2. Literature Review

2.0. Introduction

This section reviews the extant literature of relevant studies in order to assist in the construction of hypotheses of this study.

2.1. Prior research on CSR in catering industry

Hospitality industry in general and restaurant and catering industry in particular have become one of the most predominant aspects of our lives. These days, many restaurants and cafes offer more than just food, they offer an entire experience. In other words, people do not solely visit restaurants to satisfy their appetite desires but they use these places to create memorable experience, socialize or even conduct business meetings.

The popularity of this industry and its attraction for entrepreneur (Camillio et. al, 2008) have led to a noticeable increase in the number of restaurants and cafes over the last decade. According to Zowlak (2010) in Australia 14,051 enterprises are projected to be operating 15,587 food related businesses with the revenue of $9.9 billion. The majority of these restaurants and cafes are located in New South Wales (37.3%), Victoria (23.3%) and Queensland (18.7%). This presents an observable increase to the reported statistics by the Australian Bureau of Statistics (2000) at the end of June 1999 which stated that there were 12,845 businesses operating at 14,199 locations in the restaurant and catering industry generating a total annual income of $7.17 billion. Furthermore, according to the "foodservice market in Malaysia to 2013" report published by Datamonitor group (2010), Malaysian food industry has experienced a growth of compound annual growth rate (CAGR) 5.3% between 2004 and 2008.

Based on Datamonitor estimation the food industry' market value would have an average yearly growth of 4.15% till 2014. That being said, Malaysian foodservice market value is estimated to have an overall growth of 78.04% between 2000 and 2014. However, this growth is considerably higher than those in countries such as United Kingdom or United States of America. Based on estimations United Kingdom and United States of America will respectively have 61.29% and 52.19 % overall growth in their market values in a similar time interval.

The nature of this business and ever increasing number of restaurants and cafes arguably made this industry one of the most competitive among other industries (Parsa et. al, 2005). Therefore, it has been suggested by many researchers that service providers in this sector are prone to higher failure risk. However, when it comes to failure rate there have been some controversies. On one hand, there is a restaurant failure myth, mentioned in an American Express advertisement aired during an NBC program titled "Restaurant: A reality show" in 2003 which stated that an astonishing 90% of new restaurants fail in their first year. On the other hand, there have been more realistic figures released by several research groups. Based on the findings of a study conducted by Parsa et al. (2005) in Columbus, Ohio, the failure rate of restaurants is 26.16% in the first year, 19.23% in the second year and 14.35% in the third year (1996 to 1999). In similar findings, the failure rate has been argued to be 24.3% in the first year and a three year cumulative rate of 50.9% in Los Angeles in the three year period from 1999 to 2002 (Self, 2004). This is also aligned with the statistics drawn from the Australian Bureau of Statistic (2007) report that states the failure rates as 24.7%, 18.3% and 11.5% in the first, second and third years respectively, which are consistent with the findings of Parsa et al. (2005) and Self (2004).

The globalization, regulations, stiff competition between restaurants, availability of options for consumers and more conscious customers have forced the service providers in this industry to

attempt to attract and retain customers through different strategies that are more complex than just offering tasty food.

One of these strategies that some restaurants employ in order to gain competitive advantage is being involved in socially responsible activities through cause related marketing, community involvement or/and Eco friendly practices and etc (Levy,1999). The European Commission (2001, p. 8) defines CSR as, ''a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis''.

Corporate social responsibility has become one of the most talked about issues in recent decades especially the past couple of years. Companies are increasingly implementing CSR as part of their business strategies. They are more and more concerned with the way they do business and the impact of their actions on environment. Although their action is sometimes due to changes in general consumer's preferences and demands and pressure from customers and stakeholders to get involved in CSR initiatives (Baden et al., 2009) it has also been argued by some researchers that adapting this strategy is partially due to general assumption that being involved in CSR initiative would increase the firm's economic benefits through managing the brand perception and evaluation (Osterhus, 1997; Sen and Bhattacharya, 2001).

According to Asian-Oceanic Computing Industry Organization (2004) the rationale behind adopting CSR initiative are as follows:

1- Enlightened self-interest: creating a cohesive society and a sustainable global economy where markets, labor and communities are able to function well together.

2- Social investment: Organizations are expected to contribute to physical infrastructure and social capital as part of their business operations.

3- Transparency and trust: Consumers are becoming more mature and aware due to availability of information and they require more transparency and accountability from the organizations.

4- Increased public expectations of business: stakeholders expect more than just providing products and services from organizations, they expect them to be more involved in society and more concern about the environment.

While companies' motive behind adopting CSR initiative may not always be as sincere as they should be, and some companies have taken advantage of CSR initiatives as a marketing tool to attract and retain customers as a mean of increasing their profit (Shaw, 2006), one can argue that despite various motives behind organization's CSR initiative, the result would be beneficial for the organization, the consumers, the communities as well as the environment. One can observe that CSR activities are gaining popularity among companies. But question remains as how such actions actually benefit companies and consumers. There are contradicting arguments with regards to the tangible and intangible benefits of CSR for companies. Based on the social impact theory companies that are involved in positive CSR will have a better brand image for their customers and business partners (Cornell and Shapiro, 1987). In a similar study it has been stated that CSR activities are used as tools to judge brands and have the potential to improve the relationship between the business and its stockholders (Lewis, 2003). In addition, CSR initiatives could influence the service quality perception and customer trust (Mandhachitara & Poolthong, 2009). There are some who argue that being involved in CSR activities could be considered as a brand insurance which could increase profit of stockholder over the long run (Werther and

Chandler, 2005). There are also conflicting arguments on the financial benefits of CSR for companies. Wigley (2008) suggest that the knowledge of CSR activities positively influences that buying behavior of the customers which in turn can increase the profit. This has also been supported by the findings of Creyer and Ross (1997) in that customers reported that company's ethical code of conduct and CSR initiatives are important factors in their purchase decisions.

In a relevant study, Rodriguez and Cruz (2007) found that CSR activities influence the accounting performance of the hotels in Spain. However in contrast, the findings of Kang et al. (2010) show that negative and positive CSR activities have varied effect on different sectors in hospitality industry. Although based on their findings, positive CSR positively impacts the price to earnings ratio, negative/positive CSR have no significant impact on restaurant and hotel accounting profitability.

In terms of benefits for consumers, it has been argued that CSR can provide three forms of value to customers which are emotional, functional and social values (Green and Peloza, 2011). Green and Peloza (2011) also propose that those CSR initiatives that attempt to trigger the social and emotional values might receive lower priority in consumers' mind depending on socio-economic situation. In addition they suggest that each one or two of these values might have a positive or negative impact on the other one or two especially when it comes to functionality (Green and Peloza, 2011). For instance, for a long period of time the criticism to green architecture has been the compromise of beauty and functionality in the design. However, it should be said that the advancement of technology has reduced the functionality gap to some extent.

Galbreath (2009) conducted a study to investigate the benefits of CSR in Australia and found out that not only CSR reduces the employee turnover in the company, it positively influences the value perception of the customers and stakeholders which in turns creates and increases the

satisfaction and consequently leads to better reputation for the company. In addition, CSR has been positively linked to employees' commitment in different studies conducted in United States of America and France (Maignan et al., 1999; Maignan and Ferrell, 2000).

Ferreria et al. (2010) conducted a study to investigate whether CSR activities positively influence the benefits and also consumer's perception of the value of offered service or products. In other words they were to investigate if customers are willing to pay higher price for the services or products of those companies which are involved in CSR. The findings of Ferreira et al. (2010) show that customers in fact perceive higher value in the products and services of these companies and they are willing to pay higher prices (by 10%) to obtain them. This has also been supported by the findings of Creyer and Ross (1997) where customers reported that they are willing to reward ethical and social responsible companies by paying higher prices for their services or products.

In a similar study, Poolthong and Mandhachitara (2009) investigated the customers' expectation of CSR in Thai retail banking and whether these initiatives influence customers' perception of service quality or not. The findings of their study suggest that customers' perception of service quality is positively linked with CSR initiatives and also increases customer's trust in service provider. This is also shown in the findings of Van Herpen et al. (2003) where it has been hypothesized and supported that customers are interested in who benefits from the CSR initiatives and how much the company invest in the initiative, and their trust and evaluation is based on their perception of level of the CSR initiatives. In addition, Van Herpen et al. (2003) found out that customers' perception has stronger effect on trust than evaluation.

Additionally, CSR initiatives have been suggested to positively influence brand preference in Thai banking sector (Chomvilailuk and Butcher, 2010). However, it should be noted that the results suggest that the type of CSR initiative, age and cultural values can moderate the brand preference (Chomvilailuk and Butcher, 2010). There have been similar findings in other parts of the world concerning customers' perception of CSR . For instance, Ramasamy and Yeung's (2009) findings suggest that Chinese and Hong Kong consumers are indeed more supportive of those companies which are involved in CSR. However, based on their findings, Chinese consumers place the least importance on philanthropic responsibilities of the company in comparison with the other three responsibilities which are economical, legal and ethical responsibilities (Carroll's pyramid of responsibilities).

It has also been argued by some writers that stockholders are concerned with CSR in their companies and expect them to employ such measures (Lewis, 2003). According to Lewis (2003), this could influence stakeholders' judgment and evaluation of the company as well as brand image and reputation. In addition, it has been presented in Lewis's (2003) paper that people are increasingly more concern with companies' CSR initiatives when purchasing their service or products. This is shown in a 16% increase in perceived importance of companies' involvement in CSR from 28% to 44% in just four years in England (Lewis, 2003).

It should be noted that the level of involvement and participation in CSR activities could be related to the country of origin of the company. In other words, certain country might enjoy a higher share of companies participating in CSR initiatives than others (Gjølberg, 2009). The finding of Gjølberg (2009) presents a significant gap between the percentages of companies involved in CSR activities in different countries as shown in table1.

Index of CSR practices
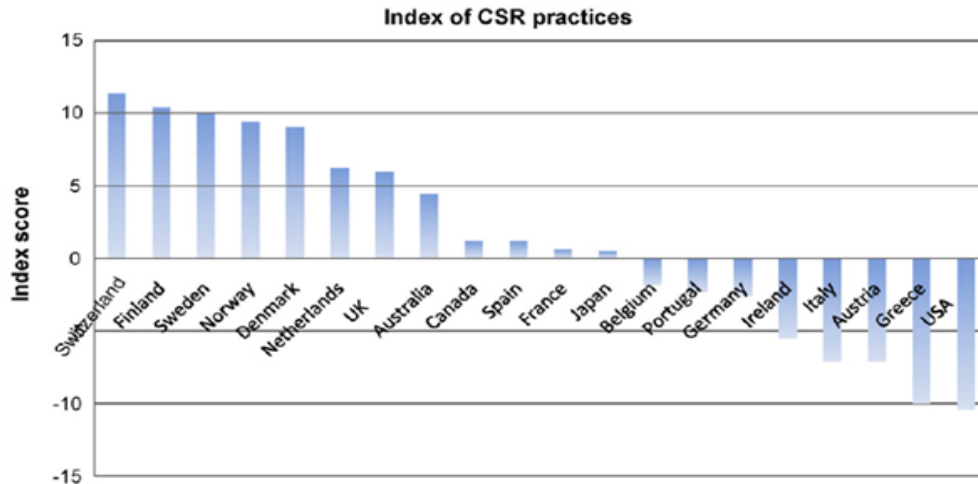
Index of national CSR practices, total scores per nation.

Source: Gjølberg (2009)

Even though many scholars argu that CSR positively influences the brand image, identity and evaluation, some argue that the effects differ based on the industry in which the company operates and also the size of the company (Arendt and Brettel, 2010). Arendt and Brettel's, (2010) findings suggest that the effects of CSR activities on company's success are strongly related to the size and industry of the company. Interestingly, Arendt and Brettel (2010) argue that CSR activities can be as important if not more important for smaller companies in order to create competitive advantage. This is similar to what has been suggested by Sarbutts (2003) in his research titled: "Can SMEs 'do' CSR? A practitioner's views of the way small and medium sized enterprises are able to manage reputation through corporate social responsibility".

It should be noted that many researchers claim that it is not only important to be involved in CSR initiatives but to communicate this activities in a proper manner. Wigley (2008) argues in her study that companies can successfully influence the attitude of the customers and their brand image by exposing customers to the CSR activities of the company (only 10% publicize their CSR). The criticism to this idea would be that the activities of the companies could be perceived

as marketing strategy to increase their profit (Schroder and McEachern, 2005) and this could be potentially detrimental for the brand image.

The method in which companies communicate their CSR and the amount of the money they spent on this can hugely influence people's response and perception. Some researches argue that the source and motive behind the CSR activities can make or break the brand image and positively or negatively influence customers' evaluation of the company (Yoon et al., 2006). Yoon et al. (2006) research findings show that company's image can be improved if customers perceive company's motive behind CSR activities as being sincere. However, this is not the case if customers perceive insincerity in motives. In this case the CSR activities not only will not improve the brand image but deteriorate it. The source in which customers learn about CSR activities and the ratio of CSR contribution to communication budget will influence customers' perception of sincerity of motives behind CSR initiatives (Yoon et al., 2006).

Comparable study was conducted in South Korea by lee et al. (2009) in order to investigate the relationship between motives behind CSR initiatives, customers' attitude toward brand and purchase behavior. Not surprisingly the findings of this study was consistent with previous findings in other parts of the world in which customers attitude and purchase intention are positively influenced only when they perceive companies corporate philanthropy as sincere and toward serving the community. This is not the case when they perceive the initiative as a reactive tool (Lee et al, 2009).

This point has also been supported by the findings of Lewis (2003). When participants were requested to identify whether they believe that companies should communicate their CSR and whether they should allocate big budget on the communication or not, many responded yes to

communication and no to significant budget. In fact 72% were in favor of communication with low budget, 15% in favor of communication with significant budget, 7% against communication and 5% not sure (Lewis,2003).

It is interesting to know that different countries have different rules and regulations with regards to communication of CSR activities. For instance, in some European countries such as Denmark the legislator body recommends that companies report their CSR activities on yearly basis in their annual reports (Nielsen and Thomsen, 2007). However, this is not the case for countries like Australia or Slovenia were the communication of CSR initiatives are voluntary and mostly due to stakeholders and market pressures (Golob and Bartlett, 2007).

In summary, one can realize that participating in CSR initiatives has benefits for the community, environment and the company. However, based on the prior research companies can benefit more if their motives behind their CSR initiatives are sincere and not merely as marketing tools. Being involved in such activities would influence customers' perception, evaluation and attitude toward the company and consequently influence their buying behavior which could lead to increased profit. As mentioned in previous research the industry in which the company operates and the size of the company are also important in this equation.

2.2. Corporate Social Responsibility Trends

2.2.0 Global Trends

The notion of CSR has changed drastically over the past decade. In today's business environment, organizations perceive CSR as a way to achieve sustainability and that is why many organizations are involved in such initiatives. Based on the finding of a study conducted by Accenture (2010) for United Nation Global Compact, 93 percent of participant CEOs perceived

sustainability as important for the future of their organization. The reason behind such commitment to sustainability is because many of the CEOs see this as an opportunity to regain and build trust from public and stakeholders which was broken due to recent scandals and financial crisis. In other words, brand, trust and reputation were the driving forces behind the commitment to sustainability and interestingly enough not the revenue. As part of this commitment 91 percent of the CEOs stated that they will address the sustainability issues in the company through employment of new technologies over the next five years. However, when presented with the question about the obstacles in the way of implementation, almost half (49 percent) of the CEOs responded complexity of implementation across functions. Based on the finding of Accenture (2010) there was a 31 percent leap, from 50 percent in 2007 to 81 percent in 2008, in embedment of sustainability into organizations' strategy and operations.

Although the concepts of CSR and sustainability are not as sought after in developing countries and emerging markets as they are in developed countries, based on the findings of Mercer and the International Finance Corporation (2009), CSR and sustainability are gaining momentum in emerging markets. Their findings suggest that approximately USD 300 billion was invested in sustainable assets which represented almost 10 percent of the total investment in emerging markets in 2008. In addition, their findings suggest that 46 percent of the managers investing in the emerging markets were concerned with sustainability and environmental, social and governance (ESG) issues and were willing to integrate environmental social governance (ESG) into their investment process.

A survey undertaken by Environics International (2001), among 20,000 people in 20 different countries including Russia, India, Nigeria, Britain, USA, France and Japan has shed light on some fascinating insights on how consumers and other stakeholders in particular and the whole

society in general perceive organization's environmental and social responsibilities and the differences in these perception in different countries. According to the findings of Environics International (2001), North Americans are most likely to punish an organization for being socially irresponsible by boycotting the products and services of that company. On the other hand, Asians are least likely to punish an organization for being irresponsible (Environics International, 2001). One of the reasons behind this could be that many countries in Asia are developing countries and many others are emerging markets and the ethical standards are not as high as ethical standards in advanced and developed countries. Based on the findings of the Environics International (2001), North Americans (42%), Europeans (25%) and Latin Americans (23%) show lower tolerance for social irresponsibility in comparison with Africans (18%) and Asians (8%). Not surprisingly, countries in North America create the most socially demanding markets for organizations where they are expected to adopt follow and report on their socially responsible activities; on the contrary countries such as Russia, Nigeria and India put the least amount of pressure on businesses to be socially responsible (Environics International, 2001). In addition, the findings of their study shed light on the fact that significant portion of consumers take into consideration the social performance of the organization when making investment decision. However, the sensitivity to this matter could be influenced by the location as shown in the following table:

| Country	%
Italy	33
USA	28
Canada	26
Japan	22
Britain	21
France	18
Germany	18

Source: Environics International, (2001)

As mentioned earlier the developed countries are more involved in CSR initiatives, sustainability and ethical codes of conduct than the emerging markets and developing countries. The results yield for different studies conducted by variety of institutes around the world with regard to organizations and their contribution to these matters is also proof of the fact that CSR activities are more accepted and practiced in developed countries than emerging market and developing countries. One of the organizations that has initiated an annual study on the world's most sustainable companies is the Corporate Knights Inc. in association with Innovest Strategic Value Advisors Inc.

Every year the world's top hundred sustainable companies are selected and listed based on eleven key performance indicators which consist of Energy Productivity, Carbon productivity, Water Productivity, Waste Productivity, Leadership Diversity, CEO to Average Worker Pay, Percent Tax Paid, Safety Productivity, Sustainability Pay Link, Innovation Capacity and transparency. Looking through the list one can realize that more than 70 percent of the listed companies are located in North America and Europe and only small portion of the organizations are actually form the other continents and are mostly Australian which is also considered to be a developed country. The only developing countries or emerging markets that have representative in the list are Brazil, India and Taiwan.

In a similar study conducted by The Reputation Institute (2010) leading corporate responsible organizations around the world were rank based on a level of peoples' admiration, respect and trust and their overall feeling for that organization. Their findings presented once again that the majority of the companies are located in developed countries. Another institution that conducts such studies is Ethisphere Magazine. Ethisphere Magazine lists the world's most ethical companies annually with the difference that the companies are each ranked in their respective

business filed. Ethisphere Magazine (2010) list not surprisingly revealed that most of the companies that are considered to be ethical are located in United States or other developed countries. In addition, they argue that being ethical is financially beneficial for companies even in the recession time. The following chart represents this point by comparing worlds' most ethical companies' percentage or return with free-float capitalization-weighted index (S&P 500) of Unites States 500 large publicly held companies and 100 most highly capitalized UK companies (FTSE 100).
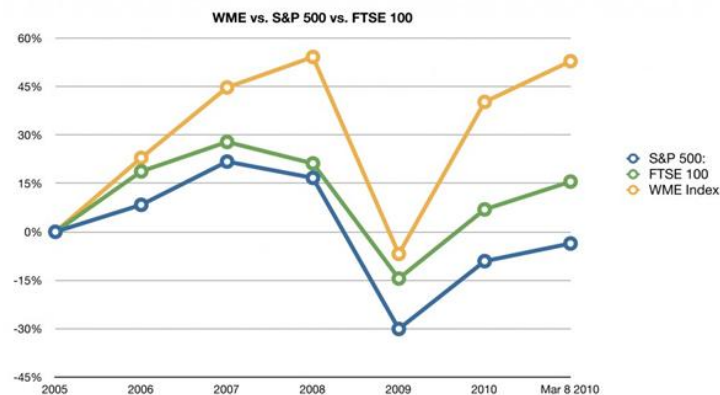
Source: Ethisphere Magazine (2010)

Corporate Responsibility Officer annually ranks America's best corporate citizens based on CSR criteria such as human rights, environment, financial ,governance, climate change, lobbying, philanthropy and employee relations. There are many other institutes that have conducted similar studies based on some predefined criteria on the subject of CSR , sustainability and ethical code of conduct and this shows the importance of these issues in today business world. Having said this, one can assume that Asian and African countries specially the developing countries are not as advanced as developing countries when it comes to CSR and sustainability (Ethisphere Magazine, 2010; Environics International, 2001; The Reputation Institute, 2010). This does not

necessarily mean that these issues are completely neglected in these parts of the world. This could mean that the importance placed on CSR is not as high since the tangible and intangible benefits of such initiatives are not yet fully realized in this part of the world. In other words, organizations' reluctance in getting involved in these activities could be due to people's lack of knowledge when it comes to CSR initiative and consequently their neutral perception, attitude and behavior toward CSR and companies that are involved in such initiatives. Accordingly, CSR is gaining popularity in Asian and African countries and companies are increasingly concerned with the way they run their business and the impact of their action on society and environment (Mercer and the IFC, 2009). In terms of the sustainability priorities, BSR/Globe Scan State of Sustainable Business Poll (2009) show that the highest priority is given to climate change (41 percent) and the lowest to reduction of poverty (18 percent). The other sustainable priorities in order of importance are human rights, workers' right, waters availability and quality, public policy frameworks and sustainable consumption.

2.2.1. CSR in Malaysia

The focus on CSR has increased in Malaysia over the last decade and it has been during the past couple of years that companies have started appreciating and embracing it (Bursa Malaysia Bhd, 2006). There have been attempts by government to increase the awareness of the concept of CSR in different manners (Bursa Malaysia Bhd, 2006; Silver Book, 2006, The Prime Minister's CSR award, 2007). The government of Malaysia has issued a framework for implementation of CSR initiatives for the country's organization. The guidelines for government linked companies (GLCs) are stated in a book called "Silver Book" published by Putrajaya Committee for GLCs Transformation (PCG) in 2006 and Khazanah Nasional Berhad is responsible for monitoring the implementation.

In addition, in the same year Malaysia's stock exchange (Bursa Malaysia) has launched a framework for implementation and reporting of CSR in the listed companies. The concepts that have been addressed in these frameworks cover many aspects of the business and its interaction with its employees, stakeholders and environment. The CSR framework proposed by Bursa Malaysia Bhd (2006) consists of concepts such as environment and issues like pollution of water and air, waste management, long term water supply and energy efficiency. The issues such as freedom of association and the right to organize, abolition of forced labor and abolition of discrimination on the basis of occupation are part of the guidelines that target the working environment (Bursa Malaysia Bhd, 2006). There are also guidelines in the framework for eliminating issues such as racial discrimination, torture and inhuman punishment as well as guidelines concerning citizens' Civil, Economic, Social, Cultural and Political rights. In addition, there are guidelines to increase the transparency and reduce the secrecy in government agencies in order to fight the corruption that has been created due to lack of public disclosure.

In order to reinforce these guidelines the government and relevant institutes have employed variety of methods such as tax incentives and allocation of 50 million Ringgit fund to promote CSR activities (Norway Embassy in Malaysia, 2011). In addition, awards such as Prime Minister's CSR award, started in 2007, have been introduced in order to reward companies that are making positive changes in the community they are operating in. The Prime Minister's CSR award recognizes the companies that have contributed the most in variety of social, economic issues through their programs whether its education, environment, Culture & Heritage, Community & Social Welfare, Best Workplace Practices, Empowerment of Women or Best CSR Media Coverage and best overall CSR program. Overall, these measures are taken to increase the awareness and understanding of CSR in Malaysia and encourage organizations whether

governmental or private to take into consideration the issues far beyond profit. Although Malaysia and many other emerging markets as well as developing countries in Asia have a long way ahead of themselves to get to the point that most advanced countries are with regard to CSR, but through initiatives, as mentioned, a bright future for CSR in Malaysia is predicted.

2.2.2. CSR in United States of America

In comparison with Malaysia, American organizations have been involved with CSR activities for a longer period of time. According to the data extracted for archive of US government (2008) It all started around mid-60s when the popular notion of "the chief business of the American people is business." As suggested by President Calvin Coolidge, CSR was challenged by the public due to increasing concerns with the pollution generated by ever increasing number of businesses and its effects on the environment. However, by the end of 90s and beginning of the millennium, consumers around the world and especially American consumers demanded a higher degree of responsibilities from organizations not just concerning the environment but rather all aspects of business internally and externally. Ever since, organization in united states have recognized the tangible and intangible benefits of CSR for the company and society as a whole and more and more organizations are integrating these initiatives into their operations and strategies. The question that American organizations ask these days is not "why should we get involved in CSR?" but rather "how should we do it?" and "how can we benefit the environment and contribute to the community?"

As presented previously, American companies are dominating the list of top 100 most sustainable and ethical companies in the world and this itself is a proof of high level of appreciation for CSR and high level of integration of CSR initiatives into the business operations of American organizations. As part of his paper Mullerat (2006) argues that CSR is becoming

increasingly more popular among organizations in America to the point that the majority of enterprises have integrated it in their operation. He continues by saying that the CSR is not only concerned with "people, profit and plant" anymore and it relates to issues such as human rights, diversity, fair trade pricing and fair wages etc. It is worth noting that many of the organizations with the highest CSR index in America shown in the following table are also part of the fortune 500 companies which shows the high involvement of world's top companies with CSR activities.

Rank	Organization	CSRI	Fortune 500
1	Johnson & Johnson	82.67	33
2	The Walt Disney Company	81.33	57
3	Kraft Foods Inc.	80.56	53
4	Microsoft	80.18	36
5	PepsiCo	80.15	50
6	Apple	80.11	56
7	Hershey Company	78.24	395
8	SC Johnson	77.62	-
9	Kellogg	77.60	184
10	Google	77.35	102

Sources: Fortune 500 list (2010) & Reputation Institute (2010)

2.2.3. CSR in Australia

Corporate Social Responsibility has been the center of argument in Australia for some time. Like many other companies the supporters and oppositions were debating with regard to the benefit of such activities for the organizations. Standard Australia (2003) has published a document on CSR providing guidance for the establishment, implementation and management of CSR programs. This has been followed by the publication of "Principles of Good Corporate

Governance and Best Practice Recommendations" by Australian Stock Exchange (ASX) in the same year. This publication outlines 10 principles for best practices in governances, one of which is concerned with organizations' obligation toward its employees, customers, other stakeholders and eventually the community and society. Frameworks like this have increased Australian organization's understanding of importance of CSR as a vital and inseparable part of their business operations. Australian organizations are increasingly integrating the CSR initiatives into their day to day business strategies and this has pushed them to the top of the most socially responsible and sustainable companies in Asia (CSR Asia, 2009)

2.3. CSR in catering industry

As implied previously, CSR is becoming a worldwide phenomenon which is affecting all type of organizations. Companies in different sectors are becoming increasingly more involved in CSR initiatives and catering industry is not far different. As the matter of fact, beverage industry as part of catering industry has been ranked on top of the most social responsible industries in the United States of America. In this ranking, the food retailer or restaurants have been places in 6th place and financial sector is dominating the bottom of the list (Reputation Institute, 2010). However, in the context of this study, beverage industry is not included as part of the catering industry. It should be noted also, that the majority of reported CSR activates in restaurant business are done by multinational and chained restaurants such as McDonald and KFC and not by small to medium size independent restaurant. However, this does not mean that smaller to medium size restaurants are not integrating CSR into their operations. For instance, a restaurant called Host in United Kingdom has been involved in such initiatives extensively by attempting to source the ingredients from local market, create a more efficient use of resources and reduce traffic and fuel consumption through managing the delivery system. On the whole, it seems that

smaller to medium size independent restaurants are not as actively involved in CSR initiatives as multinational and chained restaurants, or even if they are they are not properly exposing customers to their CSR activities and this could be the reason behind small number of studies on this matter.

2.4. Summary

The chapter has provided an opportunity to understand the views and findings of other researchers with regard to the relevant concepts and variables proposed in this study; concepts such as CSR initiatives and their tangible and intangible benefits for organization, their effect on customers' perception, trust, evaluation and their buying behavior. The hypotheses proposed in the following chapters are mostly derived from the prior literature or are based on them.

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│     Chapter 1:      │
│    Introduction     │
└─────────────────────┘
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           ▼
┌─────────────────────┐
│     Chapter 2:      │
│  Literature Review  │
└─────────────────────┘
           │
           ▼
┌─────────────────────┐        ┌──────────────────────────────┐
│     Chapter 3:      │        │  ▪ Introduction              │
│ Conceptual Framework├───────▶│  ▪ Conceptual Framework      │
│    & Hypotheses     │        │  ▪ Hypothesis                │
└─────────────────────┘        │  ▪ Summary                   │
                               └──────────────────────────────┘

┌─────────────────────┐
│     Chapter 4:      │
│ Research Methodology │
└─────────────────────┘
           │
           ▼
┌─────────────────────┐
│     Chapter 5:      │
│  Research Findings  │
└─────────────────────┘
           │
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┌─────────────────────┐
│     Chapter 6:      │
│    Conclusion &     │
│  Recommendations    │
└─────────────────────┘
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