesting platform to talk about issues that can be modified and this can be done in different sections based on the level of studies of the participant. The author believes that if more information about CSR is available it will help customers more responsible with their purchasing decisions and that can pressurize companies to do more in terms of being more responsible.

Thirdly, to expand the use of CSR in Estonia and in Estonia food business (fast food restaurants) the author suggests that all companies must submit a report showing how socially responsible they are with the help of a committee in charge of finding out what they do and ensure they are doing it correctly. Also, awards should be given to companies that participate well in societal and environmental fields. Therefore, companies will have little or no choice but to be interested in accepting CSR activities and have the necessity to inform their interested groups regularly about the companies view.

## **Conclusion**

The aim of this research was to find out the public awareness of CSR activities of their favourite fast food restaurants (Hesburger, McDonald's, and Subway), and customers brand loyalty to their favourite restaurant in Estonia. In order to understand the consumers level of awareness of CSR in food business and their level and how loyal they are to the brand not forgetting the importance of CSR in food business, the author decided to carry out a research about the importance of corporate social responsibility in food business and the perception of customers about fast food restaurants engagement in CSR activities.

According to the research carried out by the author, many people are aware of CSR, but they do not know exactly what they do or better still if they do the activities they stated. This emphasizes the importance of education institution raising awareness about CSR and how it can be beneficial to the society. CSR in the food business must find a balance on how it can be corporately socially responsible to its citizens and being profitable at the same time because, in a fast food business or any other business, profit is the most important element for a business to keep functioning. Food businesses do not need to heavily invest in CSR activities like sustainability, but rather they need to introduce the idea of sustainability in an already existing business process they have by carrying out analysis of the process to see if this process can be changed and be more sustainable.

In addition to that, the author also set objectives for the research, which was to find out the factors that influence where people eat at their favourite restaurant. Fast food restaurants should look at the community they are operating in be it a local community or a global community and this will help them analysing what matters to this communities will enable them to decide the type of programs and charities they should be involved in. Also, they should be aware that all programs may seem important, but they should go for programs that are of highly significant to community sustainability. Success with CSR will not come to companies who do not practice what they preach, i.e. administering what they need to do for the community.

Technology is also important in CSR and to food business nowadays because it is used for the tracking of sustainable businesses and their records over the years like the Estonian index questionnaire that accesses companies that practice CSR activities. CSR in the food business must improve massively in programs that are pure to the employees. I.e. investing in human capital like education, training, intelligence, skills, health and other things like loyalty will help repay the company with success and profit.

McDonald promotes the reduction of greenhouse gas emissions related to McDonald's restaurants and offices by 36% by 2030 from a 2015 base year in a new strategy to address global climate change. Additionally, McDonald's commits to a 31% reduction in emissions intensity (per metric ton of food and packaging) across its supply chain by 2030 from 2015 levels. McDonald promotes the sustainability of palm oil by joining the Roundtable on Sustainable Palm Oil (RSPO). this will encourage the production of palm oil on a sustainable fashion (McDonald's webpage 2019). Hesburger plans to build restaurants with solar panel to reduce the use of energy and they also provide their employees with working clothes from recyclable plastic materials from waste, their packaging is also eco-friendly and does not cause any harm to the environment, which means that poor disposing of their packaging will not be an issue because it will decay and no environmental harm will be caused (Hesburger webpage 2019). Subway also targets the reduction of the use of water and energy and provides fresh meals with a lot of vegetables and organic ingredients (Subway webpage 2019). These fast food restaurants should also support environmental sustainability as this will protect them in a positive dimension for economic growth. For example, if these fast food restaurants should come out and donate some funds or a certain amount of their revenue to environmental hazards, then of course individuals who share similar views and opinions as regards the environment, as well as its sustainability, can easily be attracted to the idea of making the community a better place.

Estonian consumers and companies should realize the impact of socially responsible can be for them and their society. This research is one of the first to study about customer awareness and brand loyalty in food business in association



with CSR, the author believes that this paper could benefit future researches to find out more about the topic and come up with new ideas for improvement.

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## Appendix

Survey on Corporate Social Responsibility for fast food restaurants in Estonia.

This survey is about finding out your perception of Corporate Social Responsibility activities of your favourite fast food restaurant in Estonia.

Corporate Social Responsibility (CSR) is when a company gives back to the community by creating a balance between good business models and contributing to social causes in society. Examples of CSR activities a restaurant carries out are; charity donations, environmental protection, humanitarianism, forging a corporate partnership, good working environment, etc.

The student would like to know how important these activities are to you when you choose a restaurant.

This will only take 3-5 minutes. Thank you for your time.

### Questions

- 1) Age group
  - a. Under 18
  - b. 18-35
  - c. 36- and above
  
- 2) Corporate Social Responsibility (CSR) is important in the food business.
  - a. Strongly agree
  - b. Agree
  - c. Neither agree nor disagree
  - d. Disagree
  - e. Strongly disagree
  
- 3) It is important for you when your favourite fast food restaurant engages in CSR activities.
  - a. Strongly agree
  - b. Agree
  - c. Neither agree nor disagree

- d. Disagree
- e. Strongly disagree

4) What factors influence where you eat?

- a. Quality of the food
- b. Your loyalty
- c. Price and value
- d. Atmosphere
- e. CSR activities of the restaurant i.e. charity donations, environmental protection, humanitarianism, forging a corporate partnership, good working environment and attracts and retains investors.

5) Which among these fast food restaurants is your favourite?

- a. Hesburger
- b. McDonald's
- c. Subway

6) Are you aware of any CSR activity they do?

7) If yes, can you please state them?

Thank you

Link for survey questions.

<https://www.surveymonkey.com/r/HY3RWJ7>

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