## Corporate Social Responsibility and Inter-Organisational Trust in a B2B Context

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## **ABSTRACT**

**Purpose:** The purpose of the paper to reveal the linkage between the customer perception of the supplier's CSR and inter-organisational trust in a B2B context.

**Methodology/Approach:** The paper conceptualises the customer perception of CSR activities as a latent second-order factor composed of three dimensions: CSR towards environment and community; CSR towards employees; and CSR towards customers. Three-dimensional understanding of inter-organisational trust, is applied in this paper. A quantitative study was conducted.

**Findings:** As it was expected, the findings revealed that the customer perception of supplier's CSR, namely CSR towards environment and community, towards employees and customers, generates inter-organisational trust that could be divided into competence trust, benevolence trust and integrity trust.

**Research Limitation/implication:** Seeing that the paper uses a sample from a single country, it has a limitation due to its restrictive generalisability (especially having in mind that the research was done in a low-trust societal context). Moreover, the paper does not incorporate the characteristics of organisations, and the future research could elaborate on the issues of how the perceived CSR and its impacts on inter-organisational trust vary depending on organisational financial performance, market share, and so forth.

**Originality/Value of paper:** The paper challenges the researchers and managers to move towards more sophisticated assessments concerning the way the customer perception of CSR affects inter-organisational trust in a B2B context, which might lead to improved organisational performance and sustainability.

Category: Research paper

**Keywords:** corporate social responsibility; inter-organisational trust; B2B context; customer; supplier

### 1 INTRODUCTION

Despite the earlier scepticism prevailing in business about its duty to balance the organisation's financial performance and its impact on the society and environment (Dyllick and Hockerts, 2002), corporate social responsibility (CSR) has lately become of strategic importance for numerous organisations (Kiron et al., 2012). The fact that Fortune 500 companies currently spend more than \$15 billion a year on CSR activities (Novick O'Keefe, 2017) confirms the salient place of CSR in the strategic goals of organisations. The growing number and enhanced quality of CSR reports (KPMG, 2017) also serve as evidence that being socially responsible is getting increasingly more relevant. In general, motives of businesses behind the engagement in CSR could be twofold: normative and economic ones. The normative case for CSR argues that it is a moral duty for a business to engage in CSR ("doing good"), while the business case for CSR is based on the expected returns that organisations may receive from CSR ("doing better") (Maignan and Ferrell, 2004; Bhattacharya and Sen, 2004). Generally speaking, the business case for CSR relies on the notion that CSR elicits organisation-favouring responses from the stakeholders. It seems that positive responses are evident in the business world, as the survey of 2,874 managers and executives from 113 countries revealed that about 31% of organisations are benefitting from sustainable business practices (Kiron et al., 2012). Actually, CSR can be applied, and returns from CSR can be expected in both contexts: business-to-business (B2B) and business-to-consumer (B2C). However, to date, studies about the returns from CSR in the B2C sector are prevailing (Öberseder et al., 2014; Kim, 2019), meanwhile the research addressing CSR in a B2B environment is scarce (Kubenka and Myskova, 2009; Homburg, Stierl and Bornemann, 2013; McKnight et al., 2017).

CSR has its roots in the stakeholder theory (Asif et al., 2013). Drawing on this theory, CSR could be defined as "a firm's voluntary consideration of stakeholder concerns both within and outside business operations" (Homburg, Stierl and Bornemann, 2013). Despite various stakeholder classifications schemes introduced in the literature, customers are always included among other stakeholders (Rodrigo and Arenas, 2008; Parmar et al., 2010). Referring to the B2B context, customers are highly salient stakeholders as suppliers need them in order to operate (Parmar et al., 2010). Supporting the notion that CSR in the B2B context really matters and treating customers as highly important to suppliers in the B2B context, the paper deals with the customer perception of supplier CSR expecting positive reactions of customers as a response to supplier engagement in CSR.

The previous research, mainly in the B2C context, on the reactions of consumers to business CSR, revealed organisation-favouring responses on an array of cognitive and affective as well as behavioural outcomes (Sen, Bhattacharya and Korschun, 2006; Sen and Bhattacharya, 2001; Ng, Yam and Aguinis, 2019). For instance, Li, Liu and Huan (2019) demonstrated that renewing the CSR strategy can increase Starbucks' consumer loyalty by increasing customer-company

identification. In supporting this, Arrive at al. (2019) found a dependency relationship between CSR and customer satisfaction and employee loyalty.

Previous literature on CSR in the B2B environment has generally focused on one of the two areas. First, some studies analysed the way the organisations implement the CSR issues within their business operations (Homburg et al., 2013). Second, the drivers of CSR in the B2B context were examined by involving the purchasing function in CSR, which has been labelled as Purchasing Social Responsibility (Carter and Jennings, 2004). However, researchers have largely neglected to study the effects of supplier's CSR on customers in terms of customer responses (Lai et al., 2010; Homburg, Stierl and Bornemann, 2013). The paper tries to close this gap by analysing inter-organisational trust as the outcome of customer engagement in CSR seeing that the previous studies identified trust as a central customer benefit arising from the supplier's CSR (Homburg, Stierl and Bornemann, 2013). More specifically, the argumentation behind choosing the inter-organisational trust is twofold. First, trust is important in exchange relations; referring to the B2B context, inter-organisational trust reduces problems that may arise from information asymmetries between the supplier and customer (Pavlou, 2002; Homburg, Stierl and Bornemann, 2013). Second, it is well established from multiple literature streams (strategy and marketing literature; economic literature; organisational literature) that interorganisational trust is associated with fundament positive outcomes, namely competitive advantage, firm performance, conflict reduction, etc. (Pavlou, 2002; Zaheer and Jared, 2006).

This paper aims to reveal the linkage between the customer perception of supplier CSR and inter-organisational trust in the B2B context. In doing this, the paper seeks to answer the following: how can CSR be defined, and why is it important to take the customer perspective into consideration? How can organisational trust be defined? Will customer perception of CSR foster interorganisational trust in the B2B context?

The paper contributes to the literature of CSR in several ways. First, contrary to the previous studies that have been conducted in the B2C sector, examining the consumer reactions, the current paper focuses on customer reactions in the B2B setting. Second, the paper analyses customer perception underlying the difference between the people's perception and awareness of concrete CSR activities. Third, the paper analyses inter-organisational trust as a reward for the supplier for its engagement in CSR. Thus, the paper enriches not only the CSR literature but also the literature of the trust domain. Finally, the paper contributes to the literature by signifying the importance of inter-organisational trust in exchange relations where uncertainty is present, as the research was carried out in Lithuania, which is treated as an example of a post-socialist society where trust is quite low (Pučėtaitė, Lämsä and Novelskaitė, 2010).

The paper begins by examining the literature on CSR and inter-organisational trust and developing the hypotheses. The research methodology is then outlined.

Following this, the results of the research are presented and discussed. Last, the paper provides several general conclusions before indicating some future research avenues.

#### 2 THEORETICAL BACKGROUND

Stakeholder Approach, CSR and customer Perception of CSR

Nowadays is almost unthinkable to discuss CSR without referring to stakeholders (Rodrigo and Arenas, 2008; Turker, 2009a; Costa and Menichini, 2013; Gallardo-Vázquez and Sanchez-Hernandez, 2014; Singh, Sethuraman and Lam, 2017; Moneva and Hernández-Pajares, 2018). The European Commission (2011) in the renewed EU strategy 2011-14 for CSR also highlighted the close collaboration of enterprises with their stakeholders. Generally speaking, the stakeholders in an organisation are "individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers" (Post, Preston and Sachs, 2002, p.8). Referring to the provided definition, in contemporary society and business environment, stakeholders are perceived much broader than shareholders; different interest groups such as employees, customers, suppliers, NGOs, the whole community etc. are all defined as stakeholders (Mitchell, Agle and Wood, 1997; Jamali, 2008).

Addressing the question of why and how a particular stakeholder is relevant to the organisation, scholars have introduced various stakeholder classification schemes (Rodrigo and Arena, 2008). According to Mitchell, Agle and Wood (1997), groups of stakeholders can be identified by their possession or attributed possession of one, two, or all three of the following attributes: the stakeholders' power to influence the organisation; the legitimacy of the stakeholders' relationship with the organisation; and the urgency of the stakeholders' claim on the organisation. Following this view, the supplier in the B2B environment should consider the importance of each customer according to their power, legitimacy and urgency. However, generally speaking, each customer and the pool of all customers are crucial for starting and sustaining the business in the long-term. This leads to the conclusion that suppliers need to serve the needs of customers as well as behave in a socially responsible way. Campbell (2007) argues that organisations are acting in a socially responsible manner when they do two things. First, they must not knowingly do anything that could harm their stakeholders, such as their employees, customers, investors, suppliers, or the local community within which they operate. Second, if organisations do cause harm to their stakeholders, they must then rectify it whenever the harm is discovered and brought to their attention. This corresponds to Carroll's (2015) idea that there are two active aspects of CSR, namely protection and improvement. Protection refers to the idea that companies need to avoid their negative impacts, meanwhile improving welfare means that organisations need to create positive benefits for stakeholders.

CSR is a multi-dimensional concept, usually categorised by two aspects: the type of responsibilities and the type of stakeholders groups (Park and Levy, 2014; Lee, Lee and Li, 2012). Building on the aspects of responsibility, Carroll (1991) suggested four dimensions of CSR, namely economic, legal, ethical and philanthropic. The economic dimension is about the organisation's economic responsibilities to its stakeholders, for instance, in terms of operational efficiency or competitiveness. Legal responsibilities reflect a view that organisations are expected to pursue their economic missions within the framework of the law. The ethical dimension refers to the organisation's responsibility to be fair and just in making decisions and performing, beyond its legal obligation. Philanthropic dimension includes the actions of an organisation that are carried out in response to social expectations. The second categorisation of CSR is based on the notion "to whom" the organisation is responsible. Actually, the scope of responsibility seems to be the hot issue in the CSR debates (Lee, Lee and Li, 2012; Van Marrewijk, 2003). The underlying idea is that in business, "socially responsible behaviour should focus on meeting expectations of its stakeholders rather than the society as a whole" (Lee, Lee and Li, 2012). In mainstream literature, the CSR dimensions by stakeholders groups mostly encompass employees, suppliers, customers, community and shareholders (Öberseder et. al., 2014; Turker, 2009a, 2009b). This paper supports the second stream of the CSR dimensions by analysing in the empirical part the CSR dimensions based on stakeholder types.

The assumption of the mismatch between the actual engagement of an organisation in CSR and awareness of different stakeholders about the CSR activities is an important aspect when analysing CSR (Sen, Bhattacharya and Korschun, 2006; Bhattacharya, Korschun and Sen, 2009). Referring to the B2B context, customers may not know about certain initiatives implemented by the supplier. Thus, customer evaluations of supplier activities may be entirely different from the absolute level of CSR at the supplier's organisation. The current paper does not aim at finding such dissonance and measuring the customer perception of CSR. Following Lee, Park and Lee (2013), the customer perception of CSR activities is the degree to which customers perceive that the supplier supports the CSR activities. Park and Levy (2014) argue that previous studies suggest that CSR activities are better understood theoretically and tested empirically when they are organised by stakeholder types (e.g. customers, employees, etc.) rather than by responsibility types (e.g. economic, legal, etc.). Hence, the paper conceptualises the customer perception of CSR activities as a latent second-order factor composed of three dimensions organised by stakeholder types (CSR-environment and community; CSR-employees; CSRcustomers).

## 2.1 Interorganisational Trust

Already two decades ago, inter-organisational trust was seen as a means to achieve advantageous outcomes of economic performance (Zaheer and Jared, 2006). More recently, inter-organisational trust has been recognised as a key

component for maintaining a successful long-term relationship between various stakeholders (Lee, Lee and Li, 2012). According to Boström (2015), trust is a crucial dimension in the customer and supplier relationship. Referring to Park, Lee and Kim (2014), trust from the customer perspective can be defined as the customer's belief that the organisation "will perform in a manner consistent with expectations regarding its expertise, integrity, and goodwill" (p.296). Homburg, Stierl and Bornemann (2013) define trust as "comprising the customer's expectancy that the supplier organisation is competent and can be relied on <...> and the belief that the supplier's organisation has beneficial intentions and motives" (p.58). According to Pavlou (2002), inter-organisational trust is "the subjective belief with which organisational members collectively assess that a population of organisations will perform potential transactions according to their confident expectations, irrespective of their ability to fully monitor them" (p.218). Organisational trust can be perceived as a unidimensional construct; however, as suggested by McKnight, Choudhury and Kacmar (2002), the paper adopts the three-dimensional understanding of trust, which includes expertise (competence), benevolence and integrity.

Competence refers to the ability of the trustee to do what the truster needs (McKnight, Choudhury and Kacmar, 2002). According to Mayer, Davis and Schoorman (1995), expertise is a group of skills, competencies, and characteristics that enable one party to influence within some specific domain. Referring to the B2B context, expertise trust is the customer's belief that the supplier has the competence and technical skills to produce or deliver a particular product (Park, Lee and Kim, 2014).

Benevolence refers to the trustee's caring and motivation to act in the truster's interests (McKnight, Choudhury and Kacmar, 2002). Benevolence is "the extent to which a trustee is believed to want to do good to *the trustor*, aside from an egocentric profit motive" (Mayer, Davis and Schoorman, 1995, p.718). Thus, benevolence includes the customer's belief that the supplier is genuinely concerned with the preservation and enhancement of customer welfare (Park, Lee and Kim, 2014).

Integrity means that trustee is honest and keeps promises (McKnight, Choudhury and Kacmar, 2002). Integrity is about the customer's belief that the supplier demonstrates the consistency of their value and behaviour (Park, Lee and Kim, 2014).

# 2.2 Corporate Social Responsibility and Inter-Organisational Trust: Hypothesis Development

The notion that organisations reap the rewards from their CSR activities is well established in the literature (Bhattacharya, Korschun and Sen, 2009) and supported by survey data (Kiron et al., 2012). Wang et al. (2016) argue that recently, CSR has become increasingly prevalent and visible within corporations as a mechanism to energise and motivate the stakeholders. Accordingly,

motivation efforts are dedicated to creating a positive stakeholder response in terms of cognitive, effective or behavioural outcomes (Peloza and Shang, 2011; Sen, Bhattacharya and Korschun, 2006), including trust between the customer and supplier.

As mentioned before, the paper conceptualises the customer perception of CSR activities as a latent second-order factor composed of three dimensions: CSR towards environment and community; CSR towards employees; and CSR towards customers. Three-dimensional understanding of trust, which includes expertise (competence), benevolence and integrity, is applied in this paper.

#### 2.2.1 CSR towards Environment and Community

Both initiatives, protecting the environment and caring about the local community, reflect the supplier engagement in CSR. The customer can be proud of buying goods or products from such supplier. The customer can feel that the supplier cares about the present and future of the world, even though is not a lucrative decision for the supplier, at least in the short term (Turker, 2009b). Therefore, the customer can conclude that the supplier who cares about the environment and society will act more in the interest of the customer: it will use its competence and technical skills to produce or deliver products (competence); will care of the interest of supplier (benevolence) and will be honest and keep promises (integrity) (McKnight, Choudhury and Kacmar, 2002; McKnight et al. 2017). Accordingly, the customer will demonstrate a higher level of trust in the supplier. In supporting the mentioned assumptions, Park, Lee and Kim (2014) found that trust, in terms of competence, benevolence and integrity, was fostered by CSR initiatives. Further, Flammer (2015) highlighted that studies on relationships in the B2B context suggested that the extent to which suppliers showed responsibility and concern for their stakeholders in the form of charity and other socially responsible practices towards the community could serve as a valuable signal of the supplier's quality and non-opportunistic behaviour. Based on theoretical insights and empirical evidence, the paper hypothesises the following:

H1. Customers perception of CSR towards environment and community will be positively related to their trust in supplier, including competence trust (H1a), benevolence trust (H1b), and integrity trust (H1c).

#### 2.2.2 CSR towards Employees

Employees represent one of the most critical primary stakeholder group, as they determine the quality of service and goods (Lee, Lee and Li, 2012). Encouraging employees to develop their skills and careers; ensuring work-life balance; providing a safe and healthy working environment, and fairly treating employees indicate that the organisation (of the supplier) is socially responsible towards employees (Turker, 2009b; Park, Lee and Kim, 2014). Such initiatives serve as a sign for the customer to trust the supplier more. The supplier's encouragement

to employees to develop their skills means that employees possess a high level of competence. Thus, the customer can feel a higher level of competence trust. The fact that the employees are treated fairly demonstrates the honesty of the supplier (McKnight, Choudhury and Kacmar, 2002) and this signals to customers to express a higher level of integrity trust. The supplier's caring about the work-life balance of employees serves as an argument for the customer to feel benevolence trust. Referring to theoretical expectation, the paper proposes the following hypothesis:

H2. Customers' perception of CSR towards employees will be positively related to their trust in supplier, including competence trust (H2a), benevolence trust (H2b), and integrity trust (H2c).

#### 2.2.3 CSR towards Customers

CSR towards customers manifests itself in a variety of ways, such as incorporating the interest of customers in business decisions, providing high-quality services; or treating customer satisfaction as highly important (Park, Lee and Kim, 2014). Following Turker (2009b), CSR is seen as a "significant tool of influencing the feelings, thoughts, and consequently buying behaviours of their target customers" (p.192). The fact that the customers feel the care expressed by the supplier in corporate socially responsible initiatives can create interorganisational trust environment and increase the customer trust in the supplier. Referring to the theoretical expectations, the paper proposes the following hypothesis:

H3. Customers perception of CSR towards customers will be positively related to their trust in supplier, including competence trust (H3a), benevolence trust (H3b), and integrity trust (H3c).

#### 3 METHODOLOGY

## 3.1 Sample and Data Collection

The respondents chosen to gather the data and test the hypotheses were working-age employees in Lithuania. Lithuania was chosen due to the reason that the country belongs to a low-trust societal context (Pučėtaitė, Lämsä and Novelskaitė, 2010). The research was based on the criterion of convenience in order to obtain the data from the respondents who were easier to reach. The questionnaire was distributed online. Data collection took more than two months. At the end of the research, 384 questionnaires were collected and, according to the number of working people in Lithuania, a such number of responses reflects a 5.0% error, which indicated the reliability of the data. Tab. 1 provides the respondents' profile.

| Characteristics   | Frequency (n)                   | Percentage (%) |
|-------------------|---------------------------------|----------------|
|                   | Gender                          |                |
| Female            | 359                             | 93.50          |
| Male              | 25                              | 6.50           |
|                   | Age                             |                |
| 18-25             | 114                             | 29.8           |
| 26-32             | 106                             | 27.7           |
| 33-41             | 112                             | 29.2           |
| 42-52             | 40                              | 10.4           |
| 53-65             | 11                              | 2.9            |
| Working           | g time in a particular organisc | ation          |
| Up to 1 year      | 69                              | 18.00          |
| 1-3 years         | 102                             | 26,6           |
| 3-5 years         | 174                             | 45.3           |
| More than 5 years | 39                              | 10.1           |

Table 1 – Respondents' Profile

#### 3.2 Measures

Interorganisational trust was measured using the adapted scale of McKnight, Choudhury and Kacmar (2002), which includes three subscales: benevolence (3 items), integrity (4), and competence (4 items). Respondents were asked to indicate their agreement with each statement on a 5-point Likert scale, where 1 means strongly disagree, 5 – strongly agree. The subscales had a Cronbach's alpha of 0.652; 0.773 and 0.690 respectively.

Customer perceptions of organisational CSR were measured using the scale of Park and Levy (2014), which comprises 3 subscales: CSR practices towards environment and community (11 items), employees (6 items), and customers (5 items). Respondents were asked to indicate their agreement with each statement on a 5-point Likert scale, where 1 means strongly disagree, 5 – strongly agree. The subscales had a Cronbach's alpha of 0.714; 0.720 and 0.620 respectively.

#### 4 RESULTS

The means, standard deviations for the scales and correlation matrix are provided in Tab. 2. Referring to Tab. 2, H1, H2, and H3 were confirmed.

Variable Mean SD 10 1. Gender 1.07 0.247 10.02 -0.051 Age2.29 2.47 0.90 -0.093 0.024 Working time in particular organisation CSR towards 3.35 0.437 | -0.006 0.039 -0.006 environment and community CSR towards 3.86 0.314 0.113 0.001 -0.1130.585 employees CSR towards 4.07 0.362 0.071 0.044 0.071 0.532 0.591 customers Benevolence 3.64 0.304 0.015 0.031 0.015 0.452 0.401 0.489 trust 8. 0.596 Integrity trust 4.02 0.400 0.015 0.118 0.015 0.498 0.483 0.404 \*\*\* 0.035 -0.082 -0.002 Competence 3.96 0.332 0.523 0.518 0.511 0.528 0.576 trust 10.

*Table 2 – Means, Standard Deviations and Correlations* 

Notes: \*\*p<0.01, \*p<0.05

3.90

0.255

-0.019

Inter-

trust

organisational

Concerning H1, the customers' perception of CSR towards environment and community was found to have a statistically significant positive effect on interorganisational trust (r=0.523, p<0.01). Concerning the different components of inter organisational trust, CSR towards environment and community has the most significant positive effect on competence trust (r=0.523, p<0.01) and a less significant effect on benevolence trust (r=0.4527, p<0.01).

0.030

0.529

0.583

0.549

0.662

0.678

0.687

0.038

Concerning H2, it was confirmed in the same manner as in the case of H1. A positive relationship was found between the customers' perception of employees and inter-organisational trust (r=0.583, p<0.01). The most significant positive effect was detected on the competence trust (r=0.518, p<0.01) and a less significant effect on the benevolence trust (r=0.401, p<0.01).

H3 was confirmed as well. However, the most significant positive effect was established on the competence trust (r=0.511, p<0.01) and a less significant effect on integrity trust (r=0.404, p<0.01).

#### 5 DISCUSSION

The research was designed to explore whether the customer perception of the supplier's CSR towards three stakeholders groups (environment and community, employees and customers) generates the inter-organisational trust, including competence trust, benevolence trust and integrity trust, in the B2B context.

Overall, all the hypotheses received some support. The results backed up all hypotheses raised concerning the inter-organisational trust, strengthening the fundamental premise that positive customer perceptions of CSR towards different stakeholders will result in higher customer trust directed at suppliers. To the best of the authors' knowledge, few studies in the B2B context have been conducted; consequently, the discussion is also based on examples concerning B2C.

As predicted, a positive relationship was found between the customer perceptions of CSR directed at environment and community and the trust in suppliers. However, the received results contradict the findings of Homburg, Stierl and Bornemann (2013), where the supplier's CSR engagement targeted at secondary stakeholders (community) had no significant effect on the customers' trust in suppliers. Turning to B2C context, the current findings support the study of Park, Lee and Kim (2014), where the consumers' perception of ethical responsibility generates consumer integrity trust and the perception of philanthropic responsibility generates the consumers' benevolence trust. Referring to employees as important stakeholders, Lee, Lee and Li (2012) found that employee perception of CSR will have a positive effect on organisational trust. Thus, the results from the B2C contexts and the current results provide a reliable message that the extent to which the suppliers show their concern for community and environment can serve as a valuable signal of the suppliers' trustworthiness (Flammer, 2015).

Consistent with the expectations, customer perceptions of the supplier's CSR directed at employees demonstrated the existence of a positive relationship with trust. Thus, it pays off to take care of the employees, as customers draw a parallel between the supplier behaviour towards employees and towards them. Based on the social exchange theory, if the supplier treats its employees fairly and respectfully, the customers expect to receive the same treatment (Homburg, Stierl and Bornemann, 2013). The current findings are in line with the study of Homburg, Stierl and Bornemann (2013) where the organisation's CSR engagement targeted at primary stakeholders (employees and customers) had a positive effect on trust. Generally, the current findings strongly support the overall notion that employees are highly important stakeholders of organisations

and tackling the employee concerns seriously is a key target for each organisation willing to survive in the long-term (Guest, 2017).

As predicted, the findings revealed that the perceived CSR towards customers results in a higher level of trust. Since the organisational success in the B2B context depends to a great extent on customers, suppliers try to build and maintain good relationships with them (Turker, 2009b). As in the previous case, the current findings support the study of Homburg, Stierl and Bornemann (2013) where the organisation's CSR engagement targeted at customers had a positive effect on trust. Thus, customer decisions concerning the trustworthiness of potential suppliers when making the purchasing decisions and long-term relational commitment can be generated by the customers' perception of the supplier's engagement in CSR.

#### 6 CONCLUSION

The paper aimed at exploring the relationship between the customer perception of CSR and their inter-organisational trust in suppliers in the B2B context. The results demonstrated that customer perceptions of suppliers implementing socially responsible practices towards environment and society, employees, and customers lead to a greater exhibition of customer trust (competence trust, benevolence trust and integrity trust) in suppliers.

The paper provides several practical implications. Firstly, practitioners will benefit from considering CSR seeking to foster the inter-organisational trust in the B2B context, seeing that the customer perception of the supplier acting in a socially responsible way towards various stakeholder groups results in higher competence, benevolence and integrity trust. This is extremely relevant for countries with the predominant low-trust societal context. Secondly, practitioners should employ the general notion that customer perceptions of CSR in the B2B context play a vital role in striving to obtain and sustain the competitive advantages in the long-term perspective. Customers may affect organisational vitality by not trusting the supplier and not buying their products or services due to low supplier engagement in socially responsible initiatives. Finally, the main practical implication for emerging from the current research is that businesses willing to reap the benefits from CSR should evaluate not only the actual engagement of the organisation in CSR, but also the awareness and perception of different stakeholders of the CSR activities. As mentioned before, a mismatch may emerge between the particular actions (results) of organisations and the specific perception of stakeholders concerning these actions (results).

The paper has several limitations to consider when interpreting the mentioned findings. The paper uses a sample from a single country; as a result, it has a limitation due to its restrictive generalisability (especially having in mind that the research was done in a low-trust societal context). To overcome this factor, future research could be extended to a whole region. Further, the unit of analysis is a

customer-supplier relationship. However, the data was collected only from customer organisations. To obtain a complete picture, future research could deal with the data from supplier organisations and enrich the literature by providing a comparison. Next, as the paper does not incorporate the characteristics of organisations, future research could delve deeper into the issues of how the perceived CSR and its impacts on interorganisational trust vary depending on the organisational financial performance, market share, etc. Finally, seeing that the paper does not analyse the outcome of inter-organisational trust, the future research models could be enriched by examining the consequences of trust for both parties in the B2B context – for suppliers and customers.

In conclusion, this paper challenges the researchers and managers to move towards a more sophisticated assessment of the way the customer perception of CSR affects the inter-organisational trust in the B2B context, which might lead to improved organisational performance and sustainability.

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