

Social Responsibility in Retail Trade

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Abstract

Social responsibility is at the same time a mode of action, an attitude or a state of mind that a company adopts in its relationship with consumers or users but also with its business environment. Considering the responsibility that retailers bear in their relationship directly with customers and the fact that this is the interface where the goods leave the sphere of circulation and enter the sphere of consumption, they have an extremely important role in assuming the principles of social responsibility. Therefore, the present work aims to highlight this role as well as the concerns currently existing in this direction.

Key words: social responsibility, retail, sustainability, environment

J.E.L. classification: F18, F64, M14, O20, O24, Q02, Q37

1. Introduction

Social responsibility (SR) is a concept that can no longer be considered recent and is based on the coherence between the social programs carried out by a company, the attitude approached in business and within the company, as well as towards the environment. The final goal is to ensure the sustainable development of both the company and the economic and social environment in which the company operates, thereby committing that any activity it carries out is conducted in an ethical manner, based on best practices. SR is a way of expressing any type of company, regardless of size or object of activity, and is subject to the ISO26000 international standard. As the large retail trade is generally practiced by corporations, we can discuss the importance of the concept of Corporate Social Responsibility (CSR).

Corporate social responsibility and sustainability are hot topics in contemporary discourse, especially in the retail sector. The role and importance of corporations in preserving the environment and promoting sustainable development can no longer be ignored, especially in the current context of growth and diversification of the retail sector (Aivaz, 2021). Therefore, it is necessary to analyze in depth the implications and role of corporate social responsibility (CSR) in this context. It appears that better financial performance of companies is associated with a more responsible approach to social and environmental aspects. In this sense, investments in CSR not only improve a company's public image, but can also contribute to improving its financial performance.

The application of the principles of social responsibility involves companies in actions to balance profit-making activities with activities that benefit society in general and implies the development of businesses under the conditions of a positive relationship with the environment in which they carry out their activity.

2. Theoretical background

In general, in specialized literature, the social responsibility of retailers is discussed in relation to topics such as fairness, ethics or equity in trade. In fact, this concept has several dimensions if we analyze variables such as: quality, fair price, honesty or ethical relations with customers. (Țigu et.al, 2014)

Fair trade is already a worldwide movement in which goods are obtained and distributed in a sustainable and ecological way. For retailers purchasing products from less developed countries, sustainability in supply is ensured by a satisfactory standard of living for the workers and farmers involved. (Țigu et.al, 2014)

Nguyen and Klaus (2013) define fairness in retail through three dimensions: product (quality, price-quality ratio, notoriety); interactions (honesty, transparency, ethics); the service offered (fair behavior, promptness, quality). From this point of view, the products offered must be safe, be obtained on ecological principles, respect the nutritional label and the assumed guarantees.

Aivaz (2021) emphasizes the link between financial performance and corporate responsibility incentives in the support services group in Constanța County, Romania.

Lately, the issue of SR and CSR has been an important study issue for almost all fields of activity, and with regard to retail trade, comparisons have been made between social (corporate) responsibility actions and the company's capabilities (assortments, products, prices, store layout, commercial services, etc.). These analyzes have shown that both have a positive influence on consumer loyalty, but when the ability is reduced with the increase of social responsibility efforts, consumers appreciate that the redirection of resources is against their satisfaction. (Țigu et.al, 2014)

Companies considered green like image enjoy enhanced reputations and receive positive support from customers that usually have like final result in increased revenues. (<https://courses.lumenlearning.com/wm-retailmanagement/chapter/ethical-and-social-responsibilities-involved-in-buying-decisions/>)

Social responsibility is at the same time a mode of action, an attitude or a state of mind that a company adopts in its relationship with consumers or users but also with its business environment.

If two decades ago purchasing decisions were influenced mainly by price, availability and ease of use, nowadays consumer needs have evolved significantly, becoming dependent on care for quality of life and the environment. (<https://www.sml.com/implementing-an-effective-csr-strategy-for-retail/>)

Therefore, it is necessary to analyze in depth the implications and role of corporate social responsibility (CSR) in this context. Aivaz (2021) emphasizes the link between financial performance and corporate responsibility incentives in the support services group in Constanța County, Romania. It appears that better financial performance of companies is associated with a more responsible approach to social and environmental aspects. In this sense, investments in CSR not only improve a company's public image, but can also contribute to improving its financial performance.

3. Research methodology

The current research is of a qualitative type and aims to highlight some aspects regarding the adoption of the concept of SR and respectively CSR by retailers.

The theme of the study was generated by the finding that the business environment as well as consumers are faced with an acute lack of information about the commitment of the retail industry and the analysis of socially responsible attitudes in this field. The aim of the study was to discover and highlight the context in which social responsibility is approached by retail traders. The aspects followed concern the principles, processes and results of SR. From the field research and documentation it emerged that the most frequent approaches are circumscribed in the sphere of social and environmental programs. The conclusions suggest that most of the retailers who approached the concept should be more involved in communicating their social responsibility efforts and not just for promotional purposes.

4. Findings

Retail, being a major economic field, plays a crucial role in the economy and also has a significant impact on the environment and society.

In addition, consumer culture is changing and they are becoming increasingly aware of the importance of environmental protection and sustainability. Mirea and Aivaz (2016) analyzed consumer culture at a territorial level and found that more and more consumers prefer to buy from retailers that demonstrate a clear commitment to environmental protection and the promotion of sustainable business practices.

The success of retailers can be ensured if their customers know what they are buying and statistics show that the majority believe that companies should help with social and environmental issues. The application of social responsibility principles include ensuring sustainability, fair working conditions, corporate activism in the case of large retailers and donations charitable. These aspects and the generated interactions can be seen in the following figure:

Figure no.1 Social responsibility in retail business



Source: (Mahler, 2020)

Among the aspects that consumers appreciate and retailers have to be aware regarding the care shown towards them, are to be highlighted: fair treatment, without discrimination; satisfying the requirements in the best conditions; assistance in making the purchase decision; after-sales services. A number of large retailers are developing special programs for people with disabilities, as it results from the reports on the corporate social responsibility activity (wide spaces for travel, reserved parking, shopping scooters, etc.). (Tigu et.al, 2014)

With regard to the products offered, the elements to be considered from the point of view of ensuring social responsibility must refer to ecological principles, informative label, validity and guarantee, appropriate packaging in terms of size and information provided.

Recent studies talk about the social quality brand, which refers to respect for customers and staff throughout the technical and economic circuit of the goods and which would have the ability to increase the perceived quality level, a sign communicated through a label. (Tigu et.al,2014)

The correctness of the price and the way in which it is evaluated is also part of the responsibility of organizations towards consumers.

On the other hand, interaction with customers must also be taken into account when building social responsibility strategies, and we refer here to: respect for personal data; communication of taxes or commissions; permanent verification of product validity; practice of fair return policies; avoidance of delays in supply; registration and monitoring of complaints; support in adopting the purchase decision, etc.

Speaking about employees, there are three kind of ethical issues that could be discussed: interactions with clients; relationships with work colleagues; situations at the workplace. Of course, the most common ethical issues are those related to the preferential treatment given to some clients, but also those related to prices, offering bonuses or samples or those related to behavior or hygiene.

As we mentioned, in the issue of SR and/or CSR, the concept of fair trade with multiple connotations and benefits for retailers is circumscribed. Today's consumers have become more and more informed and demanding regarding ethical production and marketing practices and thus a growing contingent pays more attention to goods that respect such practices. The application of fair

trade marks can bring substantial advantages in terms of the price charged, the increase in sales and can stimulate brand loyalty.

The concept of fairness in retail trade is based on the crucial link between increasing honesty, ethical and moral behavior and understanding retail equity, with multiple theoretical and managerial implications. (Nguyen et al., 2013)

Given the particularly high responsibility of food stores regarding consumer safety, the concerns of these retailers regardless of size regarding social responsibility become imperative and according to the studies carried out should aim at: supporting the community, ensuring product diversity and safety, protecting the environment, supporting employees.

Concerns related to the analyzed theme in retail business are inextricably linked to the larger approach to sustainability, as shown in the figure below:

Figure no.2 Retail sustainability



Source: (Rahdari et al,2020)

SR policies must be based on the coherence and compatibility between the attitude in business, in relation to shareholders, with the staff and obviously towards the environment to ensure sustainability in the company and in society in general.

As for the attitude in business, it must be supported by fair investment programs and compliance with the rules of ethical conduct by both the management and the staff. The company's attitude towards employees involves ensuring a working climate and correct communication, stimulating professional and individual development. In the context of the analyzed concept, all aspects of the relationship with the environment must be taken into account in compliance with the standards and requirements in the field.

Taking into account the community and the economic and social environment in which the activity is carried out, retailers can get involved in areas such as: education, health and social assistance, sports, culture, environment and humanitarian actions. (Dabija,2013)

Analyzing whether social (corporate) responsibility represents an influencing factor for performance or real ethical concerns and whether it can generate advantages, it can be stated that compared to other management factors, the proven high performance qualifies it as a basic resource for any retailer.(Hu et al.,2009)

A study carried out on the example of one of the main European clothing retailers highlights the importance of correct communication and explanation of CSR efforts to increase awareness and involvement for both employees and customers, having a positive impact on the retailer in increasing performance and results sustainability at the same time.(Dal Mas et al.,2021)

A representative analysis of consumer behavior in the context of retail trade in Romania highlights the impact of concrete measures in the analysis of behavioral vectors that act as stimuli, including social responsibility alongside the marketing mix; the feed-back from the consumers is thus

materialized in the generation of the desire to buy, preferences, loyalty, trust, or satisfaction. (Dabija,2013)

More and more organizations, including retail ones, are appreciated and even end up being included in the charts according to the performance of social responsibility activities. Michael Porter, world authority in the field of competitive strategy, said that social responsibility has become an impossible priority for business leaders in every country and every field. (Porter, 2007)

The analysis of "labor cost" and "net nominal income" in the main economic activities, carried out by Mirea and Aivaz (2016), shows that the costs associated with the labor force can be optimized by implementing social responsibility practices. An effective strategy can help reduce costs, increase productivity and improve working conditions.

Because the majority of retail industry managers consider the application of SR or CSR represent one of the best way to increase sales, we can evidence some tips concerning activities to be carried out in order to get advantages: create specific products for charity; run charity events; sponsor for community activities; to give money or merchandise for donation; the improvement the social responsibility inside the company. (Marendra, 2022)

The quality of logistics services also has a significant impact on the level of customer satisfaction and retention of an e-commerce retailer (Micu et al., 2013). In this context, the adoption of a sustainability strategy can lead to an improvement in the quality of logistics services and, therefore, to an increase in customer satisfaction. Regarding marketing research, a genetic approach is proposed (Micu et al., 2016), which could allow a deeper understanding of consumer behavior and lead to the development of more effective and sustainable marketing strategies.

The evolution of consumer needs in the last decade and especially after the outbreak of the COVID 1 pandemic has led retailers to take very seriously the ethical needs of their customers. According to Accenture, since the beginning of the pandemic, 60% of consumers are making greener, more sustainable or more ethical purchases and paying attention to the overall SR efforts of the retailers they buy from.

In order to build effective strategies in this context, a series of recommendations can be formulated that have proven useful in practice: manifesting environmental responsibility ;setting an example to be followed; upskill and reward employees, while promoting work-life balance; prioritize workplace health and safety, and staff work-life balance; economic responsibility assuming; a sustainable future.(<https://www.sml.com/implementing-an-effective-csr-strategy-for-retail/>)

5. Conclusions

From a practical point of view, the aspects highlighted in the present work can provide real support in making managerial decisions in the retail industry, thus bringing a series of contributions for the activity of social responsibility of companies in the field, such as:

- stimulating retail and company managers to invest in the development of social responsibility strategies;
- awareness of the long-term effects on consumers (loyalty, devotion, etc.);
- the possibility to analyze whether SR represents a cost or a long-term investment;
- a deeper understanding of consumer expectations regarding the social activities to be implemented;
- understanding the factors that can influence the success of actions: expectations consumers, the level of knowledge and information, correctness information source;
- better knowledge of the socio-demographic characteristics of consumers as well as the economic and competitive environment;
- provides arguments for the integration of accountability strategies in the company's general strategy;
- understanding that any action in this field must be communicated in order to win the trust of the consumer interested in the company's concerns in this regard;
- awareness of the fact that a socially responsible involvement can bring benefits from improving the image to increasing sales;

Although the present work contributes to the enrichment of knowledge general regarding the concept of social (corporate) responsibility, bringing a series of new information; it also presents a series of limits, related to the information with feedback from retailers but which, corroborated with the evidenced findings, offer the possibility of investigating new research directions.

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