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The Link Between Customer Trust, Social Responsibility and Quality of the Product

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Abstract

The main *purpose* of this paper is to assess the link between customer trust in the organisation, the social responsibility measures applied in the organisation and the quality of its product.

Main findings. The analysis of the scientific literature has shown that customer trust in an organisation increases its competitiveness, strengthens stable relationships with customers and has a positive impact on customer loyalty. In addition, social responsibility measures are a strong contributor to customer trust in an organisation, creating a positive brand image and representing the company as socially responsible, transparent and attentive to its environment. Another key factor is customer's perception of quality. Customers assess the value of products in terms of their compliance with individual criteria, and low product quality is no longer seen as a direct consequence of poor quality (product defect or substitution), but has become a complex phenomenon that has a negative impact on sales, on the customer's perception, and even on the market share. The perception of product quality can be shaped by a variety of factors, such as country of origin, packaging, price, taste, smell, size, advertising, company communication, and publicly stated values. This information is brought together by the Quality & Trust Index (QTI), a new trend in quality management that analyses the link between customer trust in an organisation and the quality of its products.

Following the relevance and novelty of the topic there was the aim to assess the link between customer trust in the organisation, social responsibility measures and perception of product quality. The study found that both customer trust in the organisation and its social responsibility measures have a statistically significant positive impact on the organisation's product quality assessment, and it is therefore recommended that organisations should pay more attention to these areas.

1. Introduction

Customer loyalty, long-term relationships between the company and the customer and the perceived quality of its products are crucial to the success of the organisation. These factors are positively influenced by customer trust in the organisation, which can be affected by a number of factors that are perceived and valued differently by customers (Leninkumar, 2017). Customer trust in an organisation's performance creates a social bond that strengthens a company's competitiveness, making its products and services more easily recognisable and positively perceived by customers (Kumar & Shah, 2004). It has been found that customers have a greater appreciation and trust for organisations that demonstrate a focus on the environment and society around them, and declare values that promote their well-being (Sarwar et al., 2012). For this

reason, organisations voluntarily incorporate a range of social responsibility measures into their activities, creating a socially responsible image that is welcomed by society. Another important indicator of the performance of companies is the quality of their products. Customers assess the value of products in terms of their compliance with individual criteria (Mandaogane, 2020). The perception of a product's quality can be shaped by a variety of factors - country of origin, packaging, price, taste, smell, size, advertising, company communication, publicly stated values (DeBono & Rubin, 1995). While there is a wide range of research in the literature on the factors influencing customers' trust in an organisation or on the dimensions underlying customers' perceptions of product quality, the Quality & Trust Index (QTI) is a new and under-researched strand of quality management that analyses the link between customers' trust in an organisation and the quality of its products.

2. The Impact of Customer Trust in a Organisation on its Performance

The trust that customerss feel in an organisation is one of the key objectives in order to build long-term, sustainable and financially rewarding relationships. It helps to differentiate from competitors and build stable customer relationships (Eisingerich & Bell, 2008). Various studies have linked this phenomenon and the resulting relationship with the product or service provider to customer loyalty. It has been argued that retaining a loyal customer is 5 to 25 times cheaper than attracting a new one, making it an important strategic management challenge for organisations (Gallo, 2014). Based on this information, a hypothesis was formulated:

H_1: Customer trust in an organisation has a positive impact on the quality of its product..

It has been found that customers have a greater appreciation and trust for organisations that demonstrate a focus on the environment and society around them, with values that promote their well-being. This helps to create a positive brand image and an advantage in the market.(Sarwar et al., 2012) One of the main tools for achieving this is an organisation's corporate social responsibility measures.

3. The Impact of Corporate Social Responsibility Measures on Customer Trust

Over time, the market is becoming increasingly digitalised, open to customers and transparent. Increasingly empowered customers are driving businesses to incorporate more social responsibility measures into their operations (Iglesias et al., 2020). It is said to be the strongest contributor to customer trust and positive brand image (Upamannyu, 2015). In 2016, PwC conducted its 19th global survey of executives, in which 64% of respondents indicated that they include corporate social responsibility as a key business strategy (*Redefining business success in a changing world - CEO Survey*, 2016).

A 2021 study by Božić and co-authors found that an organisation's corporate social responsibility has a positive impact not only on its reputation and its relationship with the community, but also on business performance and long-term results. Other researchers have identified a number of aspects that are influenced by an organisation's corporate social responsibility, including: increased corporate distinctiveness and competitiveness, increased employee motivation, and changes in employee habits to become more environmentally and socially conscious themselves (Abubakar et al., 2022).

4. Quality as a Fulfilment of Customer Requirements

Quality is the fulfilment of customer or market requirements. Customer perception of quality is a key phenomenon in the development of new products or the adaptation of existing products to the current market (Ruževičius, 2013; Ruževičius, 2014a; Ruževičius, 2014b). Each customer prefers the products that best meet their needs. The choice is determined by the customer's perceived quality, which he evaluates according to criteria specific to himself

(Agyekum, 2015). Various studies have been carried out to analyse the factors that influence customer perceptions of quality. In product evaluation, perceptions of quality can be shaped by production characteristics such as country of origin, brand name, price, physical characteristics such as colour, smell, taste, size, emotional stimuli such as the marketing message, the text of an advertisement or the visual aids used.

5. The Impact of an Organisation's Corporate Social Responsibility Measures on Product Quality Assessment

Organisations voluntarily apply social responsibility measures in their operations to reduce the environmental impact of their activities and to contribute to improving the well-being of communities and meeting their needs (Ruževičius, 2012; Ruževičius & Mėlynytė, 2008). Customers' perception of the impact of such measures on the environment around them leads to a more favourable perception of the organisation's overall performance, which has a positive impact on the quality of its products and services (Calveras & Ganuza, 2018). There are authors who state that one of the reasons why companies decide to incorporate social responsibility measures into their activities is to emphasise the high quality of their products, creating the image of a socially responsible organisation (Harjoto & Jo, 2011). Although the addition of such measures to the operational strategy increases operational costs, the investment is calculated to be successful, with a lasting positive impact on performance and the organisation's competitiveness (McWilliams et al., 2006). For these reasons, a hypothesis was formulated:

H_2: An organisation's social responsibility measures have a positive impact on the quality of its product.

6. Methodology for a Study on the Relationship Between Customer Trust in the Organisation, Social Responsibility Measures and Product Quality

The Quality & Trust Index is a new field of quality management that analyses the link between customer trust in an organisation and the quality of its product (Ruževičius & Mėlynytė, 2008). The literature identifies various factors influencing customer trust in an organisation, one of which is social responsibility measures, which contribute to a better brand image and influence customer acceptance and trust in the organisation (Choi & La, 2013; Iglesias et al., 2020). For this reason, the author's study assesses the link between trust in the organisation, the organisation's corporate social responsibility measures and the assessment of the quality of its products. The literature review does not provide sufficient evidence to make a judgement on this link, and therefore an original study was chosen to carry out such an analysis.

Research problem - The Quality and Trust Index is still an emerging area of quality management that has not been sufficiently explored. There is a lack of research assessing the link between customer trust in an organisation and the quality of its product, including the importance of the social responsibility measures applied.

The aim of the study is to analyse the link between customer trust in an organisation, the organisation's corporate social responsibility (CSR) measures and the evaluation of its product quality.

A quantitative study was carried out by interviewing Lithuanian citizens who volunteered to take part in the research and analysing the link between customer trust in an organisation and the quality of its product. The study used a questionnaire survey, which was distributed to respondents via an online survey platform and in paper format. The questionnaire for the quantitative survey consists of 4 blocks: questions on the organisation's corporate social responsibility measures, the customer's trust in the organisation, questions on the perception of the quality of the product and demographic questions. The first three blocks of the questionnaire

are composed of 26 questions, asking the respondents to rate the statements made in these blocks on a Likert scale of 5 for strongly agree, 4 for agree, 3 for neither agree nor disagree, 2 for disagree, 1 for strongly disagree. The last block consists of 5 demographic questions to compare customer groups and their differences. This part contains questions on the respondent's gender, age, education, monthly income and place of residence. The answers to these questions are expressed on a rank or nominal scale.

Research process and data processing - after collecting the required number of completed surveys, the data was analysed using IBM SPSS and MS Excel software. Before the study the data was coded, the reliability and validity of the chosen research method was checked using Cronbach's alpha coefficient, the relationships between the independent variables and their strength were checked using Spearman's correlation method, and the influence of the independent variables on the dependent variable was determined by linear multivariate regression analysis. The ANOVA analysis data, R^2 coefficient and the correlation coefficient scale were used to assess the fit of the regression model.

7. Results of a Study on the Relationship Between Customer Trust in the Organisation, Social Responsibility Measures and Product Quality

With 60.7% of women and 39.3% of men taking part in the survey, the participation of women in this study is considerably higher. The age range of respondents varies, but the majority of respondents (49.2%) are aged between 26 and 40 years. 18% are younger, aged 18-25, and 29.5% are in the 41-65 age category. Only 3.3% of the respondents are over 65 years old, there were no respondents under 18 years old (see figure 1).

Figure 1: Distribution of Respondents by Age
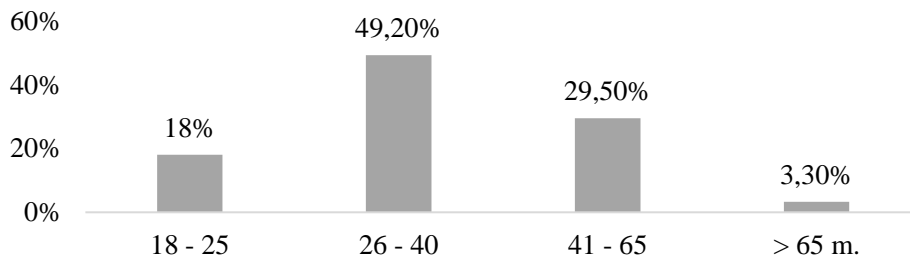
(Source: Survey data)

In the survey, respondents were asked to indicate their level of education. More than half of the respondents (57.4%) have a university degree. 24.6% have a non-university higher education and 13.1% have a vocational education. 4.9% of respondents have secondary education. There were no respondents with primary education (see figure 2).
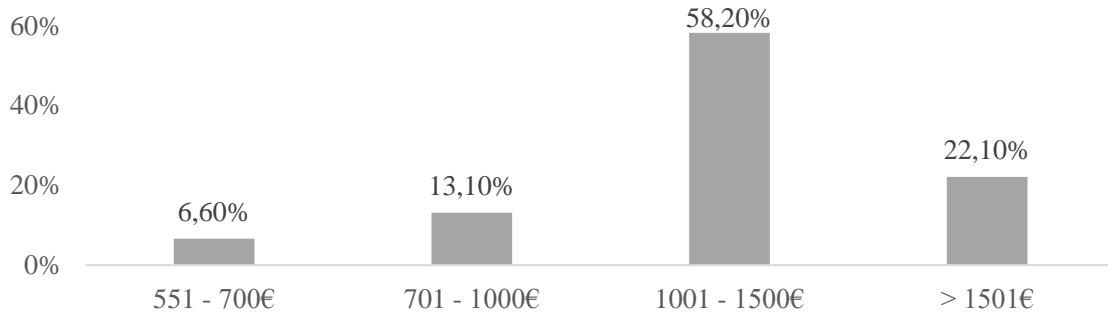
Figure 2: Distribution of Respondents by Level of Education
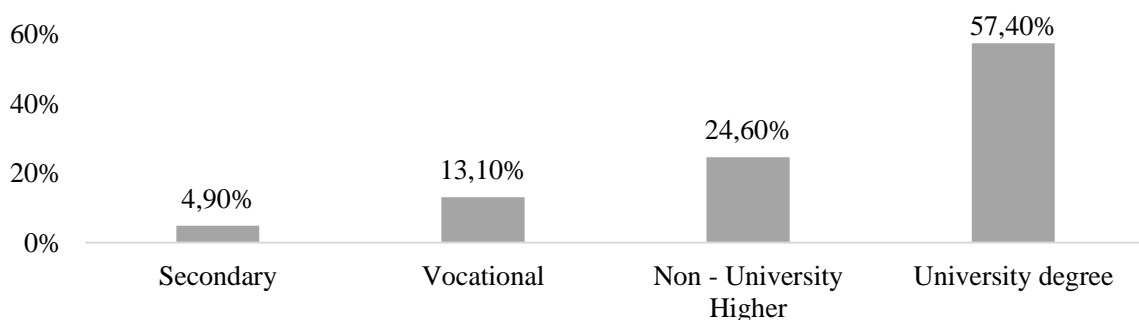
(Source: Survey data)

Analysing the data on the respondents' income after taxes, it is evident that the majority (58.2%) of the respondents earn between 1001€ and 1500€ per month. A slightly smaller proportion (22.1%) of respondents earn more than 1501€ per month, while 13.1% earn between 701€ and 1000€ per month. Less than a tenth (6.6%) of respondents earn between 551€ and 700€ per month. There were no respondents with an income between 251 and 550€ or less than 250€ (see figure 3).

Figure 3: Distribution of Respondents by Income Afer Taxes

(Source: Survey data)

The survey also asked respondents to indicate their place of residence. The majority of respondents (85.2%) live in a city, 14.8% live in a town, and there were no respondents living in a village (see figure 4).

Figure 4: Distribution of Respondents by Their Place of Residence

(Source: Survey data)

Before the statistical analysis of the data, the reliability of the questionnaire scales was checked using Cronbach's Alpha. For the whole questionnaire, the estimated coefficient is 0.942, indicating that the survey instruments are within the range of values, but in order to obtain more detailed data, individual scales and their coefficients were analysed (see table 1).

Table 1: Reliability of the scales according to Cronbach's Alpha coefficient

Scale	Cronbach's Alpha coefficient
Customer Trust in the Organisation	0,91
Social Responsibility Measures in the Organisation	0,85
Perception of Product Quality	0,89

(Source: Survey data)

These results show that the Cronbach Alpha coefficients for the scales of *Customer Trust in the Organisation*, the *Organisation's Social Responsibility Measures* and the *Perception of Product Quality* prevail in the range of 0.85 to 0.91. These indicators lie in the range of 0.8 to 1.0, which is interpreted as a very strong correlation level. The highest reliability coefficient (0.91) is for the *Customer Trust in the Organisation* scale and the lowest (0.85) is for the *Social Responsibility Measures in the Organisation* scale. In order to check the reliability of the questionnaire, Pearson's coefficient was calculated. The coefficients for all 26 questions fall in the range 0.408 to 0.768, are statistically significant and > 0.159, which means that all questions are valid and the questionnaire is reliable.

The analysis of the results led to the calculation of the dispersion characteristics of the variables (see table 2). All the variables studied were rated quite favourably by respondents. *Perception of Product Quality* has the highest mean score (3.89), while *Customer Trust in the Organisation* has the lowest (3.47). The standard deviation of the variable *Social Responsibility Measures in the Organisation* has the highest mean (0.92), indicating that respondents had mixed views on this issue. This result is in line with the scientific literature analysed, which identifies the importance of the application of social responsibility as a highly personalised phenomenon, which varies considerably between different customer groups.

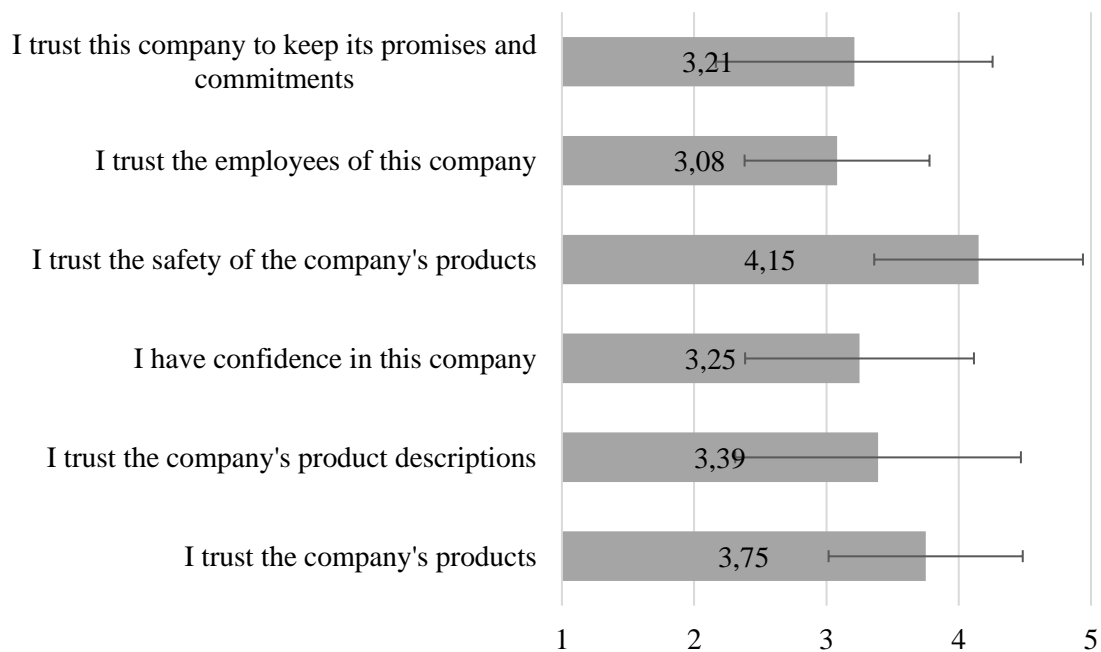**Table 2:** Dispersion Characteristics of the Variables

Variable	Mean	Standard deviation
Customer Trust in the Organisation	3,47	0,87
Social Responsibility Measures in the Organisation	3,57	0,92
Perception of Product Quality	3,89	0,86

(Source: Survey data)

The analysis of the results of the study was aimed at summarising the determinants of customer trust in the organisation and its impact on the overall evaluation of the organisation (see figure 5). The highest scores were given to the statements *'I trust the safety of the company's products'* (4.15, ±0.789) and *'I trust the company's products'* (3.75, ±0.734). According to these data, product safety and overall trust in the company's products is a crucial factor in the trust customers feel in the organisation, a trend also seen in the literature analysed, where overall trust in the organisation and its products is identified by customers as one of the most important factors (Vlachos et al. 2009).

The highest standard deviations are observed for the statements *'I trust the company's product descriptions'* (±1.080) and *'I trust this company to keep its promises and commitments'* (±1.046). The evaluation of product descriptions is a personalised factor that reveals the difference between the customer's expectations of the product and its actual characteristics. The literature also suggests that this factor is subject to variation among customers, which is consistent with the results obtained in this study (Oh, 2000). When analysing these statements, it was observed that more respondents tend to disagree or strongly disagree compared to other statements of the same construct. This reflects customers' doubts about product descriptions, as well as promises or commitments made to the public.

Figure 5: Distribution of Respondents' Answers on Customer Trust in the Organisation

| | 3,21 | | | |
| I trust this company to keep its promises and commitments | | | | |

(chart)

- I trust this company to keep its promises and commitments — 3,21
- I trust the employees of this company — 3,08
- I trust the safety of the company's products — 4,15
- I have confidence in this company — 3,25
- I trust the company's product descriptions — 3,39
- I trust the company's products — 3,75
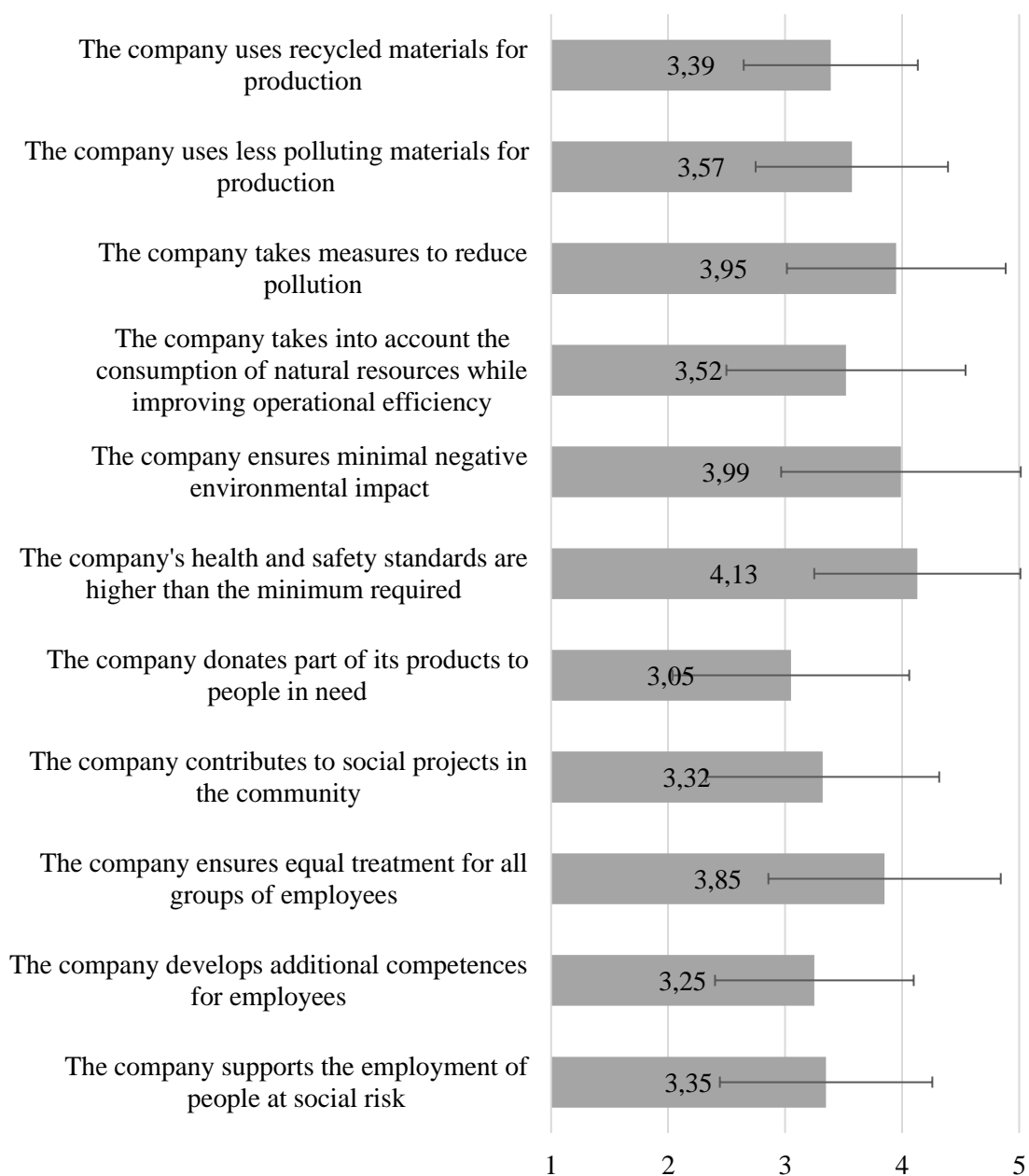
(x-axis: 1 2 3 4 5)

(Source: Survey data)

The analysis of the responses received on the social responsibility measures applied by the organisation shows that respondents were most likely to rate the statements *'The company's health and safety standards are higher than the minimum required'* (4.13, ±0.881), *'The company ensures minimal negative environmental impact'* (3.99; ±1.024) and *'The company takes measures to reduce pollution'* (3.95; ±0.935) highest (see figure 6). These results suggest that high health and safety standards and pollution abatement measures are important factors for the respondents and can be recommended as having the greatest impact on customers. Customer focus on safety is also observed in the literature. Customers are positive about the measures taken by the organisation to ensure the health and safety of their employees, as well as safe conditions for customers themselves (Willis P. et al., 2012).

The highest standard deviation is observed for the statements *'The company ensures minimal negative environmental impact'* (±1.024) and *'The company takes into account the consumption of natural resources in improving operational efficiency'* (±1.022). These results show that respondents had a mixed view of these statements, and were not uniform in their assessment of them. Based on the literature analysis, it can be argued that this result is observed due to the lack of trust felt by customers, who doubt whether companies take environmental impacts into account in their planning and take measures to reduce resource consumption (Oberseder M., 2013). The lowest mean score is observed for the statement *'The company donates part of its products to people in need'* (3.05). Respondents tended to disagree or have no opinion on this statement and rated it least favourably compared to other statements.

Figure 6: Distribution of Respondents' Answers on Social Responsibility Measures

The company uses recycled materials for production — 3,39
The company uses less polluting materials for production — 3,57
The company takes measures to reduce pollution — 3,95
The company takes into account the consumption of natural resources while improving operational efficiency — 3,52
The company ensures minimal negative environmental impact — 3,99
The company's health and safety standards are higher than the minimum required — 4,13
The company donates part of its products to people in need — 3,05
The company contributes to social projects in the community — 3,32
The company ensures equal treatment for all groups of employees — 3,85
The company develops additional competences for employees — 3,25
The company supports the employment of people at social risk — 3,35

(Source: Survey data)

The third block of the questionnaire is designed to investigate perceptions of product quality (see figure 7). Out of the 9 statements given, the most agreed statements were *'The product is easy/convenient to buy'* (4.42; ±0.628), *'The appearance of the product is as described'* (4.30; ±0.664), *'The product is easy to use'* (4.30; ±0.852). The statement *'The appearance of the product corresponds to the description'* is of particular importance in online or other sales where the visual appearance of the products strongly influences the customer's intention to purchase. In this space, failure to meet expectations has a strong negative impact on loyalty and the overall evaluation of the organisation (McCabe D., 2003).

The mean of the statements *'Price/quality ratio is high'* (3.21; ±1.194) and *'The product is durable enough'* (3.06; ±1.093) is the lowest and the standard deviation is high compared to the other statements. This indicates a divergence of opinion among respondents and a different assessment of the statements - doubts about the product's value for money and its longevity.

Figure 7: Distribution of Respondents' Answers on Perception of Product Quality
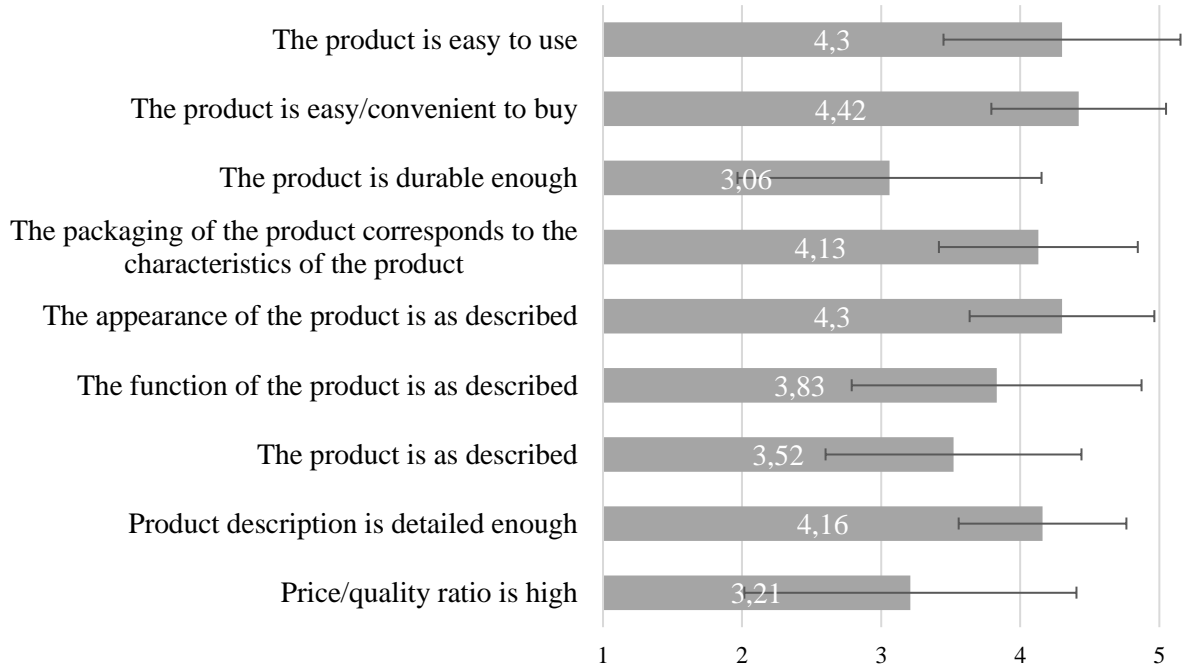
(Source: Survey data)

ANOVA test was used for statistical data analysis (see table 3). The results show that customer trust in the organisation is a stronger factor than the organisation's social responsibility measures (0.633 > 0.174). On the basis of the data obtained, **both hypotheses of the study were accepted.**

Table 3: The Strength of the Relationship Between Variables, Expressed as a Standardised Coefficient

Independent variables	Dependent variable - Perception of Product Quality			
	Non-standardised coefficients	Standard error	Standardised coefficients	p - value
Customer Trust in the Organisation	0,903	0,111	0,633	<0,001
Organisation's Social Responsibility Measures	0,134	0,060	0,174	<0,010

(Source: Survey data)

H1: Customer trust in an organisation has a positive impact on the quality of its product. **Hypothesis accepted** (standardized coefficient 0.633; p = 0.000)

H2: The use of social responsibility measures by an organisation has a positive effect on its product quality assessment. **Hypothesis accepted** (standardised coefficient 0.174; p = 0.000)

Conclusions:

According to the literature reviewed, customer trust in an organisation's performance enhances its competitiveness, builds stable customer relationships and has a positive impact on customer loyalty. One of the factors that build trust is the use of social responsibility measures, which contribute to the trust felt by the customer by reinforcing it, while at the same time increasing the positive image of the brand and representing the company as socially responsible, transparent and attentive to its environment and its impact.

The literature analysis also showed that the perception of a quality product is a highly personalised phenomenon, which customers evaluate according to their personal needs and criteria. It can be influenced by production characteristics, physical attributes and emotional stimuli. In the course of this work, it has been decided to analyse the social responsibility measures applied in the organisation, which have a lasting positive impact on performance indicators, as well as a positive influence on the perception of product quality, generating greater added value and a more favourable evaluation of the company's performance.

There is a paucity of studies in the scientific literature on customer trust in an organisation's performance, the use of social responsibility measures and their impact on product quality assessment, so it was appropriate to carry out a study analysing this link and to make recommendations to companies wishing to achieve better results in terms of assessing customer trust in their performance or in terms of assessing the quality of products.

Based on the results of the author's study, it can be concluded that both customer trust in the organisation and the social responsibility measures applied in the organisation have a statistically significant positive impact on the organisation's product quality assessment. Customers are concerned about the safety of the products provided by the company, the health and safety standards applied by the company, and are also strongly influenced by attention to the environment and pollution reduction. The combination of these factors has a positive impact on the organisation's assessment of product quality and is welcomed by customers.

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