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## Empirical Model for Measuring How Corporate Sustainability Performance Affects Customer Attraction and Economic Success

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**Abstract:** The focus of the paper is to test a model that measures how corporate sustainability performance (i.e. socio-economic and environmental dimensions) affect economic success via customer attraction. Quantitative data was collected from companies constituting the Socially Responsible Investment (SRI) index at the Johannesburg Stock Exchange. Factor analysis was used for data reduction, Chi-square tests for the association between two categorical variables and Cronbach alpha for validity and reliability. The methodology was two-fold: testing the linkages between corporate sustainability dimensions, customer attraction and economic success, and putting them together to form an integrated model. The results confirm a positive link between corporate socio-economic and environmental performance (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products), customer attraction and economic success. The model provides a comprehensive approach that management can use to investigate corporate sustainability performance drivers and to obtain a clearer understanding of the impacts of corporate decisions regarding the economic success of both the company and the society. The value of the study is to provide organisations insights on how to achieve competitive advantage and improve economic success.

**Keywords:** corporate sustainability performance, customer attraction, economic success, environmental process focus, environmental product focus, socio-economic development.

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## INTRODUCTION

Corporate sustainability performance has become a central issue in management boardrooms and the political stage as to its role to the customers and the corporate world (Stanković et al., 2013; Goyal et al., 2013; Nassos & Avlonas, 2020; Eccles et al., 2014; Hartzmark & Sussman, 2018; Schaltegger et al., 2020; Ngo, 2015; Amaral et al., 2020; Gyver & SeTin, 2022). Interestingly, these authors in their prioritised areas of work significantly realised the necessity of developing a system or model to measure the impact of corporate sustainability performance on customer attraction and economic success. Similarly, sustainability expects companies to assess their value



added or value destroyed across environment and socio-economic dimensions as opposed to purely financial dimensions (Schaltegger & Wagner, 2011; Khan et al., 2016; Barnett, 2019; Schaltegger et al., 2020; Islam & Hossain, 2022). Hence, by analysing the factors of socio-economic and environment and by measuring their effects on a financial driver (i.e. Customer attraction), managers may attract contribution to their company as well as the society (Landroguet et al., 2013; Epstein, 2018; Székely & Knirsch, 2005; Beckmann & Schaltegger, 2020; Arushanyan et al., 2017; Ngo, 2015).

Conversely, most sustainable development dimension measures such as sustainability surveys (Jha & Rangarajan, 2020), sustainability metrics (Hahn et al., 2018), sustainability indexes (Adam & Shavit, 2008; Doluca et al., 2018a), performance indicators (Székely & Knirsch, 2005; Doluca et al., 2018b), investors' criteria (Renneboog et al., 2008), accountability reporting (Karthik, 2013) and benchmarking (Hörisch et al., 2019) were hardly developed with consideration of a sustainable development performance initiative and business strategy. Hence, these are considered not to be universally applicable, and they are non-robust. Thus, the unavailability of a single and generally approved tool for measuring corporate sustainability, customer attraction and economic success continues to plague sustainability manager.

Over the years, work has been done regarding social aspects and the economic dimension of sustainable development performance (Schaltegger & Wagner (2011); Schaltegger et al. (2013)). Similarly, the issues of linking the social with the economic dimensions of sustainability performance, i.e. the concept of socio-economic responsibilities, are new on the sustainable development agenda (cp. for this and the following statements SustainAbility, 2001, 2011; Schaltegger & Wagner, 2006, 2011; WBCSD, 2015; GRI, 2015; GEMI, 2016; Boyer et al., 2016; Schaltegger et al., 2020). For example, according to WBCSD (2015), the social and economic (socio-economic) linkage is a key driver in mainstreaming social performance within the business community. It defines business performance in relation to its impact on communities, employees, suppliers, business ethics, bribery, honesty and corruption as well as in relation to its products.

However, the absence of a single and generally approved tool for measuring how corporate sustainability performance (i.e. socio-economic development and environment) affects economic success has become a huge research problem (SustainAbility, 2001, 2011; Meurs & Abelshausen, 2018; Schaltegger & Burritt, 2018; Lăzăroiu et al., 2020; Beckmann & Schaltegger, 2020). This demands for such a framework or model, taking into account how the pathway of socio-economic and environmental dimensions affects customer attraction and the economic success of their company. Besides, an analysis of recent articles on corporate sustainability performance revealed a research gap at operational and firm levels as well as future research agenda (Schaltegger et al., 2020; Oware, 2022). The current level of research in corporate sustainability performance for environmental and social issues is insufficient (Hörisch et al., 2019; Oware, 2022). Therefore, various sustainability authors are calling for the integration not only of sustainability performance to financial performance but also of the value drivers into the organisations' evaluation systems (Stanković et al., 2013; Shahzad & Hassan, 2019; Nassos & Avlonas, 2020; Eccles et al., 2014; Gyver & SeTin, 2022).

Furthermore, firm level authors like Hartzmark & Sussman (2019); Wanamaker (2018) and Schaltegger et al. (2020), perceived sustainability as a predictor for future performance, hence, sustainability indicators should be developed at different levels/linkages. Although sustainability management, measurement and reporting have been extensively studied, according to Schaltegger et al. (2020), they were hardly performed in an integrated manner. Contrarily, the corporate activities/investments that translate to improved sustainable performance/development remain unknown (Doluca et al., 2018b; Epstein, 2018). Hence, sustainable strategies fall short in providing robust valuation methodologies due to a lack of measures that link sustainable strategies to financial

drivers for business results (Epstein, 2018; Landrum, 2018; Nwoba et al., 2020; Beckmann & Schaltegger, 2020).

Even despite increasing research on corporate sustainability performance measurement systems (CSPMS) in social and environmental dimensions, a future research agenda will have to address its methods, applications, utility and assessment (Schaltegger et al., 2019; Lăzăroiu et al., 2020). Although, the outcome of research in developed and developing countries shows a pattern of growth, it has not been linked to financial performance in developing countries like South Africa (Hahn et al., 2018; Schniederjans & Khalajhedayati, 2020). Hence, an empirical systematic measurement tool for corporate sustainability performance in developed and developing countries is highly recommended (Hahn, et al., 2018; Gartenberg et al., 2018; Schaltegger et al., 2019; Lăzăroiu et al., 2020; KPMG, 2020). Likewise, literature demands that research relating to the socio-economic and environmental aspects of corporate sustainability performance with financial drivers be performed in developing countries (Labuschagne et al., 2005; JSE SRI., 2014; Ernst & Young, 2015; Robert., 2018; KPMG, 2020; Barnett, 2019; Beckmann & Schaltegger, 2020).

Since customer attraction is seen as a value driver that is positively linked to any sustainable development performance and financial performance (SustainAbility, 2001, 2011; Hahn et al., 2018; Eccles et al., 2014; Schaltegger et al., 2020; Ngo, 2015), it has become a strategy in business for achieving long term competitive advantage (Ngo, 2015 Gyver & SeTin, 2022). Hence the research question for this paper can be formulated as: can the linkages between corporate sustainability performance, customer attraction and economic success be developed and tested across their important factors? Therefore, the aim/objective of this paper is to test these linkages of corporate sustainability performance with their important factors of socio-economic and environmental dimensions through the pathway of customer attraction and economic success.

## METHODS

The study followed a cross-sectional design and employed a quantitative approach. Given the objective, the research methodology is twofold, 1) Deriving from information gathered through questionnaires completed by the financial practitioners and environmental managers of the said 82 companies constituting the socially responsibility investment (SRI) index at the Johannesburg Stock Exchange (JSE, 2014), the paper empirically tests the linkages and the important factors between corporate sustainability and economic success via customer attraction; and 2) Putting these linkages together, an empirical model for measuring how corporate sustainability performance affects economic success via customer attraction shall be developed.

Since the target is to check how companies that want to be perceived as being sustainability aware indeed work with sustainability issues, the population comprises all the 82 companies constituting the socially responsibility investment (SRI) index at the Johannesburg Stock Exchange in 2014 (JSE, 2014). In order to reach a maximum of information (and to avoid any possible bias from insufficient sampling), a census of *all* these companies was undertaken. Data was collected from their financial practitioners and environmental managers by way of face-to-face and telephonic interviews employing questions in Likert-type response format. The quantitative data comprises the following sections:

- 1) organisational characteristics (6 questions);
- 2) how corporate sustainability performance (i.e. socio-economic performance and environmental performance) are related with customer attraction (6 questions);
- 3) how attraction and economic success are related (6 questions).

The employed Likert-type response format allowed for 5 categories, ranging from 1 as “strongly disagree” (SD) or “extremely low importance” (ELI); 2 as “disagree” (D) or “low importance” (LI); 3 as “neutral” (N); 4 as “agree” (A) or “high importance” (HI); 5 as “strongly agree” (SA) or “extremely high importance” (EHI). An additional sixth answering possibility was provided with 6 as “do not know” (DNK). Data was analysed as follows: Chi-square for the association between categorical variables was employed to test for statistical significance at p-values of 0.05), factor analysis to reduce the data items to meaningful variables and Cronbach Alpha to test for internal and external validity as well as reliability of the framework.

## RESULTS AND DISCUSSION

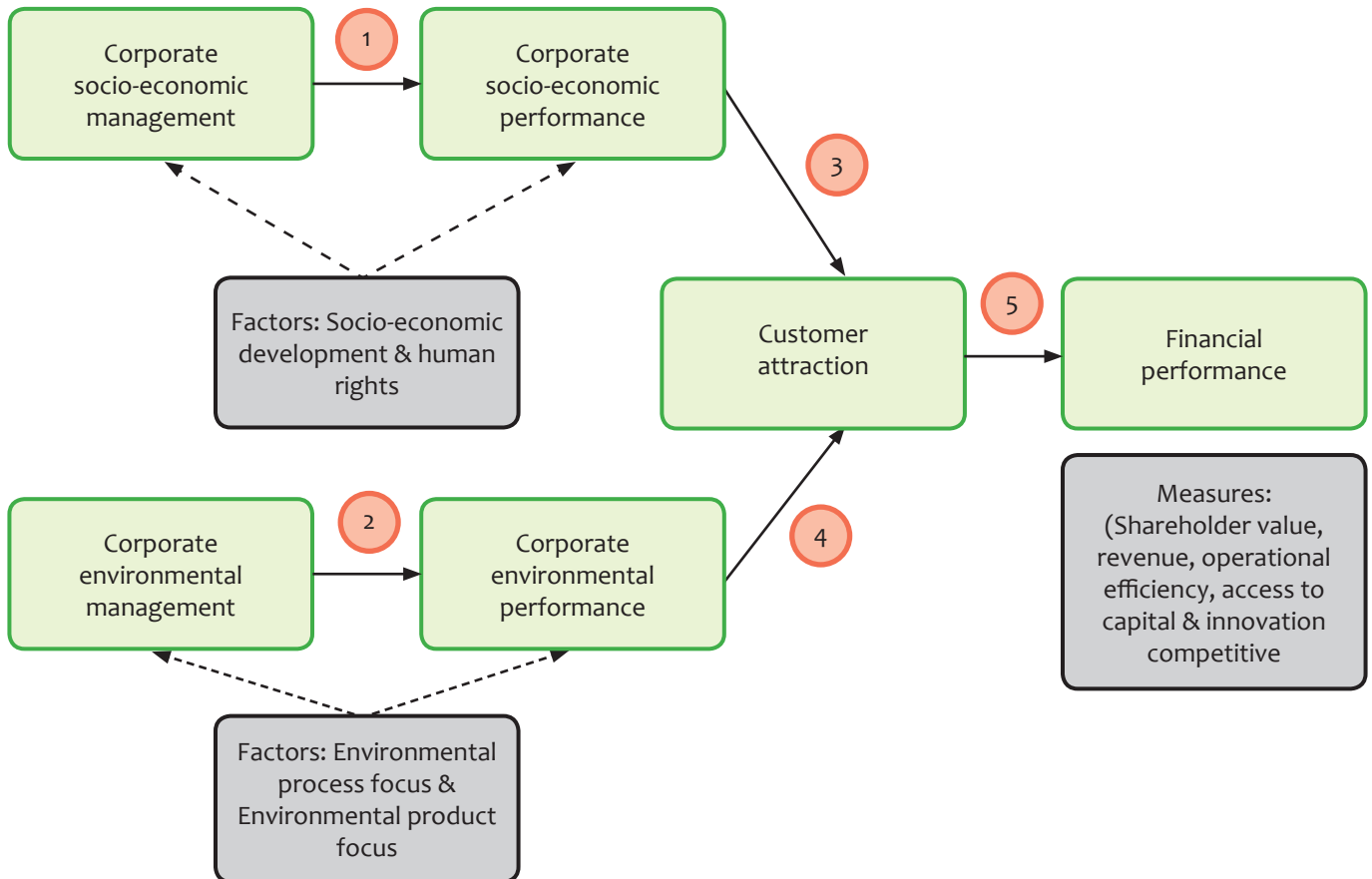
### Respondent information

All the targeted 82 companies listed on the JSE and subscribing to the Socially Responsible Investment (SRI) Index (JSE, SRI, 2014) responded, and they were classified into three broad categories according to the Reserve Bank of South Africa (i.e. resources, industrials and commercials) for progressive and historical analysis. A summary of the findings from the analysed data is presented initially in a table format. Of the 82 companies, 45 (54.88%) represented public listed companies, 28 (34.15%) private listed companies, 2 (2.44%) joint venture and 7 (8.54%) closed corporations. Despite revealing their systems, policies, procedures and practices in terms of the non-existence of a single, robust, widely acceptable and user-friendly model for measuring how corporate sustainability affects customer attraction and economic success, they also demonstrated their standing with respect to disclosure of environmental, social and economic aspects in annual reports. In addition, they indicated the organisations’ adherence to environmental regulations, use of sustainability performance indicators as well as the organisations’ rating internationally and on the South African CSR Index or JSE Socially Responsible Investment (SRI) Index. Most of these companies are situated in Gauteng (60.98%) with a few in seven of the eight other provinces (i.e. except for the Western Cape) where companies declined to the invitation. The automotive sector was represented by 23 companies (28.05%), followed by 19 companies in the banking and financial services sector (23.17%), 11 in the mining and minerals sector (13.41%), 9 in the food and beverage sector (10.98%), 7 in the ICT and electronics sector (8.54) and few in others. Most companies in this study had an annual turnover of more than a billion Rand (53.66%) and employing more than 10 000 employees (23.17%). From this information, the data gathered refer mostly to companies conscious with respect to sustainability, mainly situated in the financial hub of the country (Gauteng), from the bigger South African sectors, with a substantial turnover and employee corps.

Respondents’ information includes their position with: 1) most (52.44%) being financial practitioners, chief financial officers, as well as (financial and management) accountants; 2) environmental managers (19.51%); and production engineers (17.07%), all of whom work within the field of corporate environmental, social and economic performance and are deemed to be conversant with the organisation’s sustainability responsibility, disclosure and performance.

### Linkages and their factors between corporate sustainability and financial performance

This part discusses all the linkages (i.e. 1-5) of the model. According to Figure 1, one can identify the following relationships between corporate sustainability performance (i.e. socio-economic performance and environmental performance) and customer attraction as well as between customer attraction and firm’s financial/economic success (for a detailed explanation cp. Obioha & Klingelhöfer, 2023).



Source: Authors

**Figure 1** Linkages between corporate sustainability performance and economic success via customer attraction

### **Linkage 1: Corporate socio-economic management to corporate socio-economic performance**

This linkage represents one of the two aspects of corporate sustainability performance, i.e. its corporate socio-economic dimension which is managed and measured across its important factors, i.e. socio-economic development and human rights, in order to achieve corporate performance (Meurs & Abelshausen, 2018; Spahn, 2018). This link is already established by literature (Schaltegger & Wagner, 2006; Lăzăroiu et al., 2020) and, therefore, not tested in this research because the research is specifically on corporate sustainability performance and not management. It simply shows how to arrive at performance.

### **Linkage 2: Corporate environmental management to corporate environmental performance**

This linkage represents the other aspect of corporate sustainable development performance, the corporate environmental activities and the important factors influencing them, i.e. a focus on environmental processes and on environmental products, which companies will effectively manage in order to achieve environmental performance (Papagiannakis & Lioukas, 2017; Meurs & Abelshausen, 2018; Amaral et al., 2020; Ong et al., 2022). Likewise, this already established link (Schaltegger & Wagner, 2006; Lăzăroiu et al., 2020) is not tested in this study.

**Linkage 3: Corporate socio-economic performance to customer attraction**

The third link establishes and communicates how corporate socio-economic performance affects corporate customer attraction. In other words, it expresses how a companies' good record of their important factors i.e. development of socio-economic aspects and human rights can translate to customer attraction (Fraering & Minor, 2013; Ngo, 2015; Beckmann & Schaltegger, 2020; Gyver & SeTin, 2022).

**Linkage 4: Corporate environmental performance to customer attraction**

The fourth linkage determines how a good corporate environmental performance can bring about more customers – in other words, how a company, by focusing environmentally on its processes and products, can increase customer attraction (Papagiannakis & Lioukas, 2017; Ngo, 2015; Islam & Hossain, 2022; Gyver & SeTin, 2022).

**Linkage 5: Customer attraction to economic success/financial performance**

This fifth link establishes the extent to which corporate customer attraction drives the measures of firm's economic success such as shareholder value, operational efficiency, revenue, access to capital, competitive advantage and innovation (Doluca et al., 2018b; Jové-Llopis & Segarra-Blasco, 2018; Lăzăroiu et al., 2020; Nwoba et al., 2020; Schniederjans & Khalajhedayati, 2020; Gyver & SeTin, 2022). In other words, it shows the ability or rate at which a good record of the elements of corporate socio-economic and environmental performance (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and on environmental products), which are prerequisite for customer attraction, can impact positively on factors/measures of economic success.

**Empirical linkages/associations**

This section presents the results on the extent or the level at which the respondents rate the relationship between the elements of corporate socio-economic and environmental performance (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products) and customer attraction. Furthermore, it demonstrates only the three tested linkages 3–5 according to Figure 1.

**Corporate socio-economic performance i.e. development of socio-economic aspects, human rights and customer attraction (link 3 in Figure 1)**

In this section the organisations surveyed rate how corporate socio-economic performance affects corporate customer attraction in relation to their factors. It demonstrates how the elements of corporate socio-economic performance (such as development of socio-economic aspects and human rights) promote corporate socio-economic performance and customer attraction (Table 1).

The majority of the organisations is of the opinion that to achieve corporate socio-economic performance and customer attraction, corporate socio-economic development and human rights are of extremely high importance. To support this claim

- 92.68% agree that the aspect of socio-economic performance that is related to socio-economic development (represented e.g. supporting the community through reduction of environmental impacts/costs, employing local staff and investing in community education by way of scholarships). This result concurs with the findings of authors like Schaltegger et al. (2020) and Gyver & SeTin (2022) who found that consumers often prefer buying products or services from companies that are socio-economic friendly to others.

- 96.34% believe that also the other aspect of socio-economic performance that is related to corporate human rights (i.e. freedom from gender, ethnic and race segregation; advocating for peace and human rights of the host communities) can translate to customer attraction. Hence, according to the respondents, consumers are most likely to patronize firms that are human rights and sustainability conscious. This result confirms the findings of authors such as Fraering & Minor (2013) and Gyver & SeTin (2022) who posit that ethically focused companies in terms of human rights create value due to a strong customer base. To justify the above claims, the following Chi-square tests are presented in Table 2.

**Table 1 Rating of the relationship between corporate socio-economic performance (i.e. development of socio-economic aspects, human rights) and customer attraction**

		SD ELI	D LI	N	A HI	SA EHI	DNK
1	The level at which corporate socio-economic management (i.e. development of socio-economic aspects and strong record of human rights) can translate to corporate socio-economic performance.	1.22% n=1	1.22% n=1	3.66% n=3		63.41% n=52	
2	The level at which corporate socio-economic performance (i.e. development of socio-economic aspects performance; e.g. community investment, donation, percentage of staff and suppliers that are based from the community) can translate to customer attraction		2.44% n=2	3.66% n=3	25.61% n=21	67.07% n=55	1.22% n=1
3	The level at which corporate socio-economic performance (i.e. strong human rights practices/performance e.g. freedom of association or freedom of racial, ethnic and gender discrimination) can promote corporate customer attraction	1.22% n=1		2.44% n=2	26.83% n=22	69.51% n=57	

1. SD = strongly disagree or ELI = extremely low importance
2. D = disagree or LI = low importance
3. N = neutral
4. A= agree or HI = high importance
5. SA = strongly agree or EHI = extremely high importance
6. DNK = do not know

**Table 2 Chi-square test for the relationship between corporate socio-economic performance (i.e. socio-economic development and human rights) and customer attraction**

Variable 1	Variable 2	P/values (1&2)	Association
Corporate socio-economic performance:			
Development of socio-economic aspects	Customer attraction	0.005	Significant 0.005 < 0.05
Human rights	Customer attraction	0.093	Related, but not significant 0.093 > 0.05

Although not significant for human rights, the result shows that corporate socio-economic performance is directly linked to customer attraction. In other words, a company that is socio-economic and human rights conscious may still achieve socio-economic performance and competitive advantage over others by attracting and retaining customers. This result is in line with the findings of Schaltegger et al. (2020) who believe that companies that are socio-economic and human rights advocacy through good records of community engagement and human rights awards can translate to socio-economic and financial performance.

### Relationship between corporate environmental performance (i.e. focus on environmental processes and products) and customer attraction (link 4 in Figure 1)

This section demonstrates the relationship between corporate environmental performance (i.e. focus on environmental processes and products) and corporate customer attraction. It also illustrates the levels at which the elements of corporate environmental performance can translate to the organisation's customer attraction (Table 3).

**Table 3 Organisations' rating of the linkages/relationships between corporate environmental performance and customer attraction**

	SD ELI	D LI	N	A HI	SA EHI	DNK
1 The level of priority at which corporate environmental management (i.e. focus on environmental processes and products) can translate to corporate environmental performance.	1.22% n=1	1.22% n=1	2.44% n=2	42.68% n=35	51.22% n=42	1.22% n=1
2 The role of corporate environmental performance (i.e. corporate focus on environmental processes, e.g. reduction of material intensity, energy intensity, dispersion of toxic material, enhancement of the reprocess of material, maximising the resource sustainability) in promoting corporate customer attraction.	1.22% n=1	1.22% n=1	2.44% n=2	34.15% n=28	59.76% n=49	1.22% n=1
3 The rate at which the corporate environmental performance (i.e. corporate focus on environmental products, e.g. production of durable or long lasting products, increase service propensity of goods and services, developing and redesigning its products and service portfolio to minimise adverse environmental impacts) can bring about increased customer attraction.	1.22% n=1	1.22% n=1	2.44% n=2	29.27% n=24	64.63% n=53	1.22% n=1

1. SD = strongly disagree or ELI = extremely low importance
2. D = disagree or LI = low importance
3. N = neutral
4. A= agree or HI = high importance
5. SA = strongly agree or EHI = extremely high importance
6. DNK = do not know

The majority of the organisations surveyed is of the opinion that to attract and maintain more customers, the elements of corporate environmental performance, along with their tenets (i.e. corporate focus on environmental processes and products), are of extremely high importance. Thus, 93.91% rate a focus on environmental processes (the degree at which a company can reduce the environmental impacts associated with its production processes like material intensity, energy intensity, dispersion of toxic material etc.) as a strong element of corporate environmental performance. This conclusion aligns with Amaral et al. (2020) and Ong et al. (2022). According to these authors, companies that fight and reduce climate change and its impacts as well as plan and implement efficiency projects relating to carbon emission, energy, waste, and material use may achieve environmental performance. Also, 93.9% were of the opinion that a focus on environmental products (i.e. the degree at which a company reduces its environmental impacts e.g. by focusing on its products to enhance its service sustainability) is a factor of corporate environmental performance. This result is in line with the findings of environmental authors like Lăzăroiu et al. (2020) and Islam & Hossain (2022) who found that a company can achieve environmental performance by improving its products and services to manage



and control the unfavourable environmental impacts/costs. The above conclusions can be confirmed with the following Chi-square test (Table 4).

**Table 4 Chi-square test on how corporate environmental performance (focus on environmental processes and products) is related to customer attraction**

Variable 1	Variable 2	P/values (1&2)	Association
Corporate environmental performance:			
Focus on environmental processes	Customer attraction	0.000	Significant 0.000<0.05
Focus on environmental products	Customer attraction	0.001	Significant 0.001<0.05

Table 5 reveals significant associations between a focus on corporate environmental processes and on environmental products on the one hand and customer attraction on the other hand, implying that companies that focus on environmentally friendly processes and products can attract and retain more customers resulting to environmental and financial performance. Again, this result agrees with the findings of Schaltegger et al. (2020) and Oware (2022) who posit that companies which achieve their brand value/reputation by producing and selling environmentally premium products and services can gain a competitive advantage and achieve a better environmental and financial performance.

#### **Relationship between customer attraction and financial performance (link 5 in Figure 1)**

This section reveals the respondents' opinion on how corporate customer attraction translates to financial performance. It demonstrates the levels at which corporate customer attraction can result in an increase in the elements of financial performance (such as shareholder value, operational efficiency, revenue, access to capital, comparative advantage and platform for innovation).

**Table 5 Rating how customer attraction is related to economic success**

	SD ELI	D LI	N	A HI	SA EHI	DNK
1 The level at which an organisation's customer attraction can translate to corporate shareholder value (e.g. market value of the firm, sales growth and operating profit margins, dividend and share price appreciation, earnings per share etc.), and economic success/ financial performance.	1.22% n=1		2.44% n=2	29.27% n=24	65.85% n=54	1.22% n=1
2 The rate at which an organisation's customer attraction can promote a company's revenue (e.g. brand equity, customer choice, superior product line, research and development (R&D), increase in the share of the market for its products) and economic success		2.44% n=2	3.66% n=3	30.49% n=25	62.20% n=51	1.22% n=1
3 The role of customer attraction in serving as a driver for an organisation's operational efficiency (e.g. minimizing cost, maximizing resource productivity, positive workplace atmosphere, employee productivity etc.) and economic success/financial performance.		1.22% n=1	3.66% n=3	28.05% n=23	64.63% n=53	2.44% n=2

	SD ELI	D LI	N	A HI	SA EHI	DNK
4 The ability of customer attraction in increasing organisation's access to capital (e.g. strong earnings, attraction of investors, stability in marketplace performance, increases growth and ability to invest in future, high current ratios) and economic success/ financial performance.		1.22% n=1	3.66% n=3	35.37% n=29	57.32% n=47	2.44% n=2
5 The rate at which an organisation's customer attraction can give competitive advantage over others (e.g. ability to pay, strong brands and reputation, customer retention and employee hiring and retention rates, innovative practices corporate and economic success	1.22% n=1	1.22% n=1	4.88 n=4	39.02% n=32	51.22% n=42	2.44% n=2
6 The rate at which an organisation's customer attraction can increase firm's innovative practices (e.g. enhancing the firm's revenue, brand value/reputation and customer retention rates) and economic success.		1.22% n=1	2.44% n=2	41.46% n=34	53.66% n=44	1.22% n=1

1. SD = strongly disagree or ELI = extremely low importance
2. D = disagree or LI = low importance
3. N = neutral
4. A= agree or HI = high importance
5. SA = strongly agree or EHI = extremely high importance
6. DNK = do not know

The respondents in their majority are of the opinion that for the achievement of economic success customer attraction is of extremely high importance. Nearly all respondents believe that customer attraction can translate to more economic success via increased

- Shareholder value (95.12%, n=78). This result is in agreement with the findings of Lăzăroiu et al. (2020) and Nwoba et al. (2020). These authors found that customer attraction has a strong positive relationship with shareholder value which may lead to financial/economic success.
- Revenues (92.69%, n=76). Similarly, this result confirms the findings of Hartzmark & Sussman (2018) as well as Ngo (2015), who also found that customer attraction can enable a company to find new and keep existing customers and, therefore, is a driver of revenue and financial performance.
- Operational efficiency (92.68%, n=76). Sustainability authors like Schaltegger et al. (2020) and Oware (2022) support this result. According to them, companies that reduce capital, operational and or financing costs while still achieving the same output can achieve operational efficiency and economic success.
- Access to capital (92.69%, n=76). Likewise, this finding is in line with the results of authors like Eccles et al. (2014) and Schniederjans & Khalajhedayati (2020) who posit that companies with higher valued brands achieve higher customer loyalty and attraction, ultimately resulting in more earnings and a higher financial/economic success.
- Competitive advantage (90.24%, n=74). Additionally, this result supports the findings of authors like Nassos & Avlonas (2020) who elucidate that companies which are customer-focused and make customer satisfaction their primary objective can achieve competitive and financial advantage over others.
- Innovative activities (95.12%, n=78). This result is supported by researchers like Lăzăroiu et al. (2020) and Oware (2022). They assert that in this changing economic environment, companies' ability to attract and retain customers as well as to engage in frequent innovation may achieve competitive advantage and finally economic success.

Hence, customer attraction has become an essential condition for companies' continuous strategic competitive advantage. In other words, customer attraction seems to be related positively with economic success via several elements as proven by the following Chi-square tests (Table 6).

**Table 6 Chi-square test results for the relationship between customer attraction and elements of economic success**

Variable 1	Variable 2	P/values (1&2)	Association
Customer attraction – Corporate socio-economic performance:	Elements of economic success:		
Development of socio-economic aspects	Shareholder value	0.000	Significant 0.000<0.05
	Revenue	0.482	Related but not significantly 0.482>0.05
	Operational efficiency	0.002	Significant 0.002<0.05
	Access to capital	0.043	Significant 0.043<0.05
	Competitive advantage	0.313	Related but not significantly 0.313>0.05
	Innovation	0.289	Related but not significantly 0.289>0.05
Human rights	Shareholder value	0.003	Significant 0.003<0.05
	Revenue	0.130	Related but not significantly 0.130>0.05
	Operational efficiency	0.069	Related but not significantly 0.069>0.05
	Access to capital	0.041	Significant 0.042<0.05
	Competitive advantage	0.001	Significant 0.001<0.05
	Innovation	0.018	Significant 0.018<0.05
Customer attraction – Corporate environmental performance:			
Focus on environmental processes	Shareholder value	0.000	Significant 0.000<0.05
	Revenue	0.298	Related but not significantly 0.298>0.05
	Operational efficiency	0.081	Related but not significantly 0.081>0.05
	Access to capital	0.005	Significant 0.005<0.05
	Competitive advantage	0.172	Related but not significantly 0.172>0.05
	Innovation	0.028	Significant 0.028<0.05

Focus on environmental products	Shareholder value	0.000	Significant 0.000<0.05
	Revenue	0.005	Significant 0.005<0.05
	Operational efficiency	0.007	Significant 0.007<0.05
	Access to capital	0.000	Significant 0.000<0.05
	Competitive advantage	0.023	Significant 0.023<0.05
	Innovation	0.006	Significant 0.006<0.05

These relationships can be explained because the factors leading to corporate socio-economic and environmental performance (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products) in Variable 1, have direct impact on customer attraction and, as such, are in most cases also associated with the stated measures for economic success in Variable 2. However, it is observed that while the majority of the elements/factors represented by Variable 1, e.g. development of socio-economic aspects and human rights have significant associations, and a few others are still associated, but not significantly.

In the first case, the strong intensity of association implies a high probability of the factors represented by Variable 1 translating to the measures of economic success represented by Variable 2. Nevertheless, even in the second case, these scenarios do not invalidate the linkages/factors, but rather demonstrate weak propensity of association between customer attraction and the measures of economic success. Hence, customer attraction can translate to economic success, though at different degrees.

### **Summary of the tests results on the linkages between corporate sustainability performance, customer attraction and economic success**

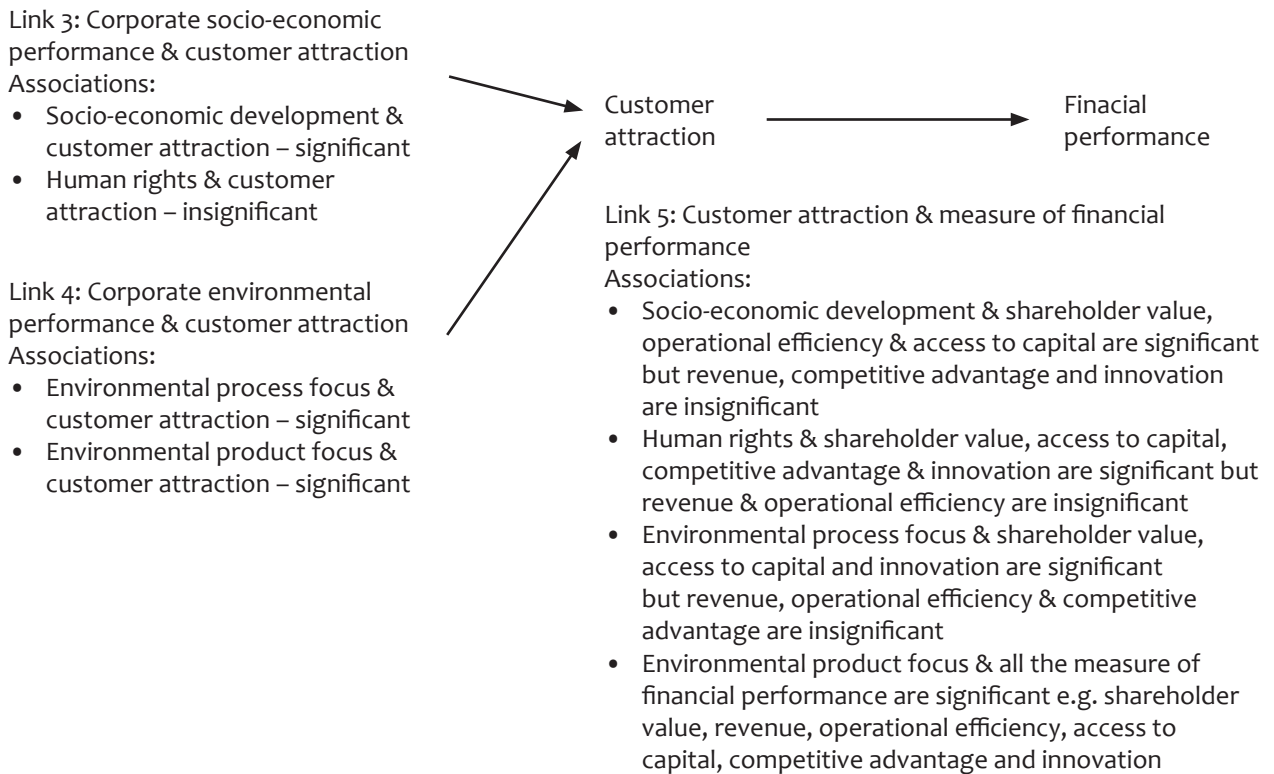
For better understanding, Figure 2, displays the statistical results of the tested linkages of the two dimensions of corporate sustainability performance (i.e. socio-economic and environmental) using their factors/elements (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products) via customer attraction with economic success.

### **Explanatory Integrated Model**

The integrated model presented as a summary was derived by putting all the tested linkages together. Firstly, the two links relating to corporate sustainability performance dimensions (i.e. corporate socio-economic performance [3] and environmental performance [4]) using their elements/factors (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products) in order to establish their impact on customer attraction show mixed trends:

With respect to link 3, there is 1) on the one hand a significant association between one of the factors/elements of corporate socio-economic performance (i.e. development of socio-economic aspects) and customer attraction. This indicates that the probability of development of socio-economic activities like donations, building hospitals, schools etc., to the community translating to corporate customer attraction is high; and 2) on the other hand an insignificant association between the other socio-economic performance element/

factor (human rights) and customer attraction, indicating low probability for human rights practices leading to customer attraction.



Source: Authors

**Figure 2 Analysis of the results of the tested linkages (i.e. 3–5) to develop the model of corporate sustainability performance, customer attraction and economic success**

However, if one looks at link 4, unlike than link 3, there are significant associations for both the elements/factors of corporate environmental performance (focus on environmental processes and products) and customer attraction. This implies on the one hand that the probability of a focus on environmental processes (for example an environmentally conscious choice of operations) translating to customer attraction is high. Additionally, producing environmentally friendly products will help to attract and retain customers.

Thus, in the above linkages, from a sustainability point of view, a company strongly engaging in socio-economic activities like supporting the community through reduction of environmental impacts/costs, employing local staff and investing in community education by way of scholarships may enjoy customer attraction. Likewise, a company that is environmentally sensitive by improving material and energy efficiency, dispersing toxic material, enhancing recyclability of its material, and ensuring the sturdiness of its products, enhancing service sustainability of its goods and services, developing and redesigning its products and services portfolio to minimise adverse environmental impacts may have such a competitive advantage. Also a company that has a good record of human rights due to their firm stand against racial, ethnic and gender discrimination and awards for proactive human rights despite insignificant association, may have a fair chance of customer attraction in a market system.

Additionally, putting these links (i.e. 3–4) together with link 5 (i.e. customer attraction and economic success), the combined links 3–5 illustrate the propensity of a good customer base translating to economic success via socio-economic performance (i.e. development of socio-economic aspects, human rights), environmental performance (i.e. focus on environmental processes and products) and measures of economic success.

In this linkage, there are mixed results regarding the effect of a good customer base on measures of economic success through the pathway of socio-economic development:

- A significant association with shareholder value, operational efficiency and access to capital implying that development of socio-economic aspects probably translates to an improvement in these measures.
- Insignificant associations between development of socio-economic aspects and revenue, competitive advantage and innovation signify that the probability of translating into these measures is low.

Similarly, in the same linkage the effect of a good customer base on measures of economic success through the pathway of human rights delivers mixed results:

- A significant association with shareholder value, access to capital, competitive advantage and innovation indicates a strong or high probability of human rights translating to economic success.
- There is a weak or low probability of human rights resulting in financial performance due to insignificant associations between human rights and measures of economic success such as revenue and operational efficiency.

Furthermore, in the focus on environmental processes dimension, there are mixed results with respect to the effect of a good customer base on measures of economic success via the pathway of a focus on environmental processes:

- A corporate focus on environmental processes and measures of economic success like shareholder value, access to capital, competitive advantage and innovation have significant associations, hence, the probability of a corporate focus on environmental processes driving economic success is high.
- The insignificant association between measures of economic success like revenue and operational efficiency implies low chances of a corporate focus on environmental processes translating to economic success.

Alternatively, in the focus on environmental products dimension: The impact of a good customer base on a corporate focus on environmental products and all the measures of economic success, revealed significant associations indicating a strong or high probability of a corporate focus on environmental products translating into economic success.

Given the above empirical validations of the explanatory model, it may help management in understanding the drivers of corporate sustainability and economic success, hence, potentially assist in both strategy development and making decisions on socio-economic and environmental issues. By prioritizing the development of socio-economic aspects and human rights as well as a focus on environmental processes and products, companies may achieve competitive advantages, thus, attract and retain customers and, finally, achieve economic success. Hence, the model explains a company's performance as a function of managing and prioritizing the above-explained links and causal relationships.


## CONCLUSION

As sustainability practitioners are significantly plagued with the absence of an empirical single, systematic and integrated model, this paper presents an explanatory, empirically tested single, systematic and integrated framework that measures how the firm's economic success may be increased – via customer attraction – by investing in corporate sustainability performance. It establishes empirically the effect of the important factors

of socio-economic and environmental performance (i.e. the development of socio-economic aspects and human rights as well as a focus on environmental processes and products) on customer attraction and, ultimately, on measures of economic success (such as shareholder value, operational efficiency, revenue, access to capital, competitive advantage and innovation). Hence, companies that focus on socio-economic and environmental issues and have the capacity to identify and communicate the linkages between these issues as well as their drivers can gain a competitive edge over others. Thus, a company's performance may be increased by setting sustainable performance objectives relevant to its operating principles and by managing and measuring the related activities over time. Hence, the model may provide organisations the insights on ways to become more competitive and to obtain higher levels of firm's participation as well as more economic success. However, the limitation of this paper is that it focuses on the later links, but not the already established linkages between corporate socio-economic management and corporate socio-economic performance as well as corporate environmental management and corporate environmental performance (i.e. links 1 & 2). These links 1 & 2 were not empirically tested yet and may be confirmed empirically in further research.

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