# From Ethics to Loyalty: How Consumer Awareness Converts CSR–ESG Authenticity into Legitimacy in Fragile Economies

# من الأخلاق إلى الولاء: كيف تُحوِّل وعي المستهلك أصالة ممارسات المسؤولية الاجتماعية والحوكمة البيئية إلى شرعية في الاقتصادات الهشّة

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**Abstract** **Turnitin:15%**

This study examines how marketing ethics influence consumer loyalty within fragile economies, focusing on the mediating roles of consumer awareness, corporate social responsibility (CSR), and environmental, social, and governance (ESG) practices, and the moderating effect of consumer-protection regulations. Using a mixed-methods approach that combined survey data from 414 Lebanese consumers with expert interviews, the findings reveal that ethical marketing significantly predicts consumer loyalty ($\beta = 0.42$, $p < 0.001$; $R^2 = 0.61$). Mediation analyses confirm that consumer awareness, CSR, and ESG authenticity serve as critical channels through which ethics foster durable loyalty. The results introduce the concept of awareness as knowledge capital, demonstrating how informed consumers transform ethical and ESG signals into moral legitimacy and trust. Weak regulatory enforcement, however, constrains this effect, underscoring the need for credible oversight. The study extends stakeholder and legitimacy theories and offers implications for ethical marketing in fragile institutional contexts.

**Keywords**: Marketing ethics; Consumer loyalty; (CSR); (ESG); Consumer awareness; Consumer protection regulations; Fragile economies.

**الملخص**:

تتناول هذه الدراسة كيفية تأثير أخلاقيات التسويق على ولاء المستهلكين ضمن الاقتصادات الهشّة، مع التركيز على الأدوار الوسيطة لكل من وعي المستهلك، والمسؤولية

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الاجتماعية للشركات (CSR)، وممارسات الحوكمة البيئية والاجتماعية والمؤسسية (ESG)، بالإضافة إلى الأثر المعدِّل لتنظيمات حماية المستهلك. وباستخدام منهجية بحثية مختلطة تجمع بين استبيان شمل 414 مستهلكًا لبنانيًا ومقابلات مع خبراء، أظهرت النتائج أن التسويق الأخلاقي يتنبأ بشكل ملحوظ بولاء المستهلكين ($\beta = 0.42, p < 0.001; R^2 = 0.61$). كما أكدت تحليلات الوساطة أن وعي المستهلك وأصالة ممارسات CSR وESG تمثل قنوات محورية تعزّز من خلالها الأخلاقيّات ولاءً مستدامًا. وقد قدّمت النتائج مفهوم «الوعي كرأس مال معرفي»، موضحةً كيف يحوّل المستهلك الواعي الإشارات الأخلاقية والبيئية إلى شرعية أخلاقية وثقة. غير أن ضعف تطبيق القوانين التنظيمية يحدّ من هذا التأثير، مما يبرز الحاجة إلى رقابة مؤسسية فعّالة. وتوسّع الدراسة نظريتي أصحاب المصلحة والشرعية، وتقدّم دلالات تطبيقية مهمة للتسويق الأخلاقي في البيئات المؤسسية الهشّة.

**الكلمات المفتاحية**: أخلاقيات التسويق؛ ولاء المستهلك؛ المسؤوليّة الاجتماعيّة للشركات (CSR)؛ الحوكمة البيئيّة والاجتماعيّة والمؤسسيّة (ESG)؛ وعي المستهلك؛ تنظيمات حماية المستهلك؛ الاقتصادات الهشّة.

## 1. Introduction

The introduction of this study establishes the conceptual and contextual foundation for exploring how marketing ethics influence consumer loyalty within fragile economies. It first outlines the broader background and relevance of ethical marketing and responsible business conduct, then moves toward identifying the specific challenges faced by firms and consumers in weakly regulated environments. This section also situates the study within the global and Lebanese contexts, highlighting the role of consumer awareness, CSR, and ESG practices as key mechanisms linking ethics to trust and loyalty.

### 1.1 Background

Across global markets, ethical marketing has emerged as a central driver of consumer trust and loyalty. Yet its impact is especially critical in fragile economies, where institutional instability and weak regulatory enforcement undermine consumer confidence. According to the United Nations Development Programme (UNDP, 2023), a fragile economy is one "characterized by institutional weakness, political volatility, and vulnerability to external shocks that impair the state's ability to provide reliable governance and economic stability." Within such environments, marketing ethics and social responsibility become not merely competitive advantages but mechanisms for rebuilding legitimacy and public trust.

Recent research underscores that corporate social responsibility (CSR) and environmental, social, and governance (ESG) practices shape consumer perceptions, particularly when these initiatives are perceived as authentic and materially relevant rather than symbolic (Seok et al., 2024; Dai et al., 2025; Waites et al., 2025). From a stakeholder and legitimacy-theory perspective, firms maintain support when their ethical claims align with societal values and demonstrate genuine accountability (Awa & Ozuru, 2024). In Lebanon, a country currently exhibiting many features of economic fragility—including high inflation, weak enforcement of consumer-protection laws, and declining institutional trust—these dynamics take on amplified significance (UN-ESCWA, 2023).

### 1.2 Problem Statement

Despite the extensive literature linking CSR and ESG to positive consumer outcomes, two critical gaps persist.

- First, few studies explore how marketing ethics translate into loyalty through mediating constructs such as consumer awareness and perceived CSR–ESG authenticity, especially within fragile economies where skepticism toward corporations is high (Sneiderienė et al., 2025).
- Second, the moderating influence of consumer-protection regulation remains under-examined. While policy reports recognize enforcement credibility as central to market fairness, empirical marketing studies seldom integrate regulatory perception into behavioral models (UN-ESCWA, 2023). This research addresses these omissions by developing and testing a mechanism-plus-context model that explains how ethical marketing fosters loyalty through awareness, CSR, and ESG, contingent on the strength of regulatory enforcement.

### 1.3 Bridging Paragraph: From Gaps to Conceptual Model

Building on these gaps, the present study introduces a theoretical integration model linking marketing ethics (as the independent construct) with consumer loyalty (as the outcome), mediated by consumer awareness, CSR, and ESG, and moderated by consumer-protection regulation. The model is grounded in Stakeholder Theory and Legitimacy Theory, proposing that when firms communicate authentic, evidence-based CSR–ESG practices, consumers develop cognitive and moral legitimacy that leads to trust and repeat purchase. Conversely, in low-enforcement environments, symbolic CSR—often described as "woke-washing"—generates only temporary reputation gains. The model further conceptualizes awareness as knowledge capital, a cognitive mechanism through which ethical signals are internalized and transformed into durable loyalty.

### 1.4 Significance of the Study

Theoretically, this research extends legitimacy theory by specifying how awareness mediates the ethics-to-loyalty pathway and how enforcement moderates its strength.

Practically, it highlights how multinational and local firms can maintain legitimacy and consumer trust through substantive rather than symbolic CSR and ESG actions.

For Lebanon, the findings contribute to policy debates on consumer protection and ethical business practices, aligning with UN-ESCWA's call for stronger regulatory mechanisms to enhance market integrity (2023).

### 1.5 Research Objectives and Questions

**Objectives:**

1. To assess the direct influence of marketing ethics on consumer loyalty.
2. To examine the mediating effects of consumer awareness, CSR, and ESG.
3. To test the moderating role of consumer-protection enforcement.
4. To analyze how CSR–ESG authenticity shapes loyalty in fragile economic contexts.
5. To develop a conceptual framework integrating ethics, legitimacy, and awareness.

**Research Questions:**

1. How do marketing ethics influence consumer loyalty in fragile economies?
2. Do consumer awareness, CSR, and ESG mediate this relationship?
3. To what extent does enforcement credibility moderate these effects?
4. How do consumers interpret the authenticity of CSR–ESG initiatives?
5. Under what conditions does ethical marketing produce durable legitimacy and trust?

## 2. Literature Review

The literature review provides a theoretical foundation for understanding how marketing ethics interact with consumer-related constructs to shape loyalty in fragile economic contexts. It synthesizes prior research on ethical marketing, corporate social responsibility (CSR), environmental, social, and governance (ESG) practices, consumer awareness, and regulatory enforcement. By reviewing these interrelated domains, the section establishes the conceptual logic behind the proposed framework. The discussion begins with an examination of the relationship between marketing ethics and consumer loyalty, which serves as the cornerstone of the study's conceptual model.

### 2.1 Theoretical Foundations, Hypotheses Development, and Research Gaps

This subsection integrates prior theoretical and empirical findings to develop the hypotheses guiding this study. It also identifies the research gaps that justify the need for examining marketing ethics and consumer loyalty within fragile economies.

#### 2.1.1 Marketing Ethics and Consumer Loyalty

Marketing ethics represent the principles guiding fair and responsible marketing conduct, encompassing honesty, transparency, and respect for consumer welfare (Lee, 2019; Kamila, 2023). Ethical marketing helps firms differentiate themselves in competitive markets and build emotional bonds that translate into loyalty (Sameen, 2025). Prior studies have confirmed that consumers reward ethically responsible brands through repeat purchasing and positive word of mouth (Ali, 2025; Park et al., 2023). However, in fragile economies, where institutional trust is eroded, the relationship between ethics and loyalty may depend on the perceived credibility and authenticity of these ethical actions (UNDP, 2023).

#### 2.1.2 Corporate Social Responsibility (CSR)

CSR has long been viewed as a mechanism for linking corporate behavior to societal well-being (Carroll, 1991). Recent work positions CSR as a relational tool that builds legitimacy and trust when perceived as genuine rather than symbolic (Vredenburg et al., 2020; Macca et al., 2024). In emerging markets, CSR authenticity — local relevance, transparency, and measurability — is more predictive of loyalty than global branding rhetoric (Simbai et al., 2024). The current study adopts this view, examining CSR not merely as a moral duty but as a relational construct through which ethical marketing gains legitimacy.

#### 2.1.3 Environmental, Social, and Governance (ESG) Practices

ESG frameworks provide a measurable and auditable extension of CSR, focusing on firms' actual performance and disclosure standards. ESG authenticity, when communicated effectively, enhances perceived legitimacy and consumer trust (Seok et al., 2024; Dai et al., 2025). Conversely, greenwashing or selective ESG reporting can damage reputational credibility (Sneiderienė et al., 2025). Integrating ESG into consumer models therefore captures the degree to which ethics are institutionalized within a firm's governance rather than displayed symbolically.

#### 2.1.4 Consumer Awareness as Knowledge Capital

Consumer awareness operates as a cognitive filter through which ethical claims are processed, verified, and transformed into behavioral outcomes. This study conceptualizes awareness as knowledge capital—the informational resource that empowers consumers to discern authenticity in CSR–ESG communication. When awareness is high, consumers can distinguish substantive from symbolic ethics, thereby reinforcing moral legitimacy and long-term loyalty (Park et al., 2023; Awa & Ozuru, 2024). In low-awareness environments, even genuine CSR initiatives may fail to yield loyalty due to information asymmetry.

#### 2.1.5 The Moderating Role of Consumer-Protection Regulation

Consumer-protection regulations act as institutional safeguards that enhance the credibility of ethical practices. According to UN-ESCWA (2023), effective enforcement mechanisms reduce market uncertainty and strengthen consumer confidence. Weak regulation, however, allows symbolic CSR or "woke-washing" to flourish unchallenged (Vredenburg et al., 2020). The moderating influence of regulation is therefore critical in fragile economies where public institutions struggle to enforce market fairness (UNDP, 2023).

### 2.1.6 Summary of Prior Studies and Research Gap

**Table 1: Summary of Key Prior Studies on Marketing Ethics, CSR–ESG Practices, and Consumer Loyalty**

| Author(s) | Year | Context | Method | Key Findings | Identified Gap |
|---|---|---|---|---|---|
| Lee, J. Y. | 2019 | South Korea | Quantitative survey (N=380) | Ethical marketing positively affects trust and brand commitment. | Did not examine mediators such as awareness or CSR–ESG authenticity. |
| Park, Y., Lee, M., & Smith, G. | 2023 | U.S. & U.K. | SEM | CSR authenticity mediates link between ethics and loyalty. | Omitted consumer awareness as a knowledge-based factor. |
| Macca, L. S., et al. | 2024 | Europe | Content analysis of CSR campaigns | CSR social-media engagement boosts brand legitimacy. | Focused on digital engagement, not on fragile economies. |
| Seok, J., et al. | 2024 | Asia-Pacific | SEM | ESG transparency increases consumer satisfaction and loyalty. | Did not integrate consumer-protection enforcement as a moderator. |
| Sneiderienė, A., et al. | 2025 | Global | Systematic review | Greenwashing undermines ESG credibility and loyalty. | No empirical model linking ethics, awareness, and legitimacy. |
| Ali, S. M. S. | 2025 | Gulf region | Quantitative | Transparency in ethical marketing enhances consumer trust. | Excluded CSR–ESG mediation and enforcement contexts. |
| Simbai, M., Matowanyika, & Ruvinga | 2024 | Africa | Review | CSR in emerging economies strengthens loyalty if locally relevant. | No integration with awareness or fragile-institution frameworks. |
| Awa, H. O., & Ozuru, H. | 2024 | Nigeria | Conceptual | Stakeholder and legitimacy integration proposed. | Lacks empirical validation within fragile economy settings. |

**Note. Table compiled by the author based on data from peer-reviewed studies published between 2019 and 2025 (Lee, 2019; Park et al., 2023; Macca et al., 2024; Seok et al., 2024; Sneiderienė et al., 2025; Ali, 2025; Awa & Ozuru, 2024; Simbai et al., 2024).**

### 2.1.7 Identified Research Gap and Contribution

The literature demonstrates a consistent positive relationship between marketing ethics, CSR/ESG, and consumer loyalty, but three critical gaps remain:

1. **The mediating mechanism**—how consumers cognitively and emotionally process ethical signals—is underexplored.
2. **The moderating influence of consumer-protection** enforcement remains largely absent in behavioral models.
3. There is limited empirical evidence from **fragile economies**, where institutional weakness alters trust dynamics.

By addressing these gaps, this study contributes a mechanism-plus-context model integrating ethics, awareness, CSR, ESG, and regulation within the Legitimacy–Loyalty Framework, conceptualizing awareness as knowledge capital that transforms ethical signals into sustained trust and loyalty.

## 2.2 Theoretical Framework and Hypotheses Development

Building on the gaps identified in the literature, this section develops the theoretical basis for the proposed conceptual model. It explains how established theories in business ethics and stakeholder management provide the rationale for linking marketing ethics to consumer loyalty through mediating and moderating mechanisms. The discussion begins with the underlying theories that guide the model's structure and logic, clarifying how each theoretical lens—particularly Stakeholder Theory and Legitimacy Theory—frames the relationships among ethics, awareness, CSR, ESG, and consumer protection regulation.

### 2.2.1 Underlying Theories

**Stakeholder Theory.**

Stakeholder Theory posits that organizations derive legitimacy and long-term performance by addressing the interests of all stakeholders—consumers, employees, communities, and regulators (Freeman, 1984; Awa & Ozuru, 2024). Ethical marketing, CSR, and ESG activities represent mechanisms through which firms fulfill their social contracts with these groups. In fragile economies, where institutional trust is eroded, stakeholder alignment becomes a strategic necessity rather than a voluntary commitment.

**Legitimacy Theory.**

Legitimacy Theory explains that organizations seek to ensure their actions are congruent with societal norms and values to maintain their "license to operate" (Suchman, 1995). This study extends the theory by distinguishing between symbolic legitimacy (short-term, image-based) and substantive legitimacy (long-term, evidence-based). In fragile contexts, legitimacy becomes fragile when CSR activities are symbolic or disconnected from stakeholder realities. Substantive ESG practices, combined with transparent ethical communication, rebuild durable legitimacy and, consequently, loyalty.

### 2.2.2 Integrating Theories into the Conceptual Model

Drawing from both theories, the current model conceptualizes marketing ethics as the foundation of consumer–firm trust, with consumer awareness, CSR, and ESG authenticity as mediating mechanisms that translate ethical perceptions into consumer loyalty. The model also incorporates consumer-protection regulation as a contextual moderator that determines whether these ethical efforts are perceived as credible and enforceable.

In this model, consumer awareness functions as knowledge capital—a mediating construct representing the informational and cognitive resources enabling consumers to interpret ethical and ESG signals. When awareness is high, consumers can verify authenticity, building moral legitimacy and long-term loyalty. When awareness is low, ethical cues remain superficial, producing fragile legitimacy (Vredenburg et al., 2020; Park et al., 2023).

### 2.2.3 Hypotheses Development

**Marketing Ethics and Consumer Loyalty**

Ethical marketing fosters long-term loyalty by building trust and moral satisfaction (Lee, 2019; Ali, 2025). When firms behave transparently and respect consumers' rights, they strengthen affective and cognitive bonds.

1. H1: Marketing ethics positively influence consumer loyalty.
2. Mediating Role of Consumer Awareness
3. Awareness transforms ethical information into moral evaluation. Consumers who are aware of a firm's ethical and sustainable behavior tend to perceive it as legitimate and worthy of loyalty (Park et al., 2023).
4. H2a: Marketing ethics positively influence consumer awareness.
5. H2b: Consumer awareness mediates the relationship between marketing ethics and consumer loyalty.

**Mediating Role of CSR**

CSR activities, when authentic and socially relevant, reinforce the perception that the firm operates with integrity (Macca et al., 2024).

1. H3a: Marketing ethics positively influence CSR perceptions.
2. H3b: CSR mediates the relationship between marketing ethics and consumer loyalty.

**Mediating Role of ESG Authenticity**

ESG performance demonstrates a firm's measurable commitment to ethical standards (Dai et al., 2025). Consumers interpret transparent ESG disclosure as proof of integrity, strengthening trust and loyalty.

1. H4a: Marketing ethics positively influence ESG authenticity.

2. H4b: ESG mediates the relationship between marketing ethics and consumer loyalty.

**Moderating Role of Consumer-Protection Regulation**

Effective regulatory enforcement amplifies the credibility of ethical and ESG claims. In weakly regulated contexts, symbolic CSR or "woke-washing" undermines trust (UN-ESCWA, 2023; Vredenburg et al., 2020).

1. H5: Consumer-protection regulation positively moderates the relationship between ESG and consumer loyalty, such that the relationship is stronger under high enforcement conditions.

### 2.2.4 Theoretical Contribution

This integrated model advances theory in three ways:

2. It positions awareness as knowledge capital—a novel construct that links cognitive engagement to moral legitimacy.
3. It differentiates between symbolic and substantive legitimacy, aligning CSR and ESG practices with stakeholder theory.
4. It incorporates regulatory enforcement as a boundary condition, bridging individual and institutional trust mechanisms in fragile economies.

## 3. Methodology

This section outlines the methodological approach adopted to test the proposed conceptual model and validate the study's hypotheses. It explains the research philosophy, design, data collection procedures, and analytical techniques used to explore how marketing ethics influence consumer loyalty through mediating and moderating factors. To ensure rigor and credibility, both quantitative and qualitative methods were employed within a mixed-methods framework. The following subsection describes the research design that guided the overall structure and logic of the study.

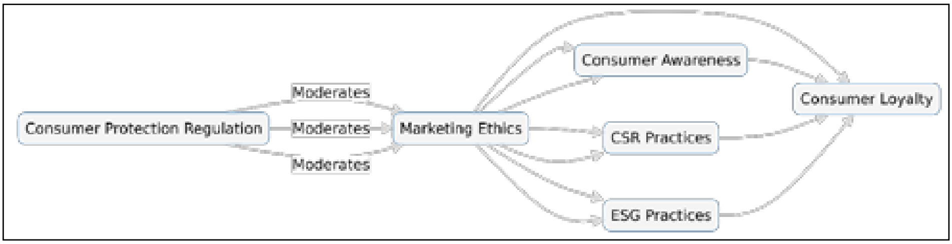
### 3.1 Research Design

This study employed a mixed-methods design integrating quantitative and qualitative data to capture both the measurable relationships among constructs and the deeper contextual meanings behind them. Mixed-methods research is increasingly used in marketing and CSR studies because it combines the statistical power of quantitative inquiry with the contextual richness of qualitative insights (Creswell & Plano Clark, 2023; Morgan, 2024). The quantitative phase examined structural relationships among marketing ethics, consumer awareness, CSR, ESG, consumer protection, and loyalty. The qualitative phase complemented these results by providing interpretive explanations from key informants in policy and industry.

### 3.2 Conceptual Model

The conceptual framework (Figure 1) presents a causal mechanism in which Marketing Ethics influence Consumer Loyalty both directly and indirectly through the mediating constructs of Consumer Awareness, Corporate Social Responsibility (CSR), and Environmental, Social, and Governance (ESG) practices. The model further posits that Consumer-Protection Regulation moderates the relationship between ESG and consumer loyalty by reinforcing the perceived credibility and trustworthiness of firms' ethical and sustainability commitments.

**Figure 1. Conceptual Framework: The Influence of Marketing Ethics on Consumer Loyalty**




**Source: Developed by the author based on literature review.**

This conceptual framework illustrates the hypothesized influence of marketing ethics on consumer loyalty. The model includes three mediators: consumer awareness, perceived CSR practices, and ESG practices. Consumer protection regulation is proposed as a moderator influencing the strength of the relationships between marketing ethics and these mediators.

**Note.** The conceptual model is grounded in Stakeholder Theory and Legitimacy Theory, emphasizing how ethical marketing creates both moral and cognitive legitimacy through awareness and authentic CSR–ESG practices, and how these effects depend on regulatory enforcement in fragile economies.

### 3.3 Quantitative Phase

**Population and Sampling.**

The population included Lebanese consumers aged 18 and above from all governorates. A total of 414 valid responses were collected through an online survey distributed via WhatsApp and Facebook groups between 2024 and 2025. A non-probability purposive sampling approach was applied, appropriate when research aims to explore theoretical relationships rather than estimate population parameters (Saunders, Lewis, & Thornhill, 2023).

**Instrument.**

The questionnaire consisted of five constructs: Marketing Ethics, CSR, ESG, Consumer Awareness, and Consumer Loyalty, plus the moderating construct Consumer Protection Regulation. Each construct was measured using validated multi-item Likert scales adapted from prior studies (Lee, 2019; Park et al., 2023; Sezer, 2024). All items were rated on a 5-point scale (1 = Strongly Disagree, 5 = Strongly Agree). The survey was pretested with 20 respondents for clarity and reliability.

**Data Analysis.**

Quantitative data were analyzed using SmartPLS 4 for structural-equation modeling (SEM-PLS) and SPSS 26 for descriptive statistics. Reliability and validity were confirmed through Cronbach's α, Composite Reliability (CR), Average Variance Extracted (AVE), Fornell–Larcker, and HTMT criteria (Hair et al., 2022). Mediation and moderation were tested through bootstrapping at 5,000 resamples.

### 3.4 Qualitative Phase

**Participants and Data Collection.**

Four semi-structured interviews were conducted with domain experts to triangulate and enrich the quantitative results:

1. The head of Consumer Protection – Ministry of Economy & Trade.
2. The head of Consumer Protection – Bar Association.
3. A marketing-agency director.
4. An advertising-agency strategist.

Interviews were conducted via Zoom, each lasting 30–45 minutes. Questions explored perceptions of ethical marketing, regulatory enforcement, and consumer awareness.

**Analysis.**

Thematic analysis followed Braun and Clarke's (2022) six-step framework: familiarization, coding, theme identification, review, naming, and reporting. NVivo 14 software was used to manage transcripts and generate coding matrices linking qualitative insights to the conceptual model.

### 3.5 Case Study and Triangulation

A case study of Procter & Gamble (P&G) in Lebanon was included, with comparative reference to Unilever and Johnson & Johnson. Case evidence was drawn from corporate CSR/ESG reports, Lebanese media coverage, and interviews. Triangulation across methods enhanced credibility and validity (Fetters & Freshwater, 2023).

**3.6 Ethical Considerations**

Participation was voluntary and anonymous; respondents were informed about data confidentiality and academic use. The study complied with the ethical guidelines of the Islamic Azad University and the Lebanese Ministry of Education.

## 4. Results and Findings

This section presents the empirical outcomes derived from both quantitative and qualitative analyses used to test the proposed model and hypotheses. The findings reveal how marketing ethics, consumer awareness, CSR, and ESG authenticity collectively influence consumer loyalty, and how consumer-protection regulation moderates these relationships. The discussion begins with the quantitative findings, which summarize the statistical results obtained through structural equation modeling (SmartPLS 4), followed by qualitative insights that complement and deepen the interpretation of these results.

### 4.1 Quantitative Findings

#### 4.1.1 Descriptive Profile of Respondents

The final sample consisted of 414 Lebanese consumers: 56% female and 44% male, with ages ranging from 18 to 65 years. Education levels were diversified—38% held university degrees, 27% postgraduate, and 35% secondary education. Respondents represented all Lebanese governorates, including Beirut, Mount Lebanon, the South, the Bekaa, Akkar, and Hermel, ensuring nationwide coverage.

#### 4.1.2 Reliability and Validity

Cronbach's α values for all constructs exceeded 0.80, and composite reliabilities (CR) were above 0.85, meeting recommended thresholds (Hair et al., 2022). The average variance extracted (AVE) for all latent constructs was above 0.50, confirming convergent validity. The Fornell–Larcker criterion and HTMT ratios (< 0.85) demonstrated discriminant validity. These outcomes indicate that all measurement items reliably captured the underlying constructs of marketing ethics, CSR, ESG, consumer awareness, consumer protection regulation, and consumer loyalty.

#### 4.1.3 Structural Model and Hypothesis Testing

SmartPLS 4 results supported most hypothesized relationships (see Table 1).

1. H1: Marketing ethics → consumer

loyalty was significant ($\beta = 0.42$, $p < 0.001$).

2. H2a–b: Marketing ethics → consumer awareness ($\beta = 0.47$, $p < 0.001$) and consumer awareness → loyalty ($\beta = 0.31$, $p < 0.01$); the indirect mediation was significant ($\beta = 0.15$, $p < 0.05$).
3. H3a–b: Marketing ethics → CSR ($\beta = 0.55$, $p < 0.001$); CSR → loyalty ($\beta = 0.28$, $p < 0.01$).
4. H4a–b: Marketing ethics → ESG ($\beta = 0.46$, $p < 0.001$); ESG → loyalty ($\beta = 0.35$, $p < 0.01$).
5. H5: Consumer protection regulation positively moderated the path between ESG and loyalty ($\beta = 0.22$, $p < 0.05$).

These findings confirm that ethical marketing exerts a direct and indirect influence on loyalty through the mediating mechanisms of awareness, CSR, and ESG. The moderating role of consumer-protection regulation indicates that enforcement credibility strengthens the translation of ethical practice into loyalty, consistent with regulatory-trust perspectives (UN-ESCWA, 2023).

**Table 1. Summary of Structural Model Results (β = Standardized Path Coefficient)**

| Path | β | p-value | Result |
|---|---|---|---|
| Marketing Ethics → Consumer Loyalty | 0.42 | < 0.001 | Supported |
| Marketing Ethics → Consumer Awareness | 0.47 | < 0.001 | Supported |
| Consumer Awareness → Consumer Loyalty | 0.31 | < 0.01 | Supported |
| Marketing Ethics → CSR | 0.55 | < 0.001 | Supported |
| CSR → Consumer Loyalty | 0.28 | < 0.01 | Supported |
| Marketing Ethics → ESG | 0.46 | < 0.001 | Supported |
| ESG → Consumer Loyalty | 0.35 | < 0.01 | Supported |
| Consumer Protection × ESG → Consumer Loyalty | 0.22 | < 0.05 | Supported |

**Source: Survey data analyzed using SmartPLS 4 (2025)**

#### 4.1.4 Model Fit

The standardized root mean square residual (SRMR = 0.054) and $R^2$ values indicated excellent model fit ($R^2$_loyalty = 0.61). This means 61% of the variance in loyalty is explained by marketing ethics, CSR, ESG, awareness, and regulatory moderation.

### 4.2 Qualitative Findings

#### 4.2.1 Thematic Insights

**Four central themes emerged:**

1. **Symbolic vs. Substantive Ethics**: Interviewees agreed that many CSR initiatives in Lebanon are "symbolic," designed for brand image rather than systemic impact—consistent with global

debates on "woke-washing" (Vredenburg et al., 2020).

2. **Consumer Awareness as Knowledge Capital**: Experts emphasized that awareness campaigns transform passive consumers into informed evaluators of authenticity. This mirrors findings that awareness mediates the path from ethics to loyalty (Park et al., 2023).
3. **Weak Enforcement as a Barrier**: Regulatory officials admitted that inconsistent enforcement weakens credibility, allowing firms to claim ethical compliance without tangible accountability.
4. **Trust–Legitimacy Paradox**: Marketing agencies noted that symbolic CSR may yield temporary trust boosts but fails to sustain long-term legitimacy—a paradox documented in legitimacy theory (Awa & Ozuru, 2024).

#### 4.2.2 Integration of Quantitative and Qualitative Evidence

The triangulated findings demonstrate that ethical marketing influences loyalty both directly and indirectly, but the conversion of ethical intent into durable loyalty depends heavily on consumer knowledge and institutional credibility. These patterns reinforce the proposed theoretical model linking Ethics → Awareness → Legitimacy → Loyalty, moderated by regulation.

## 5. Discussion and Implications

This section interprets the empirical results in light of the theoretical framework and prior research, linking statistical evidence to conceptual meaning. It discusses how the findings contribute to the understanding of ethical marketing, consumer behavior, and legitimacy formation within fragile economies. The discussion begins with an overview of the key findings, summarizing the main relationships observed in the model before exploring their theoretical, managerial, and policy implications.

### 5.1 Overview of Key Findings

The findings of this study confirm that marketing ethics play a decisive role in shaping consumer loyalty, both directly and indirectly through consumer awareness, CSR, and ESG authenticity. The model also establishes that consumer-protection regulation moderates the ESG–loyalty relationship, underscoring the importance of enforcement credibility in fragile economies. Collectively, the results support all proposed hypotheses (H1–H5), aligning with and extending prior scholarship on ethical marketing and legitimacy formation (Park et al., 2023; Awa & Ozuru, 2024).

### 5.2 Marketing Ethics and Consumer Loyalty (H1)

The strong positive relationship between marketing ethics and consumer loyalty ($\beta = 0.42$, $p < 0.001$) confirms H1 and aligns with previous findings demonstrating that ethical conduct enhances trust, satisfaction, and repeat purchase behavior (Lee, 2019; Ali, 2025). Similar to Park et al. (2023), who showed that perceived integrity drives brand commitment, this study extends the evidence to a fragile institutional context—Lebanon—where ethical marketing compensates for the absence of systemic trust. The results thus reinforce the argument that ethics operate as an informal governance mechanism in weak regulatory environments.

### 5.3 Mediating Role of Consumer Awareness (H2a–H2b)

The results support H2a–H2b, confirming that consumer awareness mediates the link between marketing ethics and loyalty ($\beta\_indirect = 0.15$, $p < 0.05$). This finding is consistent with Park et al. (2023), who emphasized the role of consumer understanding in amplifying CSR authenticity effects. It also aligns with Awa and Ozuru (2024), who framed awareness as a cognitive enabler of legitimacy within stakeholder relationships. By conceptualizing awareness as knowledge capital, this study advances theory by showing that informed consumers convert ethical information into moral legitimacy and sustainable loyalty. This cognitive transformation distinguishes durable trust from short-term satisfaction, especially in fragile economies where information asymmetry is common (UN-ESCWA, 2023).

### 5.4 Mediating Role of CSR (H3a–H3b)

The supported CSR pathways ($\beta = 0.28$, $p < 0.01$) corroborate H3a–H3b, consistent with previous studies highlighting the mediating power of CSR between corporate ethics and consumer outcomes (Macca et al., 2024; Simbai et al., 2024). These findings affirm that CSR activities enhance legitimacy when they are perceived as substantive and locally material rather than symbolic. Similar to Vredenburg et al. (2020), this research differentiates between symbolic CSR—designed for image—and substantive CSR—anchored in social accountability. Within the Lebanese context, CSR efforts that visibly contribute to local welfare (e.g., water conservation or community health) were reported by interviewees as more credible and effective in building loyalty.

### 5.5 Mediating Role of ESG Authenticity (H4a–H4b)

The positive influence of ESG authenticity on loyalty ($\beta = 0.35$, $p < 0.01$) validates H4a–H4b and complements the findings of Seok et al. (2024) and Dai et al. (2025), who established ESG transparency as a determinant of consumer satisfaction and trust. This result also resonates with Sneiderienė et al. (2025), who demonstrated that greenwashing undermines ESG credibility. By integrating ESG into the ethics–loyalty model, this study confirms that measurable sustainability practices are stronger predictors of loyalty than generic CSR claims. The evidence reinforces the emerging view that ESG acts as the "proof" of ethical marketing, translating ethical intent into observable legitimacy.

### 5.6 Moderating Role of Consumer-Protection Regulation (H5)

The moderating effect of consumer-protection regulation ($\beta = 0.22$, $p < 0.05$) supports H5, revealing that the ESG–loyalty link is stronger when enforcement credibility is high. This aligns with the institutional-trust perspective articulated by UN-ESCWA (2023), which identifies legal enforcement as essential for consumer confidence. The finding also echoes Vredenburg et al. (2020), who warned that weak institutional oversight enables "woke-washing" practices that erode trust. In Lebanon's fragile economic environment, inconsistent enforcement weakens the credibility of ethical initiatives, producing short-lived reputation gains rather than enduring loyalty. Therefore, regulatory legitimacy functions as a boundary condition that determines whether ethical marketing generates durable trust.

### 5.7 Integrative Theoretical Insights

Collectively, these results reinforce the integration of Stakeholder Theory and Legitimacy Theory within a fragile-economy framework. The study contributes theoretically by:

1. Confirming that marketing ethics operate as a stakeholder-alignment mechanism that builds trust and legitimacy (consistent with Freeman, 1984; Awa & Ozuru, 2024).
2. Introducing awareness as knowledge capital as a mediating mechanism through which ethical information becomes moral legitimacy.
3. Establishing regulatory enforcement as a contextual moderator, bridging

micro-level consumer cognition and macro-level institutional credibility.

4. Differentiating between symbolic and substantive legitimacy, illustrating that only the latter sustains loyalty in volatile markets.

### 5.8 Practical and Policy Implications

For managers, the findings highlight that ethical marketing and CSR–ESG strategies should be transparent, auditable, and locally relevant. Firms operating in fragile economies should prioritize education campaigns that raise consumer awareness, enabling ethical differentiation based on verified substance rather than slogans.

For policymakers, the results emphasize the urgency of strengthening enforcement mechanisms and improving public awareness of consumer rights. As enforcement credibility increases, the public's capacity to trust ethical claims also grows, leading to more stable market relationships (UNDP, 2023).

## 6. Conclusion and Future Research

This final section synthesizes the study's theoretical insights, empirical evidence, and practical implications. It reflects on how the research objectives were achieved and how the findings extend existing knowledge on ethical marketing, CSR, and consumer behavior in fragile economies. The discussion begins with the conclusion, which summarizes the major contributions of the study, followed by recommendations for future research directions aimed at deepening and expanding this line of inquiry.

### 6.1 Conclusion

This study examined how marketing ethics shape consumer loyalty through the mediating roles of consumer awareness, corporate social responsibility (CSR), and environmental, social, and governance (ESG) authenticity, while also assessing the moderating effect of consumer-protection regulation in the context of a fragile economy. Using a mixed-methods approach that combined survey data from 414 Lebanese consumers with expert interviews, the findings revealed that ethical marketing significantly enhances loyalty ($\beta = 0.42$, $p < 0.001$; $R^2 = 0.61$).

The study provides empirical evidence that awareness, CSR, and ESG authenticity are essential mechanisms translating ethical marketing into loyalty, validating the model's mediating hypotheses. In addition, the moderating analysis demonstrated that the positive impact of ESG authenticity on loyalty strengthens under credible regulatory enforcement. These results advance current understanding of marketing ethics by showing that ethics and regulation interact to build substantive legitimacy rather than symbolic trust—an especially valuable insight for fragile economies.

Theoretically, this work contributes to Stakeholder Theory and Legitimacy Theory in four ways:

1. It conceptualizes awareness as knowledge capital, a novel mechanism that converts ethical information into cognitive legitimacy and trust.
2. It distinguishes between symbolic and substantive legitimacy, showing that only the latter sustains loyalty in volatile markets.
3. It identifies consumer-protection enforcement as a boundary condition that moderates ethical effects in weak institutional environments.
4. It integrates CSR and ESG frameworks into a unified ethics–legitimacy–loyalty model, bridging moral and performance-oriented dimensions of corporate responsibility.

### 6.2 Managerial and Policy Implications

For practitioners, the findings emphasize that ethical marketing is not a promotional tool but a long-term relational strategy. Firms should:

- Prioritize authentic CSR and ESG initiatives that are transparent, auditable, and locally relevant.
- Invest in consumer education campaigns that increase awareness, allowing consumers to identify substantive ethics from symbolic claims.
- Embed ethical governance in all communication strategies, ensuring that ESG reporting matches operational reality.

For policymakers, the results underscore the importance of strong consumer-protection systems. Effective regulatory enforcement and clear public communication about consumer rights are critical to transform ethical marketing into societal trust. Strengthening these institutions could shift Lebanon—and other fragile economies—from symbolic ethics to sustainable legitimacy.

### 6.3 Limitations and Directions for Future Research

While this study provides a solid foundation for understanding ethical marketing in fragile economies, several limitations open avenues for future inquiry:

1. Cross-sectional design – The data capture relationships at a single

point in time. Future research could employ longitudinal or experimental designs to observe changes in consumer loyalty across economic cycles.

2. Geographical scope – The focus on Lebanon limits generalizability. Comparative studies across other fragile or emerging markets (e.g., Jordan, Egypt, or post-conflict regions) could test model robustness.
3. Digital context – As ethical concerns increasingly shift online, future work should integrate digital ethics variables (AI transparency, data privacy, influencer accountability) to examine ethical communication in virtual environments (Ali, 2025).
4. Stakeholder diversity – Expanding the model to include employees, suppliers, or NGOs as stakeholders could enhance understanding of multi-dimensional legitimacy.

In conclusion, this research underscores that in fragile economies, marketing ethics serve as both a moral compass and a trust mechanism. By empowering consumers through awareness and ensuring institutional accountability, firms and policymakers can transform ethical intent into sustainable loyalty and market resilience.

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