Consumer Purchasing: When Does Corporate Social Responsibility Matter?

The Honors Program

Senior Capstone Project

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May 2016

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Abstract:

Almost all companies engage in corporate social responsibility (CSR) programs, and often times consumers are unaware of this. As societal pressures on companies and organizations to be more responsible increases, so have the practices companies have undertaken. My research will examine the potential impact a company's CSR information and practices have on a consumer's purchasing intentions. It will answer the following two questions: Does CSR information have the ability to change a person's purchase intentions in high and low involvement purchasing scenarios? Will a person's individual level of social responsibility cause differences in purchase intentions among different purchasing scenarios? Exposure to a variety of different purchasing scenarios will attempt to uncover connections between CSR efforts and purchase intentions. Results from the study show that CSR makes a big difference to consumers in high-involvement purchasing scenarios.

Definition & Background:

At its core, the ideology behind CSR is that corporations need to be responsible for more than their own profits (Oberseder, Schlegelmilch, & Gruber, 2011). CSR is a broad topic that covers a variety of more specific focal areas. Bowen has been said to be the first author to discuss corporate responsibility, creating his first definition in 1953 as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society" (Bowen, p. 6). Becker-Olsen, Taylor, Hill, & Yalcinkaya cite his claims as early as the 1950s, when companies began creating reports about the social responsibilities of a business and its leadership (Becker-Olsen et. al., 2011) and focused on policies that had the objectives and values of society (Lindgreen et al., 2009).

In the 1970s, Carroll helped define CSR by explaining there were societal expectations for companies in the following categories: economic, legal, ethical and discretionary. (1979, p. 500). These were the four types of responsibility used in hers and many future definitions. This was later built upon by Maignan and Ferrell, who twenty years later replaced the term "society" with the phrase "stakeholder expectations" (Maignan et al., 1999) and these four types have been referenced by a number of later authors, such as Pomering and Dolnicar (2009) and Tian, Wang, and Yang (2011). During the 1980s, companies began paying more attention to what the public, and mainly its stakeholders, wanted. In the 1990s, there was a significant jump in the inclusion of social issues and the creation of social responsibility reports among companies (Juscius, Sneirderiene, & Griauslyte, 2013). Some of this can be attributed to consumers expecting more from organizations when it comes to their corporate citizenship practices (McIntosh et al., 1998, Pinkston and Carroll, 1994, Lindgreen et al., 2009, p. 305). It was also in this time period that

companies began to see CSR practices as a way to positively impact profits, not just a bunch of additional costs (Arrigo, 2012, p. 177). At the turn of the century, more research started taking place trying to link CSR initiatives to consumer behavior patterns.

Now, most CSR activity falls under one of the following categories: ethical manufacturing of products, community involvement, non-profit contributions, or environmental sustainability (Berger et al. 2007). Larry Ruddell gives thirteen more specific CSR efforts that fall under the more broad titles: business ethics and morality, corporate accountability, corporate citizenship, corporate giving and philanthropy, corporate greening and green marketing, diversity management, environmental responsibility, human rights, responsible buying and supply chain management, social responsible investment, stakeholder engagement, and sustainability (Ruddell, 2014, p. 194).

Why Is It Important:

CSR is important because it reflects a company's values, and identity, and can be used as a tool to bring together a company's corporate identity and the company's identity to its stakeholders to form a complete organizational identity. A stakeholder can be defined as "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future" (Clarkson, 1995, p. 106, Lindgreen, Swaen, & Johnston, 2009, p. 304). Primary stakeholders are anyone who is continuously and actively involved in ensuring a business' success. This includes employees, customers, investors, suppliers, and shareholders (Maignan et al., 2005, p. 959). As early as the 1980s, scholars agreed that because many stakeholders become interested in corporate development, they have both economic and social responsibilities, leading to a variety of CSR practices (Arrigo, 2012, p. 176). In the answers to a qualitative study executed by Pomering and Dolnicar in Australia, large bank executives all

agreed that a number of stakeholders had the ability to affect the business's overall performance (2009, p. 291), showing that the importance of CSR goes beyond theoretical arguments and is impacting the way real companies are looking to market themselves.

Balmer defines corporate marketing as "a strategic perspective guiding a company's thoughts and actions that centers on the fundamental question: 'Can we as an institution have meaningful, positive and profitable bilateral on-going [long-term] relationships with customers, and other stakeholder groups and communities?'" (Hildebrand, Sen, & Bhattacharya, 2011, p. 1355). Much of what companies choose to do for their CSR is dependent on their stakeholders, as many top level executives believe that engaging in CSR activity can produce company-favoring responses from several stakeholders (Hildebrand et al., 2011). Branco and Rodriguez (2007) even go so far as to say that CSR works must be related to stakeholder interests, or else they will have no effect or negative effects on the organization (Curley & Noormohamed, 2014). "Consumers [a key stakeholder group] care more about CSR for companies and they take it into account when considering who to do business with" (Oberseder, Schlegelmilch, & Gruber, 2011, p.451). Balmer believes that the way a company portrays itself in its corporate marketing efforts should be reflective of how the company views its stakeholders and how it views itself (Hildebrand et al., 2011).

What Companies are doing with CSR:

There has been debate for decades as to how important social responsibility is and what CSR entails for companies. One example of a company taking on CSR practices is Stonyfield Yogurt, which has policies regarding human rights, supplier diversity, and environmental responsibility to name a few (Pirsch, Gupta, & Grau, 2007, p. 126). Another would be British Petroleum (BP), which has long-term goals of a diverse employee base, being weary of

employee safety, reducing emissions for their products, and even supporting local arts and culture (Pirsch et al., 2007). Starbucks has actually gone above and beyond what has been demanded by stakeholders, engaging in recycling, employee-friendly policies, and fair trade initiatives (Maignan, Ferrell, & Ferrell, 2005, p. 963). In a questionnaire for the banking sector, an executive admitted that "around 2000, we realized we couldn't continue to operate without listening to customers and key stakeholders" (Pomering & Dolnicar, 2009, p. 291). Creating a 'stakeholder-friendly culture' that is responsive to those common needs can be a source of competitive advantage for a firm (Leap & Loughry, 2004, Maignan et al., 2005, p. 960).

Literature Review:

Past research shows that "positive CSR associations can enhance product evaluations" (Brown and Dacin, 1997, p. 80, Sen & Bhattacharya, 2001, p. 226), but there was still a need for further testing. Companies are beginning to see the necessity of CSR activities. In the past decade, *Socrates, The Corporate Social Ratings Monitor*, broke CSR down into six domains: community support, diversity, employee support, environment, non-US operations, and product (Sen & Battacharya, 2004). In recent years, it has also become more important to not only listen and react to stakeholders, but to be proactive in CSR efforts in order for them to have a positive impact on a company (Sen & Battacharya, 2004).

Consumer Knowledge of CSR

It's great for society-at-large when corporations engage in CSR, but what happens if nobody knows about it? Too many studies neglect to measure consumer awareness of CSR initiatives (Mohr et al. 2001). Mohr, Webb, and Harris state that a big reason CSR has not affected consumer purchasing decisions in the past is because there has been an overall low level of awareness (Arrigo, 2012). One cannot truly measure real consumer intention to buy if they know very little about products made by socially responsible companies (Pomering & Dolnicar, 2009). Sen & Battacharya also noted that large groups of consumers are not aware that most companies engage in CSR initiatives (2004). A poll from the Hartman Group cited demand for CSR communications: 73% of those polled said they would like to have sustainable practices be more visible to the public (Curley & Noormohamed, 2014). Similarly, a Cone Corporate Citizenship study in 2004 showed that sixty-one percent of its respondents did not think companies give enough details about their CSR efforts (Curley & Noormohamed, 2014).

Orlitzky, Schmidt, and Rynes share that when a company communicates with external parties

about its CSR levels, it can help build a positive image with stakeholders such as customers, investors, bankers, and suppliers (Frombrun & Shanley, 2003). This shows a great need for increased CSR communications to determine if it truly is a factor in consumer purchasing.

Vaaland, Heide, and Gronhaug state that marketing is "the discipline that is most preoccupied with the linkage between the firm and the environment in which the firm is embedded, i.e. a central aspect of CSR" (2007 p. 928). They present a case for marketing being a necessary avenue for CSR communication. Marketing is anything but static, as it creates and adapts new concepts as time goes on, and allows for new theory and methodologies to create new insights that can influence the firms' activities (Vaaland et al., 2007). Hunt (1983, p. 129) defines marketing as "the behavioral science which seeks to explain exchange relationships" (Vaaland et al., 2007, p. 929). The American Marketing Association (AMA) defined marketing as "a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders" in August of 2004 (Vaaland et al., 2007, p. 929). This new definition shows that companies are starting to see more value in marketing geared towards customers, and that there is more to marketing than showing off a product of service. If marketing influences exchange relationships, it will be crucial for companies to include CSR information in marketing to determine if it has an impact on the exchange relationship between corporations and consumers.

When Sen and Battacharya analyzed results from their 2001 study, they discovered that when they gave participants a company's CSR records, it created shifts in the consumer-company distance and identity overlap. Moreover, the positive change for participants who greatly supported the CSR initiatives was much greater than those with low support (Sen & Bhattacharya, 2001). This study was important to review because prior to the study, participants

were not aware of the company's diversity-related CSR activities. In addition, they were surprised by the new CSR information, because they did not expect this company would engage in these activities (Sen & Bhattacharya, 2001). This is just one example of the great potential of CSR marketing.

Pomering and Dolnicar were also weary of the gap between CSR efforts and consumer knowledge. They admit that while awareness has proven effective in theoretical settings, it is still hard to tell whether real consumers are aware of CSR activities when making real consumption decisions (Pomering & Dolnicar, 2009). Their studies test a largely agreed upon theory that the lack of CSR marketing and communication is an explanation for the gap between consumer attitude and actual behavior (Pomering & Dolnicar, 2009). The banking industry in Australia was examined, as this was the country's "most active business sector" (Pomering & Dolnicar, 2009, p. 286) when it comes to CSR activity, and it is also an industry that requires high involvement on the part of the consumer. The purchase option examined was a high-involvement purchase decision of a service, which is to choose to be a customer of a bank. First a qualitative study was conducted to learn what large banks in the country do for CSR, what gets communicated, and how. They discovered that in terms of consumer communication, people were mainly exposed to CSR information through local community initiatives or through mass communication advertising campaigns (Pomering & Dolnicar, 2009).

A quantitative study with 415 pre-screened consumers followed, gauging the current consumer awareness of CSR activities four major banks participate in, their support levels of said activities, and CSR evaluations, borrowing scales and theories such as Maignan's four-factor scale (2001) which covers Carroll's main areas of business responsibility (1991, Pomering & Dolnicar, 2009). Their results were flooded with staggering statistics proving the enormous

gap between CSR activity and consumer awareness. When asked to match a given social initiative to its respective bank, respondents were unsure about thirteen of the twenty descriptions, and forty percent of respondents were unsure about all twenty verbal items. Furthermore, a mere seven percent of respondents were actually familiar with any of the initiatives their banks were involved in (Pomering & Dolnicar, 2009). An interesting insight the pair was able to make through the use of chi-square testing was that those who remembered the verbal stimuli correctly are part of a very specific market segment. Respondents between the ages of twenty-nine and forty-five made the up majority of people who knew what the logo for the "Starlight Children Foundation Australia" was, and this age group largely represents the age of parents (Pomering & Dolnicar, 2009). This shows the opportunity for a way to improve CSR communication effectiveness through segmentation approaches, as further discussed in the implementation section of this paper.

As shown, there is a general consensus that CSR-related marketing communications can be used to shape organizational image and brand beliefs (Dawkins, 2004). Several other authors take it one step further, and say "'Pro-social' marketing initiatives can form a market-differentiating strategy (McWilliams and Siegel, 2001), build brand equity, and lead to customer loyalty and other positive post-purchase outcomes (Battacharya & Sen, 2003)" (Pomering & Dolnicar, 2009, p. 288). These positive reactions to CSR have also grown the business case for companies to be more involved in CSR activity. Businesses have begun to care much more for their CSR activity due to the opportunity for greater consumer profits (Sen & Battacharya, 2004). This all indicates that if more consumers are aware of CSR efforts, they will not only react well to it, but may purchase from a company because of it. This is a large gap that marketing departments would be able to help address.

Consumers respond well to CSR

The past decade has been filled with studies proving that consumers respond well to CSR initiatives. To note a few, a Walker study found that eighty-eight percent of U.S. consumers will be more likely to do business with companies that are socially responsible (Smith, 1996, Maignan, 2001). According to the Council on Foundations, "sixteen percent of U.S. consumers claim to seek do-gooders when shopping while another forty percent found corporate citizenship to be a tie-breaking activity" (Maignan, 2001, p. 58). Based on prior research, one can infer that the growing importance of CSR to stakeholders and consumers would lead to these numbers rising if the same survey was conducted today. Studies conducted by Creyer and Ross (1997), Carrigan and Attalla (2001) and Thomas et al. (2002) all found that customers want to support ethical companies (Vaaland et al., 2007). In the 2004 Cone study, "74% of Americans surveyed consider an organization's commitment to causes important when they decide which products and services to recommend to others" (Lindgreen et al., 2009, p. 305). This shows that when the right information is provided, consumers will most likely respond in a positive manner. 86% of American respondents want to know how companies support social issues, and that this should be communicated (Pomering & Dolnicar, 2009). In 2002, Lantos proved that if CSR activity relates to future results, goodwill, and brand value, the value of a firm can be enhanced (Vaaland et al., 2007). Sen & Battacharya were also able to prove through their own study that "consumers' company evaluations were positively influenced after reviewing CSR information about the company" (2004, p. 15).

In a study run by Pirsch et al., participants expressed a significant and positive difference in customer loyalty levels toward the Institutional CSR firm, which is a firm that aims to fulfill

the needs of all stakeholder groups. Furthermore, "institutional CSR programs generated more positive attitudes toward the company" (Pirsch et al., 2007, p. 132).

Many previous studies have noted the positive correlation between promoting CSR efforts and a company's image in the eyes of the consumer. CSR helps to create a positive corporate image (Smith & Stodghill, 1994) and enhance product evaluation via an overall evaluation of the firm (Pirsch et al., 2007). If a company engages in CSR that aligns with their stakeholders, as earlier described, then the existence of strong relationship with stakeholders will produce a superior brand image (Arrigo, 2012). "A company's CSR position leads to consumer identification with the company, which in turn leads to better company evaluation" (Oberseder et al., 2011, p 450).

In the case of Gap Inc., it took severe damage to their brand image to realize they needed to engage their stakeholder and social responsibility. Accounts of illegal labor conditions as well as child labor in outsourced factories in 1995 and 2000 hurt the brand. The BBC created a documentary about Gap and Nike specifically regarding their failures to be socially pro-active in making sure their factories complied with proper labor standards. The Gap story lasted in the news cycle for months, several NGOs sued the company, and they lost much credibility. After this incident, they decided to re-engage with their stakeholders, find out what they wanted from the company, and worked with them to create new objectives and a two-way communication line. Their efforts paid off when in 2007, more child labor was found in India, and the company took a very different approach in handling the situation. This time, the NGOs worked with Gap to eradicate the problem, and it only spent days in the news cycle (Smith, Ansett, & Erez, 2011). The strengthened relationships with stakeholders led them to becoming "one of the best-known companies in the fast fashion sector with a great image of responsible firm" and earned the

company a spot on "the 100 Best Corporate Citizens" list made by the *Corporate Responsibility Magazine*" (CSR Benefits, Arrigo, 2012, p. 184). Brown and Dacin also make the claim that when consumers view a company in a positive light, they will consequently view the company's product in a similar positive light (Sen & Bhattacharya, 2001, p. 229).

Sen and Bhattacharya sought to determine if there was a correlation here, using the hypothesis "a company's CSR initiatives will enhance consumers' evaluations of that company" (Sen & Bhattacharya, 2001, p. 229). The industry in question in their study was the technology industry, and several hundred MBA students were asked questions relating to a tech company's C-C (consumer-company) congruence, company evaluation, and their purchase intentions with this company (Sen & Bhattacharya, 2001). They found that company evaluations were not just tied to their initial impressions of the company, but also were impacted by the company's CSR Record (Sen & Bhattacharya, 2001).

Many other authors have cited findings that confirm the link between CSR efforts and positive brand or company images. Handelman and Arnold (1999) suggest that institutional (social) action has an effect on customer support for a company (Vaaland et al., 2007).

Ahluwalia, Burnkrant, and Unnava (2000) went a step further and found that consumer support for a given company is often expressed through commitment to that brand (Vaaland et al., 2007).

CSR and Purchase Intention

Literature is just beginning to examine the possible relationships between CSR awareness and consumer purchase intention. This is one of the most controversial touch-points in the greater CSR conversation, as so many different authors have varying opinions of how CSR can be directly linked to purchase intention. It is a complex relationship to uncover, because consumers have varying levels of how important CSR is to them, especially in a purchasing

scenario. Some, such as Porter and Kramer (2002) argue that CSR objectives can create competitive advantage, while Auger et al. (2003) and McWilliams and Siegel (2001) emphasize that in order for CSR to work as a point of differentiation in a 'tiebreaker' situation, consumers must be aware of a firm's CSR activities (Pomering & Dolnicar, 2009).

From much of what has been examined, when consumers are made aware of CSR, it leads to better attitudes and stronger intentions to buy products from a socially responsible company (Oberseder et al., 2011). In the previously mentioned 2004 Cone Communications study, "84% of Americans say they would be likely to switch brands to one associated with a good cause, if price and quality are similar," and "36% consider corporate citizenship an important factor when making purchasing decisions" (Sen & Battacharya, p. 9). A study in South Korea proved that there is a positive correlation between consumers' awareness of CSR activities and their purchase intentions, implying that consumers seek "good" CSR activities, and they plan on buying products from "good" companies (Lee & Shin, 2009). Participants of this study were half male and half female, with age ranging from 18 to 64, and the questionnaires they received had a large spread of types of CSR activity (Lee & Shin, 2009).

In a study that targeted over 1,000 mall shoppers in China, researchers tested for links between CSR awareness and purchase intentions. Their evidence supported a positive correlation between higher CSR awareness levels and consumers with higher perceived CSR having more positive responses on purchase intentions (Tian, Wang, & Yang, 2011). Tian et al. also tested for a possible "positive relationship between consumers' purchase intention and their demographics" which included: age, gender, income, and education levels (2011 p. 200). Of the participants who were aware and had positive CSR responses, the majority were middle aged (40-55 years) and had incomes ranging from 2000 to 3000 Yuan per month, or \$306 to \$60 (Tian

et al., 2011). In China, this demographic combination is considered a middle-class group. Tian et al. admit that CSR activities in China are still just beginning to emerge (Gao, 2009), so this study could have differing results in other geographic locations.

In a second study conducted by Sen and Battacharya, they had undergraduate business students answer a variety of questions pertaining to a company selling business calculators. The study had two domains: relevant or irrelevant, pertaining to participant reaction to the CSR information the study provided. It was determined that there was a significant correlation between CSR Record and CSR Domain interaction, and it could positively predict purchase intentions (Sen & Bhattacharya, 2001).

Instead of getting straight answers, their findings proved that the CSR – purchase intention link is much more complicated than many may think. Increased and decreased purchase intentions were found in this study. They found that when consumers were strong supporters of an issue a company's CSR initiatives were addressing, they would be much more willing to pay more (Sen & Battacharya, 204). In a similar study, Lafferty and Goldsmith created two newspaper advertisements to see how consumers would react to having a spokesperson and writing about a company's corporate credibility. The positive version included information about the company's contributions to the community-at-large and the environment, and the negative version spoke of poor quality control, SEC problems, etc. The pair found that corporate credibility information had a significant impact not just on consumer attitudes towards the company, but also on their purchase intentions (Lafferty & Goldsmith, 1999).

Orlitzky et al. decided to conduct a meta-analysis of 52 studies to statistically show the relationship between CSP and CFP (corporate financial performance), to assess the validity of instrumental stakeholder theory, and to examine moderators such as the timing of CSP and CFP

measurement (Orlitzky et al., 2003). When testing the CSP-CFP relationship, the correlation coefficient stayed positive, supporting the notion that "CSP and financial performance are generally positive related across a wide variety of industry and study contexts" (Orlitzky et al., 2003, p. 406). This shows that consumer exposure to positive CSR efforts can play a role in strengthening a company's financial performance.

CSR importance in high and low-involvement cases

One of the reasons it has been so difficult to directly link CSR to consumer purchase intentions is that not all purchases are created equal. One of the largest discrepancies among purchases the average consumer has to make is whether the purchase requires high or low involvement. Pomering and Dolnicar characterize high involvement purchases as those which are important to the consumer, are infrequent purchases, and have a moderate to high level of risk (2009). Adversely, low involvement purchases can be characterized by having minimal risk and being frequent purchases. Their theory is that in a high involvement purchase, consumers will not make snap decisions, and will process information before deciding to buy. This means that when CSR information is present, it will become part of the cognitive processing done before making the decision. In low involvement purchases, snap decisions are made more frequently, as there are far fewer consequences attached to the buying decision. Since cognitive processing is minimal, CSR will therefore have a minimal (if any) effect on the purchase decision (Pomering & Dolnicar, 2009).

Results from an exploratory study in the UK found that its focus group participants cared more about a product's price than the company's ethical values, especially when it came to food and other frequently purchased items (Bray, Johns, & Kilburn, 2011). These can all be referred to as commodity items, as they are low-involvement purchases that have a large amount of

substitutes. This suggests that CSR is of minimal importance to consumers when making lowinvolvement purchases.

In a study conducted by Mohr and Webb in 2005, they tested how participants would react to varying levels of involvement and CSR in a company. They created four total scenarios. The first manipulation was company descriptions having either a low or high involvement in CSR practices. Both the high and low involvement scenarios were about sneakers, and the involvement level was split by low and high quality and price. They found that purchase intentions for a high priced sneaker from a high-CSR company was much greater than purchase intentions for a cheap sneaker from a low-CSR company (Mohr & Webb, 2005). This shows that consumers were more willing to pay extra if purchasing from a socially responsible company compared to a great deal from a company who does not do much with CSR.

Conclusion:

The literature up to date has proven much about what CSR can do for a company. There is a proven gap between the CSR efforts companies have been engaging in and consumer knowledge about these activities. Surveys have shown that consumers want to know more about the social responsibility companies partake in. Stakeholders have a better perception of a brand or company when they support CSR initiatives.

Marketing can be a great way to reach consumers and other stakeholder groups in order to bridge the large knowledge gap. Using CSR as a marketing tool helps engage stakeholders with a brand or company and is a direct channel of communication. The most complicated subtopic discussed was CSR as it relates to purchase intentions. As shown, it can be difficult to tell how much CSR knowledge can impact an individual's intentions to purchase from a given company. To build upon this complex relationship, there are many different kinds of purchases

in which several factors, one being CSR, are used to make a purchase decision. One large difference in product type is whether a product is a commodity or non-commodity, as they require low and high involvement levels respectively.

Based on literature findings, there is still a need to further examine how CSR can factor in to different purchasing decisions. The study will be based on the following hypotheses:

H1a: The low-involvement scenario with CSR information will result in higher purchase intention scores compared to the low-involvement scenario without CSR information.

H1b: The high-involvement scenario with CSR information will result in higher purchase intention scores compared to the high-involvement scenario without CSR information.

H2: The effect of CSR information in high involvement purchases will be greater than in low involvement purchases.

H3: The effect of CSR information will have a greater impact on purchase intentions of socially responsible consumers than consumers with low social responsibility.

Methodology:

<u>Design</u>: A study was conducted in the form of a survey to test how consumers of varying socially responsible levels responded to a variety of purchasing scenarios. There were four total scenarios created. The scenarios involved the participant purchasing either dental floss or a

refrigerator. Two of the scenarios involved low-involvement purchases, the product being dental floss. The scenario lacking CSR information only included a basic company description, and the others had company descriptions that included CSR information and practices. The scenarios were modeled after scenarios created by Mohr and Webb in their 2005 study.

The two scenarios each participant was exposed to were either both low-involvement scenarios or both high-involvement scenarios, as indicated in Appendix 1. In either case, participants were exposed to the company description without CSR and then the company description including CSR information. The independent variables in this study were the type of product the participants were exposed to, which were either dental floss or a refrigerator. The dependent variables tested were questions relating to each individual's purchase intentions in each scenario. After being exposed to each scenario, a short series of questions were asked to determine the purchase intentions of each individual.

The next set of survey questions determined a participant's individual level of social responsibility. The questions asked how strongly participants resonated with a variety of topics housed under social responsibility, such as green efforts and employee treatment. The questions also asked about purchasing behavior based around CSR knowledge.

<u>Data Collection:</u> A total of 135 participants were surveyed. Participants were primarily collegeaged, ranging from 18-22, who voluntarily completed the survey. 52% of participants were female, and 48% were male. The behavioral lab at Bryant University was utilized for some data collection, and for some students, completing the survey resulted in additional class credit. In either case, the survey was completed in an online setting. The version of the survey participants got was randomly assigned. Those who completed this survey outside of the behavioral lab were gathered by a convenience sample.

Measures:

In order to determine the involvement level of a given purchasing scenario, prices were allocated to the product in each scenario. The low involvement was marked by including a low price of \$2.75 in the description for dental floss. The other two scenarios had a high involvement purchase of a refrigerator, as indicated by its expensive price. The refrigerator was given a price range of \$950 to \$1,350.

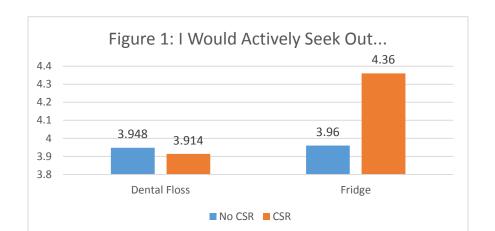
The first set of questions measured purchase intent (PI). PI was determined by using three five—point semantic differential items. Answer options ranged from strongly agree to strongly disagree, and definitely will buy to definitely will not buy. The three items remained the same regardless of the purchasing scenario presented. The first section of both versions of the survey can be found in Appendix 2.

To measure social responsibility levels for each participant, a five point Likert scale was used for seven items, with answer options ranging from strongly agree to strongly disagree. Items were pulled from a larger 26-tem Socially Responsible Purchase and Disposal Scale (Webb, Mohr, and Harris 2004). These responses were then coded numerically, with 5 being strongly agree and 1 being strongly disagree.

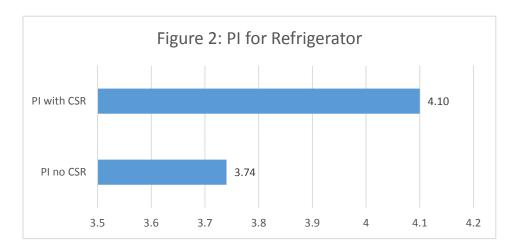
Analysis & Results: In order to test all three hypotheses, survey data was cleaned and entered into IBM's STSS Statistics to run a variety of tests. To test the first hypotheses, a 2-way ANOVA was run, specifically a repeated-measure general linear model test. To account for scenarios with and without CSR information, the within-subject factor had two levels and was labeled CSR.

Tests were run to compare answers to each three purchase intention questions from the varying purchase scenarios. This allowed us to simultaneously compare the same PI question from both scenarios a participant was exposed to and have a split between high and low involvements. Test results for the main PI item showed a p-value of .001, which is extremely significant as .001 < .05. When looking at the results, the average PI for the high-involvement scenarios were higher than the average PI for the low-involvement scenarios, supporting H1a and H1b. This remained true for the remaining two PI items as well.

In order to validate the results of the three items, a paired T-test was run for the question data in Figure 1. These results matched with the 2-Way Anova test, resulting in a p-value of 0.000. Figure 1 shows the averages of the first PI question, "I would actively seek out this product from company A," for each purchasing scenario. Results showed that the presence or absence of CSR information only had a large impact in high-involvement purchasing scenarios. The PI levels for low-involvement scenarios were very similar and did not have a large enough difference to be significant. To ensure no extraneous factors were manipulating results, each person's average SR score was added as a co-variate, and this did not change or affect results. The other two PI items yielded the same results, having p-values of .004 (see Appendix 3). In the other item results for low involvement, the presence of CSR information yielded slightly higher results, but were still not significant, all supporting H2.



To further validate all PI questions, a paired T-test was run that combined responses from all three PI items. Each respondent was awarded two average PI scores from the three questions asked in both scenarios they were exposed to. Those averages were used in this paired T-test, and again the results showed the same discoveries that Figure 1 illustrates. The difference between PI in the low-involvement scenarios was still insignificant, but the high-involvement PI scores showed a significant difference. These findings show that H2 can be accepted.



The last hypothesis tested was how important CSR information would be to varying individual levels of SR. In order to produce clean and accurate results, participants had to be labeled as having high or low levels of social responsibility, or SR. In order to do this, the answers to all 7 items were averaged for each individual. Then the mean of the averages was found, which was a 3.9 out of a 5 point scale, and that was used as the split number for the two

groups. Anyone lower than a 3.9 was labeled 0, or having low SR, and anyone above a 3.9 was labeled a 1, or having high SR levels. For this three way interaction, a 2x2x2 ANOVA was run.

There was no significant relationship combining the three factor of CSR, involvement level, and an individual's SR. The between-subject analysis showed a p-value of .156 for this interaction, deeming it insignificant. These findings are not consistent with H3. Additional survey questions can be found in Appendix 4.

Implications:

Since consumers at large have low overall knowledge of company CSR efforts, this study shows that companies should begin to create strategies to increase consumer awareness. As shown from the results, these strategies will be most useful for companies and brands selling high-involvement products. Rather than focusing on consumers who are socially responsible, companies should target all consumers who are making high-involvement purchases.

The authors whom Vaaland et al. examined have begun to investigate *how* companies are promoting their CSR initiatives. "Some marketers claim that there is a need to develop a stakeholder orientation" (2007, p. 931), meaning that there are stakeholders other than the customer group that are important. This viewpoint matches well with the new AMA definition of marketing, which could mean that "the way to enhance socially responsible marketing is by enhancing customer wellbeing without causing harm to other stakeholders (Sirgy & Lee, 1996, p. 931). Maignan et al. noted that more and more companies have been using websites to communicate their CSR-related achievements (Maignan and Ralston, 2002). Traditional advertising has also taken place. For example, Shell has been running a campaign for years that is based on the theme: "profits and principles: is there a choice?" (Maignan et al., 2005, p. 972).

In 2007, Drumwright's findings suggested that advertising with a social agenda is an effective way to communicate a corporate mission" (Vaaland et al., 2007, p. 945).

The uprising of the internet and having an online presence has significantly changed the way company's promote and market themselves. Much more attention is now focused on being active online and reaching consumers through a variety of platforms. Some of the most notable are Facebook, Twitter, Pinterest, Instagram, and the use of blogs (Curley & Noormohamed, 2014). McKinsey states in its Quarterly Report that this framework is different from traditional description of consumer purchasing behavior as a linear model through a funnel, and it is "the only form of marketing that can touch consumers at each and every stage" (Curley & Noormohamed, 2014).

Social media can be used as a tool to leverage consumer involvement with a brand, and has the ability to transform social relations (Whelan, Moon, & Grant, 2013). Facebook alone has about "1 billion active monthly users" and Twitter has around 228 million users (Pring 2012, Whelan et al., 2013, p. 778). These numbers have only risen to-date. Using social media can capture a large variety of market segments and also gives companies the potential to create stronger connections with their current stakeholders.

Companies can use social media to share and leverage their CSR efforts with consumers in real time and engage in two-way conversation with stakeholders. It does so in a few ways. First, social media allows citizens to communicate and share information at faster rates than ever befor (Whelan et al., 2013). This is useful because it allows companies to get increased, real-time access to how its stakeholders are responding and reacting to its CSR messaging and initiatives. Leveraging CSR through social media world can strengthen consumer trust and loyalty. An example is 'The Future Friendly Challenge' on Facebook created by Proctor & Gamble to help

with various efforts for Children's Safe Drinking Water. Only a few months old, this initiative gained "more than 20,000 followers who have taken the challenge... translating to over 20,000 days of clean drinking water donated. More than 7,000 posts have been made by supports with their tips and experiences" (Baer, 2010, Curley & Noormohamed, 2014, p. 63).

Limitations & Future Research

There were a few limitations to this study. First, the survey was only available for completion in an online form for one week. Time constraints made it difficult to gather a richer pool of data. Due to the nature of data collection, the participants were college students. Therefore, the study only shows us how one age segment responds and reacts to what the study tests. Other studies could perform a larger-scale version of this study that includes a wider variety of age groups. Researchers would then be able to compare responses based on different age segments.

Additionally, the study only tested for intended purchase behavior instead of actual purchase behavior. This means the data gathered shows what people intend to do rather than what they will really do in person. Studies in the future could find a way to test intended behavior versus actual behavior to see if the results from this study match what people will do when the time comes to make a real purchase. This is important, because the social desirability concept explains that even when responses are left anonymous, people like to give answers that are more socially desirable, or would be best viewed by others, when participating in surveys and studies. If other researchers could test for actual purchase behavior, this would eliminate and could show the effect that social desirability has on purchase intention answers.

The design of other studies could be such that the scenarios participants are exposed to are blocked and randomized ahead of time. Other studies could also test for different products in

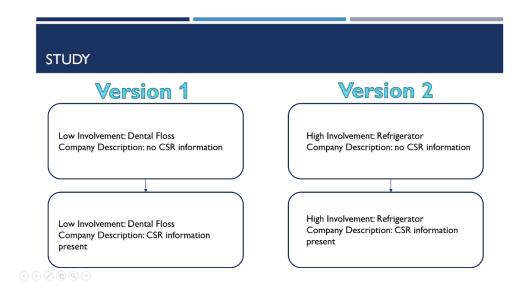
different industries, as the process behind purchase decisions is most likely not the same for every high and low involvement product. More in-depth studies could choose to solely focus on either only socially responsible people or those with low levels of social responsibility through a pre-screening process. Future research could test other elements in the decision making processes, such as comparing the importance of each factor leading to a purchasing decision.

Conclusion:

Corporate social responsibility is not just a trend, it's now become a part of the constant activity of companies that stakeholders expect. CSR has the ability to create stronger relationships between a company and its stakeholders and build a stronger brand image for the company. Past research shows that consumers are more likely to do business with a company that engages in CSR activity, and that they want to be more informed about said activity. The study conducted shows that a company's CSR activity significantly increases purchase intentions in high involvement purchasing scenarios, while it is not significant when making a low involvement purchase decision. An individual's own level of social responsibility does not have an impact on their purchase intentions in high or low involvement decisions. This insight will be great for knowing when to use CSR in marketing communications. Companies with high-involvement products will be able to capitalize on sharing their CSR initiatives to create stronger purchase intentions from their consumer bases. It will be interesting to see how companies communicate their roles in social responsibility in the future.

Appendix

Appendix 1:



Appendix 2:

Version 1a: Low Involvement, No CSR

Imagine that you are shopping for dental floss for yourself or a family member. You go into a store that has a number of brands of dental floss and begin comparing them. You find floss that you like that is made by Company A. Company A is an 80,000 person company that has its headquarters in New York City. This company has a reputation for making good quality dental floss and is in line with the average price for dental floss at \$2.75.

Assuming you are in need of dental floss, please answer the following questions:

I would actively seek out this product from Company A.

I would buy dental floss from Company A over another brand.

Which of the following statements best describes the likelihood of you purchasing this product from Company A within the next 6 months?

Version 1b: Low Involvement, CSR

Imagine that you are shopping for dental floss for yourself or a family member. You go into a store that has a number of brands of dental floss and begin comparing them. You find floss that you like that is made by Company X. Company X is an 80,000 person company that has its headquarters in New York City. This company has a reputation for making good quality dental floss and is in line with the average price for dental floss at \$2.75.

You recently heard that Company X was well-rated in the industry on social responsibility. This rating was given by a respected, impartial organization that evaluates companies every year. Some of the reasons for the high rating are that Company X gives great training and support to its employees, does great philanthropic work, and it donates some of the products it makes.

Assuming you are in need of dental floss, please answer the following questions:

I would actively seek out this product from Company X.

I would buy dental floss from Company X over another brand.

Which of the following statements best describes the likelihood of you purchasing this product from Company X within the next 6 months?

The CSR (corporate social responsibility) activity of Company X influenced my decision to purchase dental floss from this company.

Version 2a: High-Involvement, no CSR

Imagine that you are shopping for a refrigerator. You go into a store that has a number of brands of refrigerators and begin comparing them. You find a fridge that you like that is made by Company Y. Company Y employs 80,000 people and has its headquarters in New York City. This company has a reputation for making great-quality refrigerators. The fridges you like range from \$950 to \$1350, within the range of the average refrigerator price.

Assuming you are in need of dental floss, please answer the following questions:

I would actively seek out this product from Company Y.

I would buy a refrigerator from company Y over another brand.

Which of the following statements best describes the likelihood of you purchasing this product from Company X within the next 6 months?

Version 2b: High-Involvement, CSR

Imagine that you are shopping for a refrigerator. You go into a store that has a number of brands of refrigerators and begin comparing them. You find a fridge that you like that is made by Company Y. Company Y employs 80,000 people and has its headquarters in New York City. This company has a reputation for making great-quality refrigerators. The fridges you like range from \$950 to \$1350, within the range of the average refrigerator price. You recently heard that Company Y was rated among the best in the industry on social responsibility. This rating was given by a respected, impartial organization that evaluates companies every year. Some of the reasons for the high rating are that Company Y has implemented an eco-friendly supply chain for its products, and has partnered with a variety of charities to help issues from cancer research to building homes to bettering the education system.

Assuming you are in need of dental floss, please answer the following questions:

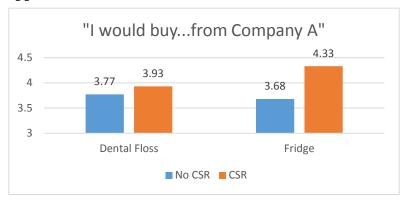
I would actively seek out this product from Company Y.

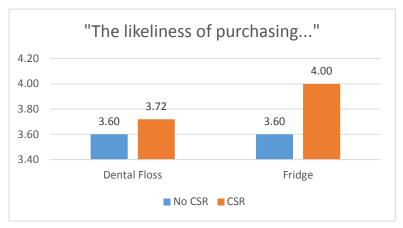
I would buy a refrigerator from company Y over another brand.

Which of the following statements best describes the likelihood of you purchasing this product from Company Y within the next 6 months?

The CSR (corporate social responsibility) activity of Company Y influenced my decision to purchase a refrigerator from this company.

Appendix 3:





Appendix 4:

Please respond to	how strongly you	agree or disagree w	vith the followin	a statements.
i leuse respond to	now snonziv vou	ugiee oi uisugiee n	viin ine roilowin	z siaiemenis.

Companies should donate some of their products to people in need.

I recycle paper.

I make an effort to avoid products or services that cause environmental damage.

When given a chance to switch to a brand that gives back to the community, I take it.

I believe that businesses must play a role in our society that goes beyond the mere generation of profits.

I believe that businesses must be committed to well-define ethics principles.

Companies should have programs to recognize employees for their volunteer work in the community.

Demographics:

What is your education level?

What is your age?

What is your gender?

Annotated Bibliography

Becker-Olsen, K. L., Taylor, C. R., Hill, R. P., & Yalcinkaya, G. (2011). A Cross-Cultural Examination of Corporate Social Responsibility Marketing Communications in Mexico and the United States: Strategies for Global Brands. *Journal Of International Marketing*, 19(2), 30-44.

This article examined the expectations that consumers have for firms to participate in CSR programs. It aims to find out whether or not CSR programs that result in positive outcomes for society lead to positive feelings towards the brand from consumers. The study's results were consistent with many theories. Much of the research is based off of data from a single company, and in the telecommunications field. This fits into my research, because not only does it establish that there is a connection between consumers and companies based off of CSR, but shows that consumers will reward companies for high CSR performance.

Buchholtz, Ann K., Carroll, Archie B. (2015). Corporate Citizenship: Social Responsibility,

Performance, Sustainability. Business & Society: Ethics, Sustainability, and

Stakeholder Management (27-63). Stamford, CT: Cengage Learning.

This textbook chapter provides information about all different perspectives, past and present, of corporate social responsibility. It provides incredible background and a base of understanding for what CSR really is. I will be using this in greater detail in my final literature review to make sure that I have fully depicted CSR and its different categories.

Jahdi, K., & Acikdilli, G. (2009). Marketing Communications and Corporate Social

Responsibility (CSR): Marriage of Convenience or Shotgun Wedding?. *Journal of*

Business Ethics, 88(1), 103-113.

This article gave explanations as to why companies take part in CSR programs. The authors divided reasons into three different drivers, and give details as to what each driver entails. This was a very useful article, as it dove into the question of "why" in greater depth than many others, and was able to address more than one reason for doing CSR. It was very helpful in understanding the importance of CSR activity in a company's viewpoint.

Juscius, V., Sneideriene, A., & Griauslyte, J. (2013). Assessment of the benefits of corporate social responsibility reports as one of the marketing tools. *Region Formation* & *Development Studies*, (11), 88-99.

These authors address many sub-topics in their article. I chose to focus on the history and growing importance of CSR and why it was important. This article did a nice job of breaking down the growth and expansions of CSR by decade. It was more specific than other sources in that it talked about different CSR categories companies were engaging in within each decade. I focused on two topics for this literature review, but plan on going into greater detail with it for my final review. It has given me a much better sense of how rapidly companies have started to use CSR as a core part of their business.

Kang, J., & Justvedt, G. (2014). Building Trust Between Consumers and Corporations:

The Role of Consumer Perceptions of Transparency and Social Responsibility. *Journal Of Business Ethics*, 125(2), 253-265.

These authors shed light on why consumers may have certain reactions to CSR marketing. The quote used in my literature review shows that consumers have initial trust in a company to look out for their best interests. It is a valuable article, because it

sets the stage for all of the reasons consumers could react both positively and negatively to CSR messages. I will be looking at this article more to expand on what I have already found in regards to consumer reactions.

Lee, K., Oh, W., & Kim, N. (2013). Social Media for Socially Responsible Firms: Analysis of Fortune 500's Twitter Profiles and their CSR/CSIR Ratings. *Journal of Business Ethics*, 118(4), 791-806.

This article discusses ways in which companies reach out to consumers, and how that is received on the consumer end. It is a very valuable source, because it is one of the few I have found that talk about Twitter specifically. It gave great insight into how to tweak Twitter messages to get better reactions from a given audience, and this will definitely help influence the kinds of messaging I test in my own research.

Lii, Y., & Lee, M. (2012). Doing Right Leads to Doing Well: When the Type of CSR and Reputation Interact to Affect Consumer Evaluations of the Firm. *Journal of Business Ethics*, 105(1), 69-81.

This article discusses the potential benefits companies can experience by actively engaging in CSR programs. It is seen as a business strategy, which goes along with the opinion of some of the other sources I have examined. It is important in relation to my project, because companies need to determine how proactive they want to be and how much they want to integrate CSR programs into their businesses.

Lii, Y., Wue, K., & Ding, M. (2013). Doing Good Does Good? Sustainable Marketing of CSR and Consumer Evaluations. *Corporate Social Responsibility & Environmental Management*, 201(1), 15-28.

Lii, Wue, and Ding go into great detail about social media as a tool for reaching out and connecting with consumers and potential customers. I liked this article because of the authors' fresh and positive take on social media and the potential it has. I will be incorporating more from this article into my final literature review, as it gives even more implications for how to better use social media for CSR marketing purposes.

Lyes, A., Palakshappa, N., & Bulmer, S. (2012). Communicating corporate social responsibility using social media: implications for marketing strategists. *AMA Summer Educator's Conference Proceedings*, 23, 249-256.

This source is among the most important. It provides an in-depth case study regarding a multitude of different companies of different sizes and geographic outreach from different industries. It is so important because its detail gives much information about how consumers view CSR marketing on Facebook with great comparison and contrasting. The authors also give implications for the future and how to eradicate any skepticism. It is one of the only articles that has both presented the problems companies had with the CSR marketing and steps to take to fix those problems. It has definitely influenced how I think companies should go about CSR marketing and how consumers should be engaged in it.

M. R., T., & J. S., A. (2013). HOW COMPANIES BECAME REPSONSIBLE. Conference Board Review 50(2), 45.

This article focused specifically on environmental CSR, and gave a few key examples of how society is hopping on board with these initiatives. I chose to use one of these examples in the start of my literature review to back up a point I made. This is a great

specific example of one category of CSR, so I will have to continue research to make sure that I cover multiple categories within the larger topic.

Mattila, A. S., Hanks, L., & Kim, E. K. (2010). The impact of company type and corporate social responsibility messaging on consumer perceptions. *Journal Of Financial Services Marketing*, 15(2), 126-235.

This source is one of my most valuable. It provides an in-depth case study regarding large, multi-national companies from two different industries. It is so important because its detail gives much information about how consumers view CSR marketing coming from two different industries and their levels of skepticism towards each company. The authors also give implications for the future and how to eradicate any skepticism. It is one of the only articles thus far that has given a complete, round-circle evaluation of CSR marketing from end to end. It has definitely influenced how I think companies should go about CSR marketing.

McCormick, A. (2012). Practitioner's articles Building the company brand: Connection CSR to the business. *Journal of Brand Strategy*, 1(2), 106-117.

This article talks a lot about the "why" behind CSR programs. It gave a refreshing, slightly different, and more modern view of why companies engage in these activities. The author was also able to make his point in a succinct manner, which helped me understand its main points. The arguments presented in this article are consistent with everything else I have found on the matter, and embellishes points that other articles have made.

Moisescu, O. I. (2014). Assessing Perceived Corporate Social Responsibility: A Literature

Review. Proceedings Of The International Conference Marketing- From Information To Decision, 7, 161-169.

This article gave good background definitions for what CSR is. This source was an excellent summary of how many different researchers in the past 15 years have tried to analyze the effects of CSR on consumers. I will review this article once again when I begin to put together my survey, as it discusses in some detail what many different researchers have done, if it has worked, and how to create questions that focus on certain specific aspects of CSR.

Oberseder, M., Schlegelmilch, B., Murphy, P., & Gruber, V. (2014). Consumers'

Perceptions of Corporate Social Responsibility: Scale Development and Validation. *Journal Of Business Ethics*, 124(1), 101-115.

While not all of this article was completely relevant to my scope of research, some of it did provide good background into what CSR means. It is still of value, as one of my goals was to compile definitions and opinions from many different sources to come to a more broad understanding of CSR. Some of the quotes I was able to pull also show that CSR initiatives hold weight with consumers when it comes to choosing companies to do business with.

Ruddell, L. (2014). Corporate Social Responsibility: Helping Students understand the historical and modern construct for future results. *Proceedings Of The Marketing Management Association*, 193-196.

In his article, Ruddell goes into great detail breaking down the different types of CSR that a company can participate in. I liked this article, because the amount of categories discussed covers the majority of what other authors talk about. This source is important,

because it is essentially acting as a base for me. I can use the information in this article as a starting point to see which categories I want to focus more on in the future.

Smith, N., Ansett, S., & Erez, L. (2011, June 22). How Gap Inc. Engaged With its

Stakeholders. Retrieved from http://sloanreview.mit.edu/article/how-gap-inc-engaged-with-its-stakeholders/

This article discussed the challenges related to social responsibility that the Gap Inc. has faced in the past few decades, and served as a great example of the benefits to working with stakeholders to improve social responsibility and company standing.