
Corporate Social Responsibility and Customer Loyalty in Hungary

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Abstract

This study aims to investigate the relationship between corporate social responsibility and customer loyalty in the presence of controlling factors, namely, customer trust and corporate image. A study questionnaire was distributed to a random sample of telecom company customers in three telecom companies in Hungary – (Magyar Telekom, Telenor, and Vodafone). Also, (700) Seven hundred paper and electronic questionnaires were distributed to the clients customers of these three companies. A total of (498) questionnaires were retrieved, with a recovery rate of 71.1%. The study used descriptive statistics and multiple regression test data to draw conclusions. The study findings suggest that there is a relationship between corporate social responsibility and customer loyalty, in addition to the existence of a relationship between corporate social responsibility, customer trust, and corporate Image.

Keywords: Corporate Social Responsibility, Customers customer Loyalty, Corporate Image.

1. Introduction

Corporations have displayed an evolving consensus and a general tendency. There has become an agreement and a general tendency to adopt the concept of social responsibility of the organization in order to improve performance and increase its effectiveness (Boutefas et al. 2019). Companies no longer rely on building their reputation only on build their reputations solely through their financial positions, and their corporate evaluation no longer depends on their entirely on corporate profitability only. Most of the recent literature elaborates on the concepts that help in creating create a working environment capable of dealing with the rapid global, developments in the economic, technological, and administrative aspects developments around the world. One of the most prominent of these concepts was is the concept of corporate social responsibility (Lončar et al. 2019).

The role of private sector institutions has become pivotal in the development process, which is proven by the successes that achieved by advanced economies in this field have achieved (Amor-Esteban et al. 2018). Private sector institutions are not isolated from society, drawing attention to their need to expand their activities beyond production and include the three aspects defined by the World Business Council for Sustainable Development – economic growth, social progress, and environmental protection (Hategan et al. 2018). The private sector institutions are not isolated from society and have drawn attention to the need to expand their activities to include more than production activities. such as the concerns of society and the environment, and to the need to take into account the three aspects defined by the World Business Council for Sustainable Development, which are economic growth, social progress, and environmental protection (Hategan et al. 2018).

Corporate social responsibility is considered one of the main elements of corporate reputation building (Matten & Moon, 2020). Corporate social responsibility also focuses on participating in realistic and effective strategies for providing social services to enhance reputation, which facilitates management mechanisms, thereby increasing the ability to attract new clients and grow market share (Bucur, 2020). Corporate social responsibility is considered one of the main elements in building the reputation of companies (Matten and Moon, 2020), and participating in realistic and effective strategies for providing social services. And enhancing the public reputation of the organization, which facilitates the organization's management mechanisms and raises its ability to attract new clients and increase its market share (Bucur, 2020).

On the other hand, investment in activity active social work can enhance a the value of the company company's value in the financial market and raise strengthen its a company's ability to access capital (Renouard and &Ezvan, 2018). In addition to the other advantages of building the ability to achieve achieving better results in recruitment matters of recruitment, organizational loyalty to the organization, employee retention, enhancing work motivatione enhancements, creativity, and increasing increased productivity (Gaio and &Henriques, 2020). Participation in social work is also with stakeholders, also offers mechanisms of open dialogue, effective partnerships, and transparency would that can improve the acompany's relations with communities and, thus, thus stimulate business development (Frynas and &Yamahaki, 2019).

Given the requirements globalization imposes on all business organizations, companies must also become socially responsible, regardless of nationality or location (Akbari et al. 2019). In view of the requirements that globalization imposes on all business organizations. Regardless of their nationality and location (akbari et al. 2019), they have also become required to be socially responsible and to achieve To ensure their survival, companies must strive to ensure that their compatibility between their economic objectives and are compatible with environmental and social requirements as a condition to ensure their survival, Securing customer loyalty is the only way to achieve this objective and this can only be achieved by gaining customer loyalty (Lee, 2019).

In order for business organizations today tBo win the satisfaction and loyalty of customers, they businesses must adopt the philosophy of corporate social responsibility, especially since the to win customer satisfaction and loyalty because customers has become eager are eager to know the which companies that are making make unremitting efforts with regard to concerning social responsibility (Han et al. 2019).

As the philosophy of social responsibility is based on the need to take into account consider social and ethical considerations issues in marketing practices, as well as and the need to balance the contradictory interests represented in this consideration with the seemingly contradictory goal of profitability. Put another way, companies must work both in and the interest of society also, and in the interest of achieve achieving and maintaining customer satisfaction and loyalty (Rivera et al .2019).

Telecom companies are considered one of the most important companies are among the prominent companies concerned with corporate social responsibility practices in order to

improve the corporate image in the presence of against the backdrop of a highly competitive industry high competitiveness, especially with the permeated with rapid technological developments in the different various fields of information technology fields (Afridi et al. 2018).

Therefore, telecommunications companies will work to reach attain the highest levels of customer satisfaction (Glaveli,. 2020), by gaining customer their trust by and meeting customer achieving the expectations that revolve in their minds about the in quality of service provided by the company service quality, .this These endeavors helps to reach the customer's commitment to dealing with the company on an ongoing basis to fortify customer continuity, which is considered the lowest minimum degree level of loyalty that It is considered the ultimate goal of all companies strive to achieve (Arrive et al. 2019).

This study will attempt to link the factors related to customer awareness that can be affected by the practice of social responsibility activities can affect, .as it aims to investigate The study investigates the impact of social responsibility disclosure on customer loyalty, and the extent to which factors customer trust and corporate image affect influence the relationship between corporate social responsibility and customer loyalty.

In the Hungarian legislative environment, many legislations and laws that establish establishing the concept of corporate social responsibility concept appear on the number that they are rarely mention it not explicitly mentioned in the legislative titles or subsequent headings and explanations under the heading of corporate social responsibility.

On At the literature level, many studies have addressed the topic of corporate social responsibility in different Hungarian sectors. A study of Bank (2017) seeks to clarify clarified the similarities between corporate social responsibility in Hungary and its counterpart in Europe, .where tThough the study found some similarities, but the differences may be greater than the similarity due to the difference in proved to be greater, primarily due to differences in the structure of companies corporate structures.

Nagypál (2014), studied the factors motivating the practice of corporate social responsibility in Hungary, and concluded that the most important factor is the responsibility towards stakeholders, .in addition to the Conversely, Nagypál observed that personal motivation and the commitment of the company's company leaders are determinants of detrimental to corporate social responsibility in Hungary.

In the banking sector, Lentner et al. (2015) discussed the role of central banks in several European countries and, including Hungary, in improving the corporate social responsibility system in Hungarian banks.

Gyóri et al. (2021) highlighted that the pressure from stakeholder's stakeholder pressure in Hungary in Hungary is relatively weak. The study, and expects recommended the government to exercise more control over the corporate social responsibility issues. In addition Furthermore, the study indicates indicated that the incentives for corporate social responsibility incentives in Hungary are unclear in Hungary are not clear. Biró & Csete (2021) find discovered that

Hungarian agricultural companies place great emphasis on emphasize CSR corporate social responsibility practices related to climate change.

2. Methods

This study was applied to the Hungarian society, and the study questionnaire was distributed to a random sample of telecommunications company customers in Hungary (Magyar Telekom, Telenor, and Vodafone).

The study population consists of all is representative of customers of telecommunications company customers in Hungary; a random sample was selected in all sectors. The study questionnaire was distributed to 700 customers, and 498 questionnaires were retrieved, with for a response rate of 71.1%.

Table1: Cronbach's alpha test

	Alpha
Corporate Social Responsibility	85.2
Customers Loyalty	86.4
Corporate Image	94.3
Customer Trust	92.2

The reliability of the study tool indicates the consistency of the answers of the sample members respondent answers, it which is usually done by applying Cronbach's Cronbach's alpha test, .and tThe following are outlines the results of applying this test for to the study samples.

A questionnaire consisting of four sections was designed.; each Each of these axes deals with one of the study variables. The questionnaire was distributed in two ways, .and tThe first was a paper-format questionnaire handed was handed (paper-only) to the clients of these Hungarian telecommunications companies company clients inside the exhibitions of these companies. As for tThe second way, involved distributing an electronic online questionnaires were distributed to the public.

Table 2: The Frequencies of Demographic Variables

Variable	Level	Freq.	%	Variable	Level	Freq.	%
Gender	Male	389	78.1	Income	<300	173	34.7
	Female	109	21.9		300-500	230	46.1
	Total	498	100		500-700	50	10
			>700		45	9.2	
			Total		498	100	
Age	<18	3	0.06	Education	Postgraduate	22	4.4
	18-30	296	59.4		Undergraduate	233	47.7
	30-50	200	40.2		Secondary school	140	28.1
	>50	33	6.6		Primary school	103	19.8
	Total	498	100		Total	498	41.9
Region	North	187	37.5	Operator	Magyar	177	35.5
	Central	173	34.7		Telenor	151	30.3
	South	183	36.7		Vodafone	170	34.1
	Total	498	100		Total	498	100

Table 2 shows the demographic data of the study sample by describing the sample characteristics, namely gender, age, region, income, education, and the operator.

3. Results

Table 3 displays the mean values of the respondent answers concerning the extent to which customers are aware of corporate social responsibility practices in Hungarian telecommunications companies.

Table 3: Descriptive Statistics for Corporate Social Responsibility

Item	Mean
1. The company makes grants to support the local community	3.6
2. The company contributes to solving problems and decreasing the damage that befalls the local community during crises	3.23
3. The company promotes its products ethically	3.236
4. The company conducts its business in a manner consistent with the ethical values of the local community	3.45
5. The company contributes with the relevant authorities to maintaining the improvement and cleanliness of cities	3.698
Mean	3.44

The total mean of the answers of the sample members respondent answers(3.44) shows that customers have an average level of awareness about the existence of corporate social responsibility practices with of the telecommunications company through which they receive the service.

The table (3) Table 3 shows indicates that the highest matching paragraph, with an arithmetic mean of 3.698, is "The company contributes with the relevant authorities to maintaining the improvement and cleanliness of cities." with arithmetic mean equals (3.698).

Table (4) shows lists the mean values of the answers of the sample members sample respondent answers about the extent to which customers are aware of the customer loyalty in the Hungarian telecommunications companies.

The total mean of the answers of the sample members respondent answers (4.02) shows that customers have a high level of awareness about the customers Loyalty within the telecommunications company through which they receive the service.

The table (4) shows Table 4 shows that the highest matching paragraph, with an arithmetic mean of 4.36, is "I would have to purchase additional services of from this firm company." with an arithmetic mean (4.36).

Table 4: Descriptive Statistics for Customers Loyalty

Item	Mean
1. I desire to continue obtaining service from the company	3.23
2. In the event of price increases, I will continue dealing with the company.	4.1
3. I don't mind paying additional fees and commissions for the company's services	4.123
4. I would purchase additional services from this company	4.36
5. I don't intend to switch companies and join another company	4.33
Mean	4.02

Table (5) shows displays the mean values of the answers of the sample members respondent answers about the extent to which customers are aware of the corporate Image in the Hungarian telecommunications companies.

The total mean of the answers of the sample members respondent answers (3.494) shows that customers have a high level of awareness about the corporate image of the telecommunications company through which they receive the service. The table shows reveals that the highest matching paragraphs, with an arithmetic mean of 3.494, are "The Firm company's products have all abilities to can meet its customers' needs." with an arithmetic mean (3.494).

Table 5: Descriptive Statistics for Corporate Image

Item	Mean
1. The company's products are credible and stable	3.23
2. The company's products meet customer needs	3.69
3. The company has a good reputation related to its product	3.45
4. The company has a good customer relationship management system	3.65
5. The firm has good social and environmental activities	3.45
Mean	3.494

Table 6: Descriptive Statistics for Customer Trust

Item	Mean
1. The company’s orientation is to achieve customer interests first	4.25
2. The company’s policies and practices are trustworthy	3.23
3. The company adopts clear language with customers to gain their trust without misinformation or fraud	4.56
4. Integrity and fairness are the basis of the company’s transactions	3.56
5. The relationship between the company and the customer is based on mutual trust	3.70
Mean	3.86

On the other hand, Table (6) shows the mean values of the of the answers of the sample members respondent answers about concerning the extent to which customers are aware of the customer trust in the Hungarian telecom companies.

The total mean of the answers of the sample members respondent answers ((3.86))shows indicates that customers have a high level of awareness about of the customer trust in the telecommunications company through which they receive the service. The table shows that the highest matching paragraph, with a mean of 4.25, is are "The Company's company's orientation is to achieve the interests of customers first."With a mean of (4.25).

Table 7: Correlation Analysis

Variable	1	2	3
1 Customer Loyalty	1	0.72**	0.71**
2 Corporate Image	0.72**	1	0.52**
3 Customer Trust	0.71**	0.52**	1

Table (7) shows lists the correlation coefficients related to the independent variables of the study, .and tThe results disclose show that there is a statistically significant correlations for between all study variables with each other.

Table 8:e 88: Regression Analysis

Variables	β	STD Error	Sig.
Customer Loyalty	0.536	0.596	0.000
Corporate Image	0.036	0.326	0.000
Customer Trust	0.321	0.875	0.000
R²		0.71	
F		123	
Sig.		0.000	

Table (8) shows displays the results of the multiple regression test for the study variables, starting with the study model, where the R-square values indicate that the model explains the percentage (71%) of the impact on social responsibility., while tThe value of the statistical function of the model indicates shows that it is significant and valid for analysis.

On the other hand, the regression coefficients in the table show that each of the factors – of customer loyalty, corporate image, and customer trust – are factors affecting affects social responsibility in Hungarian telecommunications companies from the point of view of perspective of the customers. of those companies

4. Conclusion

By presenting the results of tThe statistical test results s, it can be concluded indicate that there is an effect of the variables of the effect of customer loyalty, customer trust, and the corporate image variables on customers' perceptions of social responsibility practices. These results can be linked and interpreted through the concept of customer awareness., as When customers are aware of customers' awareness about the existence of corporate social responsibility in the company they deal with, it makes them more inclined towards trusting the company as it because they trust that the company contributes to the development of society social development and makes contributions to youth development as well.

Certainly, these Corporate social responsibility practices also may also improve the a company's company's image, in front of with stakeholders in general, including customers. of course, and tThere fore, the presence of corporate social responsibility practices will improve improves the image of the organization and vice versa.

With Once customers reaching a good high level of trust, this step will be considered an advanced step towards reaching securing customer loyalty, which is at the a top of the customer perception pyramid, After that, any positive behavior or practice the company undertakes, whether toward the customer individually or the surrounding community in general, will likely fortify customer loyalty further. as any positive behavior or practice undertaken by the company, whether towards the customer himself or the surrounding community, will be considered points Additional in order to reach customer loyalty.

With Through this these links between the variables of customer awareness variables, t. The conclusion shows that present study concludes that social responsibility practices are of great importance to the company crucial to corporations because, as they contribute greatly significantly to achieving customer loyalty, which is an important goal vital goal that all companies seek strive to achieve. Corporate social responsibility offers an effective means to attain and strengthen customer loyalty. , as all companies try to reach customer loyalty, and with a means, it is good to practice social responsibility activities of all kinds.

Based on this proposition, the present study advises it is better for all companies, especially in the telecommunications sector, to companies to improve their approach to the concept of corporate social responsibility, concept by focusing on practices that make society more attractive to the companies more attractive and trustworthy from the perspective of society. This applies particularly to telecommunication sector companies company.

The company's image is one of the most important factors that may be attractive to the customer's in attracting customer interest, as All companies in various all fields seek to reflect an

ideal mental image of toward customers by showing exhibiting the best possible image of the company image. Social responsibility practices can be one of the best and easiest methods for companies to improve the mental image formed with by customers.

The public usually approves of and prefers dealing with companies that engage in non-profit activities because such activities nurture the belief that a noble mission drives the company, a mission reflected in the company's customer relationships. The reason for this is that the public usually prefers companies that provide non-profit acts. This is because of the belief that the company that does this is a company that has a noble dealing with its customers. Therefore, companies that extend beyond for-profit motivations tend to be perceived as companies less likely to exploit customers that do not seek profit in all of their activities are companies that do not usually seek exploitation, even if this perception is apparent. Therefore, the a company's company's ability to improve its image in front of its with customers is linked to several factors, such as the quality of service provided, appropriate reasonable prices, customer relations system, awards, grants, and provided offers, especially in light of the great competition that exists among between the telecommunications companies.

In addition, companies use additional activities in order to improve their image, and thus link this with building customer confidence. The customer's confidence Customer confidence in the company companies increases with the increase in the as the role of those companies in the development of society corporate social responsibility increases. considering that Since corporate social responsibility activities towards society are optional, the public tends to have higher opinions of the companies that engage in them activities, i.e., because companies are not obligated to perform these activities.

Therefore, the practice of Engaging in socially and environmentally beneficial optional activities towards the community may strengthen the bridge through upon which companies a company try tries to build and maintain customer confidence, as because these optional activities improve the increase customer's confidence towards in the company, thereby strengthening the company's market position. and strengthen its position.

The link between practicing corporate social responsibility activities and customer loyalty is vital for companies to explore. Customer awareness and customer trust have profound impacts on a company's image. Moreover, customer awareness and trust make it easier for companies to generate a positive and respectable corporate image that strengthens customer confidence and contributes significantly to customer loyalty. This makes the link between the practice of social responsibility activities and customer loyalty. The image of the company and the trust of the customer present and logical through the awareness of customers, as the presence of this awareness is what makes the process of generating confidence easier for the customer through the reflection on the company's image, which contributes significantly to Customer access to loyalty.

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