

**Corporate Philanthropy
and
Brand Morality Perceptions**

By

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Chapter 1: Introduction

1.1 The importance of perceived brand morality

Consumer perceived morality is a relatively new stream of research, which aims at understanding and measuring how consumers perceive the level of ethicality embodied in objects relevant to their behaviour. It refers to consumers' overall subjective perception of a company's/brand's moral disposition and has been defined as "*consumer's aggregate perception of a subject's (e.g. company, brand) morality*" (Brunk and Bluemelhuber, 2011, p. 134).

As Hoeffler and Keller (2002, p. 79) argue, "*the power of a brand lies in what customers have learned, felt, seen, heard, and so forth about the brand as a result of their experiences over time*". Although it is very challenging to ascertain the kind of organizational practices that would prompt enhanced corporate associations, it is essential for marketers to understand how consumers' associations linked to a company, affect their responses to the marketing of that company (Brown and Dacin, 1997). This is why an intensely growing volume of research has been devoted to try to provide a comprehensive understanding on how consumers' associations emerge as a result of an organization's business activities, and what is the impact of these associations on their responses towards the organization (Brown, et al., 2006; Hoeffler and Keller, 2002).

Although until very recently morality was embedded in consumers' overall brand associations, it has now evolved as a distinctive aspect of consumers' brand associations, and as a key strategic element providing a foundation for corporate brand differentiation (Morsing, 2006; Singh et al., 2012).

Several scholars have underlined the importance of establishing a clear understanding of consumers' ethical considerations of companies' activities and how these shape their behaviour (Crane, 2005; Brunk, 2010). Perceptions of what is 'right' or 'wrong' can significantly vary among people, and as such, the understanding/view of a company's management on what constitutes an ethical or unethical behaviour might diverge from consumers' perceptions (Galavielle, 2004; Brunk, 2010).

1.2 Corporate philanthropy and perceived brand morality

The twenty-first century marks the birth of a new type of consumer - the "ethical consumer". Recent research reveals that consumers are ever more concerned about brands' ethical records and the impact of modern consumption patterns on society and the environment when it comes to their purchasing decisions (Carrington et al., 2010; Chen, 2010; Crane and Matten, 2010). In general, there is a growing pressure from several stakeholders on corporations around the world to get involved with the attainment of social goals (Luo and Bhattacharya, 2009). Taking into consideration the rapid increase in companies' investments in a variety of social initiatives

(Vlachos, 2012), it is apparent that companies' support for social issues is becoming an important strategic objective (Schons et al., 2016; Wagner et al., 2009).

An increasingly expanding research body establishes the link between a company's CSR initiatives and various consumer responses (Lichtenstein et al., 2004; Luo and Bhattacharya, 2006; Sen and Bhattacharya, 2001; Schons et al., 2015; Vanhamme et al., 2012). Social programs allow the companies/brands to be linked to more abstract or imagery-related consumer associations, rather than functional and performance-related ones (Hoeffler and Keller, 2002). In other words, a company's philanthropic activity offers several means of building favorable consumers' ethical brand associations. Consumers' favourable or otherwise perceptions about a company's ethics are at the heart of their evaluation and attitude formation towards the company, and may consequently steer purchase behaviour (Brunk and Bluemelhuber, 2011). Yet, very little is known about how a brand's or company's ethical image emerges in the consumer's mind, and specifically, what types of organisational behaviour can actually induce ethical brand/company perceptions (Brunk, 2010).

1.2.1 CSR implementation-related factors

Critical decisions related with establishing an effective, brand-building social strategy need to be taken when companies design their social engagement (Hoeffler and Keller, 2002). The outcomes of a company's' philanthropic activity are considerably

determined by key implementation- related factors which are directly controlled by the management (Koschate- Fischer et al., 2012).

1.2.1.1 The geographical focus of the donations

One factor that seems to significantly vary across companies' social initiatives, and is expected to exert influence on consumer responses, is the geographical focus of their philanthropic activities (i.e. the geographic distribution of the donation budgets) (Rahman and Norman, 2016; Schons et al., 2015; Vanhamme et al., 2012). While some companies choose to direct their philanthropic activity solely within the national borders, supporting domestic causes, others embrace a more international scope, taking into consideration the needs and interests of the global community.

Although extant research reveals that consumers' differentially reward companies for varying geographic allocations of their donation budgets, it has also produced equivocal results, with some scholars offering support to consumers' preference for local than broader in geographic scope causes (e.g. Grau and Folse 2007; Rahman and Norman, 2016), while others indicating consumers' more positive evaluations for an international over a national scope (Schons et al., 2015; Vanhamme et al., 2012). Surprisingly, the majority of empirical research in this area has focused on the effect of geographically varying allocations of donations on the tactical success (e.g. greater purchase intentions, willingness to pay more, and brand choice) of a company's social engagement, and only limited findings related to the achievement

of the strategic goal to enhance brand image perceptions exist. Two studies, namely La Ferle, Kuber and Edwards's (2013), and Vanhamme, Lindgreen, Reast, and van Popering's (2012) studies have investigated the effect of geographic scope on company image perceptions with the first finding insignificant results and the second (contrary to the hypothesized relationship) indicating cause-related marketing campaigns aiming to support causes with an international versus local geographic scope yield enhanced consumers' evaluations of corporate image. To the researcher's best knowledge, no previous research has examined the effect of varying geographic scope of companies' donations specifically on perceived brand morality.

1.2.1.2 The size of the donation

Another factor that is considered to play a key role in consumer responses to corporate social involvement is the size of the donation (Muller et al., 2014). Although it seems reasonable to expect consumers to respond more favourably towards more 'generous' companies, empirical findings provide contradicting conclusions, suggesting that consumers' associations are far more complex than previously assumed. While some scholars argue that larger donation budgets contribute to enhanced consumer responses, such as willingness to pay (Koschate-Fischer et al., 2012), goodwill toward the CRM campaign (Folse et al., 2010; Moosmayer and Fuljahn, 2010), brand choice (Pracejus et al., 2003/04), and purchase intentions (Schons et al., 2015); others indicate that larger donations have a significant negative effect on consumer brand choice (Arora and Henderson, 2007; Strahilevitz, 1999) and behavioral intentions (Chang, 2008) and often generate

impressions of exploitation of the non-profit organization by the firm (Dahl et al., 1995). Moreover, no previous research has investigated the effect of a company's donation size on consumers' perceived brand morality.

1.2.2 Consumer-related factors

Consumers, as people, come with specific needs and motives important to them, and a company's social agenda may or may not offer opportunities to fulfil these needs and motives (Vlachos, 2012). Research indicates that various individual differences variables, such as psychographic profiles, and personality traits, are likely to exert influence on whether or how strongly consumers react to a company's CSR activity (Dabholkar and Bagozzi, 2002; Mohr and Webb, 2005; Sen and Bhattacharya, 2001; Vlachos, 2012). In attempt to embrace a more holistic approach when examining (antecedents and outcomes of) perceived brand morality, this study takes into consideration the important role of individual characteristics in shaping consumers' responses. Specifically, the personality trait of ethnocentrism and how it moderates the effect of the geographical focus of a company's philanthropic activity on consumer perceptions of brand morality is examined. Moreover, in line with the attribution theory, the effect of consumers' causal inferences with regards to the companies' motives for engaging in social activity on perceived brand morality is taken into consideration. Locus of control refers to the extent to which individuals perceive that specific outcomes result from, or are dependent upon, their own behaviour or attributes versus external forces, unrelated to their own actions (Rotter 1966). Consumers' perceived control over social events and its potential effect on

the perceived brand morality- behavioural intentions relationship is also taken into account.

1.2.3 Perceived brand morality and consumers' behavioural intentions

Due to perceived brand morality being a relatively new concept, empirical research investigating its impact on consumer responses has been very limited. Singh et al. (2012) addressed this concern by examining the effect of perceived brand ethicality on consumers' brand trust and brand affect. Similarly, in the context of corporate services brands, Sierra et al. (2015), provide evidence for the positive effect of perceived brand ethicality on brand affect, and the perceived quality of the brand, which in turn lead to enhanced brand equity. Moreover, Michaelidou et al. (2015), in the context of non-profit organizations, find a positive effect of perceived brand ethicality on people's intentions to donate time and money. Although "*current research remains inconclusive about how strongly ethical considerations feature in consumer's purchase decisions and the link between CPE and consumer behaviour requires further investigation*" (Brunk, 2010b, p. 1367), very limited research has been devoted towards this direction.

1.3 Research Objectives

Stemming directly from the research gaps identified in the discussion above, this study has four key objectives.

First, the current study aims to provide companies with a comprehensive understanding on how consumers' ethical associations emerge, so that they will be

better positioned to design social strategies aligned with consumers' expectations, and communicate their contribution to several social needs in an effective way. In this context, the objective is to empirically investigate the effect of varying geographic scope of companies' donations on consumers' perceptions of brand morality.

The second objective is to examine the impact that a company's donation size has, on consumers' perceptions of brand morality, their willingness to pay a price premium, and their intentions to spread positive word-of-mouth.

The third objective of this study is to complement extant research on the role that various individual differences play on whether or how strongly consumers react to a company's philanthropic activity (Dabholkar and Bagozzi, 2002; Mohr and Webb, 2005; Sen and Bhattacharya, 2001; Vlachos, 2012). Specifically, this research intends to investigate how people's ethnocentric tendency, perceived social control, attributions about company motives, and cause involvement, are likely to exert influence on their perceptions of brand morality, positive word-of-mouth intentions, and willingness to pay more.

The final objective of this research is to add knowledge to the literature on potential outcomes of perceived brand morality, which has currently received little attention. More specifically, the question that will be addressed in this study is whether, and to

what extent, consumers' positive word-of-mouth communication intentions, and willingness to pay more are affected by their perceptions of the brand's morality.

1.4 Contribution to Theory and Practice

The current research makes several contributions to both theory and practice. These are outlined below.

1.4.1 Contribution to Theory

From a theoretical perspective, there is a need to better understand the links between the ethical behaviour of organizations, potential sources of perceived brand ethicality and its impact upon consumers' responses. A number of scholars call for further empirical investigation on this front (Brunk, 2010; Cohn, 2010; Shea, 2010; Sierra et al., 2015; Singh, 2012). This study is a response to this call and an attempt to shed some light on how specific aspects of CSR implementation (i.e. geographical focus, and size of the donation), as well as specific consumer individual differences shape perceptions of brand morality. Except for investigating the potential antecedents of perceived brand morality, this study also aims to contribute to a recently evolved stream of research that focuses on addressing the acknowledged need for further research on the impact of perceived brand morality on consumers' responses (Brunk, 2010; Cohn, 2010; Shea, 2010).

1.4.2 Contribution to Practice

Having access to consumers' minds would enable organizations to develop and implement effective social strategies, and better manage their brands' ethical images. Brand and CSR managers will be better placed to (a) estimate the potential gap, or lack of fit, between the companies' positioning encompassing an ethical dimension, and the actual consumer perceptions, (b) get their hands on comprehensive explanations for the existing divergence, and (c) undertake the necessary adjustments to their strategies. Furthermore, marketing practitioners would be better positioned to track, assess and justify the financial impact of their ethical marketing expenditures since they could measure the effect of a particular social strategy on consumers' ethical attitudes and on performance as well.

1.5 Structure of the thesis

The thesis now proceeds with a thorough review of the relevant literature leading to the study's conceptual model alongside the developed hypotheses presented in Chapter 2. Chapter 3 outlines the methodology used in this study. Here, the decision on an appropriate research design for examining the study's specific research questions is explained. Following this, in Chapter 4 the data analysis procedures and the results of the study are presented. Lastly, Chapter 5 provides a discussion on the main research findings alongside their theoretical and managerial contributions. The study's limitations and future research directions are also discussed in this last chapter of the thesis.

Chapter 2: Literature Review and Conceptual Development

2.1 Introduction

The purpose of this chapter is to present relevant literature leading to the conceptual framework that will form the basis for this thesis. In this context, the chapter begins by introducing the relatively recently conceptualized construct of perceived brand morality and presenting limited empirical research focusing on its impact on consumers' responses. It then moves onto discussing the role of consumer individual differences as antecedents of perceived brand morality. Next, two CSR implementation-related factors (i.e. geographic focus and size of donations) and their potential impact on consumers' perceptions of brand morality are discussed. Finally, specific hypotheses are developed and the chapter concludes with a graphical representation of the theoretical framework to be tested.

2.2 Consumer perceptions of brand morality

Building a strong brand is the goal of many organizations because of the host of possible benefits that may result (Hoeffler and Keller, 2002). *"The power of a brand resides in the minds of customers"* Keller et al. (2008, p. 43), and the challenge for marketers is to create a brand meaning (i.e. what the brand is characterized by and should stand for in the mind of consumers) ensuring that the desirable thoughts, images, perceptions, beliefs, and feelings are linked to the brand (Hoeffler and Keller, 2002).

Questions on how several stakeholders are interpreting an organizations' behavior has intensely engrossed the attention of a growing number of scholars, across various disciplines, because such information can impact on the individuals' responses to the organization (Brown et al., 2006). Consumers' cognitive associations for a company can be both a strategic asset and a source of sustainable competitive advantage (Aaker, 1996; Brown and Dacin, 1997; Romaniuk and Nenycz-Thiel, 2013). As such, corporate associations are considered to be the new battlefield for companies trying to leverage consumer mind share (Sen et al., 2006).

In recent years, morality has become an important element for corporate brands, and an increasing number of companies are using the ethical dimension as a strategic element in terms of defining and promoting their brands (Morsing, 2006; Singh et al., 2012). According to DeGeorge (1982) *"Morality is a term used to cover those practices and activities that are considered importantly right and wrong, the rules which govern those activities and the values that are imbedded, fostered, or pursued by those activities and practices"* (DeGeorge, 1982, p. 13-15).

However, companies lack a clear understanding of consumers' ethical considerations and how these shape their behavior (Crane, 2005). In a general sense, the term ethics refers to a set of moral norms, principles or values that guide people's behavior (Sherwin, 1983). More importantly, consumers' perceptions of what is "right" or "wrong" may not be always in line with a company's definition of what does constitute ethical or unethical behavior (Galavielle, 2004; Brunk, 2010). Yet consumers' subjective beliefs and ethical perceptions act as bases of attitude

formation and may accordingly benefit or harm a company's image (Brunk, 2010). Moreover, Fan (2005) proposes that definitions of brand equity taking into account only 'economic performance in financial terms' are deficient because they overlook the key elements of legality and ethics, which form the foundation of brand equity. As such, the need of gaining a deeper insight into how consumers' perceptions regarding the ethicality embodied in objects (e.g. company, brand) are shaped has been acknowledged (Brunk 2010; Cohn, 2010; Shea, 2010).

A recent stream of research has concentrated towards this direction (Brunk 2010; Brunk and Blumelhuber, 2011; Shea, 2010; Sierra et al, 2015; Singh et al., 2012). Brunk (2010) introduced the construct of 'consumer perceived ethicality' (CPE) and developed a classification of potential sources of CPE outlining six domains relating to the impact corporate behaviour has on (1) consumers, (2) employees, (3) the environment, (4) the overseas community, (5) the local economy and community and (6) the business community. Consumer perceived ethicality is defined as *"consumers' aggregate perception of a subjects (e.g. a company, brand) morality"* (Brunk and Bluemelhuber, 2011, p.134), and is described as a compound construct representing consumers' overall subjective perception of a company's/brand's moral disposition (Brunk and Bluemelhuber, 2011; Brunk, 2012). Moreover, Brunk (2012) suggests that an ethical brand/company attitude involves abiding by the law, being a good market actor, respecting moral norms and acting in a socially responsible way.

In line with previous conceptualizations (Brunk, 2010; Brunk and Bluemelhuber, 2011), this study defines consumer perceptions of brand morality as the aggregate perception that consumers have of a brand as acting in an ethical way. Consumer

perceptions of brand ethicality is a relatively recently evolved stream of research. Accordingly, several researchers called for further empirical investigation on the fundamental questions of what drives consumers' perception of a brand's ethicality (i.e. antecedents) and how this perception relates to consumers' responses (Brunk 2010; Cohn, 2010; Shea, 2010; Sierra et al., 2015; Singh, 2012). This study aims at addressing this gap.

2.2.1 Ethical Brand Associations as a key component of Consumer-based brand equity

The concept of brand equity emerged in the early 1990s to bridge the gap between short-term and long-term marketing success (Christodoulides et al., 2006). Since then, brand equity has been the subject of growing attention and considerable academic research has been devoted on its conceptualization (e.g. Aaker, 1991; Erdem and Swait, 1998; Keller, 1993), measurement (e.g. Netemeyer et al., 2004; Ailawadi, Lehmann and Neslin, 2003; Vázquez, del Rio and Iglesias, 2002; Yoo and Donthu, 2001a; Pappu et al., 2005), and validation of measures (e.g. Agarwal and Rao 1996; Washburn and Plank 2002). It is considered to be a key market-based intangible asset (Davis, 2000), which can engender a unique relationship between the firm and its various stakeholders (Christodoulides and de Chernatony, 2010) and also provides the firm with the opportunity to raise competitive barriers and differentiate from rivals (Yoo et al., 2000).

Despite brand equity being a concept that is widely discussed in the marketing literature over the last decade, scholars have yet to agree upon either its definition or

on how to build, measure, and manage brand equity (Aaker, 1991; Chen, 2010; Keller, 1993; Netemeyer et al., 2004; Vazquez et al., 2002; Washburn and Plank, 2002). The diversity of its conceptualizations in the literature emanates from researchers describing different aspects of the same concept (Christodoulides et al., 2006). However, the generally accepted broad meaning attached to the term “brand equity” is similar to the definition provided by Farquhar (1989, p.24) who first defined brand equity as *“the ‘added value’ with which a given brand endows a product”* (see also supportive works by Christodoulides and de Chernatony, 2010; Pappu et al., 2005). This value can serve as a bridge linking a brand’s past performance with the brand’s potential future performance (Keller 2003).

A variety of conceptual frameworks proposing different dimensions of customer-based brand equity appear in the literature. However, Aaker’s (1991) and Keller’s (1993) are clearly the most influential studies in this field of research. Aaker (1991) and Keller (1993) conceptualized brand equity from the perspective of the individual consumer based on consumers’ memory-based brand associations. Aaker (1991, p. 15) defined brand equity as *“a set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”* and identified five key conceptual dimensions of brand equity, namely brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets such as patents, trademarks and channel relationships. Keller (1993, p. 2) defined customer-based brand equity as *“the differential effect of brand knowledge on consumer response to the marketing of the brand”* and conceptualized it as a process whereby customer-based brand equity occurs *“when the consumer is familiar with the brand and holds*

some favorable, strong, and unique brand associations in memory” (Keller, 1993, p. 2).

Both Aaker’s (1991) and Keller’s (1993) conceptualizations of consumer-based brand equity recognize brand associations as a core component of the construct (Christodoulides and de Chernatony, 2010; Keller, 2003; Romaniuk and Nenycz-Thiel, 2013). Consumer perceptions of brand morality are considered to be an integral part of their overall brand associations, and as such these associations add up to brand equity. Previous research indicates that consumers form associations or considerations concerning the ethics or morality of an organization’s behaviour, which alongside other associations (e.g. perceived quality, expertise) constitute the overall image of an organization (Brown and Dacin, 1997; Keller, 1993; Schmitt, 2012).

Moreover, prior research establishes a positive effect of brand equity on several consumer responses such as consumer preference and purchase intentions (Cobb-Walgren et al., 1995); consumer perceptions of quality (Dodds et al., 1991); and consumer evaluations of brand extensions (Aaker and Keller, 1990; Bottomley and Doyle, 1996). Accordingly, it would be reasonable to expect consumer perceptions of brand morality to impact on consumer behavioral intentions.

2.2.2 Consumer perceptions of brand morality and behavioral intentions

Due to consumer perceptions of brand morality being a relatively new concept, limited empirical research exists on its impact on consumer responses.

In the context of non-profit organizations, Michaelidou, Micevski and Cadogan (2015) identified perceived brand ethicality as a key element of non-profit brand image. More specifically, in their evaluation of Michel and Rieunier's (2012) non-profit brand image scales, highlighted the importance of incorporating in the conceptualization of non-profit brand image two more dimensions (along with previously measured: usefulness, efficiency, affect, and dynamism), namely *ethical associations* and associations pertaining to how reliable a charity is. Their study also reveals that perceived ethicality of the non-profit organization is significantly related to peoples' intentions to donate money and time.

Singh, Iglesias, and Batista-Foguet (2012) demonstrate a significant positive direct effect of perceived ethicality of a corporate brand on consumer evaluations of brand trust and brand affect at a product level. Moreover, their study reveals that brand trust and brand affect mediate the relationship between consumer perceived ethicality of the corporate brand and product brand loyalty. Similarly, a recent study by Sierra et al. (2015) in the services sector, indicates that perceived quality and brand affect mediate the impact of consumer perceived ethicality on brand equity.

The study at hand aims to respond to the recent call for further research on the relationship between perceptions of brand morality and consumer responses. More specifically, this study examines the effect of consumers' perceptions of brand morality on their positive word-of-mouth communication intentions and their willingness to pay more.

Word-of-mouth (hereafter WOM) communication is considered to be among the most important consumer responses to a company's marketing efforts (Berger and Schwartz, 2011; Brown et al., 2005; Trusov, et al., 2009). David Aaker (1991), indicate that the real value of those customers most loyal to an organization is not so much the business that they personally generate but rather their influence on others in the marketplace. Similarly, Christopher et al. (1991) place customer *advocates*, a concept analogous to Jones and Sasser's (1995) idea of *apostles*, on the highest rung on the hierarchy of customer loyalty.

In its broadest sense, word-of-mouth communication includes any information about a target object (e.g. company, brand) transmitted from one individual to another either in person or via some communication medium (Brown et al., 2005). Harrison-Walker (2001, p. 63) defined WOM as "*informal, person-to-person communication between a perceived non-commercial communicator and a receiver regarding a brand, a product, an organization, or a service*". Extant empirical research confirms that customers are very likely to rely on interpersonal communications (i.e. WOM), when making their purchasing decisions (Berger and Schwartz, 2011; Zeithaml, Berry, and Parasuraman, 1993). Furthermore, the growing prominence of the Internet, which provides abundant opportunities for consumers to share their views and experiences with others, escalates both the availability and the importance of WOM communications in the marketplace (Brown et al., 2005; Trusov et al., 2009; Zinkhan et al., 2003). Still, despite its assigned importance, it is surprising to find relatively few studies directed at understanding factors that influence WOM (Berger and Schwartz, 2011).

The second outcome variable that is of interest to the present study is customers' willingness to pay (henceforth WTP) defined as the maximum amount of money a customer is willing to pay for a product or service (Krishna 1991). According to Aaker (1996), price premium may be the best single measure of brand equity available because, in most contexts, any driver of brand equity should have an impact on the price consumers are willing to pay for the brand. A dimension that has no impact on the price premium is thus no relevant indicator of brand equity. As an integral part of consumers' overall associations (and therefore brand equity), consumer perceptions regarding the ethicality of a brand is expected to have a significant positive effect on WTP. Moreover, examining the effect of consumer perceptions of brand morality on their willingness to pay is of particular importance because price is a key element in the profit equation and therefore is directly linked to profitability (Homburg et al., 2005).

Previous research indicates that consumers, based on their perceptions of a company's philanthropic activities, obtain personal psychosocial benefits through patronizing the company that supports the initiative, which in turn results in a sense of well-being (Bhattacharya et al., 2009; Vlachos, 2012).

Considering that no previous research has examined the specific effect of consumer perceptions of brand morality on the two above mentioned outcome variables that have been assigned with great importance a significant gap in the literature is going to be examined. Based on the above discussion it is hypothesized that:

H1: Consumers' perceptions of brand morality will have a direct positive effect on consumers' behavioral intentions (WOM and willingness to pay more).

2.3 The moderating role of perceived social control on the relationship between consumers' perceptions of brand morality and their behavioral intentions

Literature suggests that people's behavioral choices in a broad band of life situations, is contingent upon their belief, expectation or confidence in their ability to generate a certain outcome as well as on the evaluation of that outcome (Bandura et al., 1977; Eccles and Wigfield 2002; Rotter, 1966; Skinner, 1996). Research indicates that individual differences in perceived control are associated with various positive outcomes, including health, achievement, optimism, persistence, motivation, self-esteem, personal adjustment, and success and failure in a variety of life domains (Skinner, 1996).

Given the importance and consistency of the research findings it is surprising to notice the heterogeneity among the constructs researchers use to describe control. As Thompson and Spacapan (1991) concluded, *"Perceptions of control, locus of control, self-efficacy, helplessness, powerlessness, judgments of contingency, control ideology - there is no shortage of terms that fall under the rubric of 'control'"* (p. 7). Moreover, Skinner (1996) observed:

Even a cursory consideration of the area reveals a large number of terms, which, although different, nevertheless seem to be interrelated and partially overlapping. One set of these constructs is based on the term control and includes, for example, personal control, sense of control, locus of control, cognitive control, agenda control,

vicarious control, illusory control outcome control, primary control, secondary control, action control decisional control predictive control informational control and proxy control. The other set of constructs does not explicitly use the word control but nevertheless seems closely related, if not identical, to the set that does; these include helplessness, efficacy, agency, capacity, mastery, effectance, effectiveness, autonomy, self-determination, competence, contingency, causal attributions, explanatory style, responsibility, blame, probability of success, and outcome expectancy.

A review of the literature on control reveals that the central distinction is between *actual* control (i.e. the objective control conditions present in the context and the person), and *perceived* control (i.e. an individual's beliefs about how much control is available) (Skinner, 1996). Many scholars have agreed that perceived control is a more powerful predictor of behaviour compared to actual control (Averill, 1973; Burger, 1989). Langer (1979), argues that *“Virtually all researchers studying the importance of control will agree that the effects of objectively losing or gaining control will only have psychological significance if the person recognizes (accurately or inaccurately) the gain or loss”* (Langer, 1979, p. 306).

Locus of control refers to the extent to which individuals perceive that specific outcomes result from, or are dependent upon, their own behavior or attributes versus external forces, unrelated to their own actions (Rotter 1966). On the one hand, people with an internal locus of control, believe that they have significant power over their lives and that their actions, or their relatively permanent characteristics, influence certain outcomes (Rotter, 1966). They typically perceive themselves to have control over their future and believe that outcomes are related to the work they put into them. On the other hand, people who are said to have an external locus of control believe that they are relatively powerless and their impact over a specific outcome is very limited. Instead, the externals typically understand certain events as

the result of luck, chance, fate, as very complex to predict, or as controlled by powerful others (Rotter, 1966).

Paulhus (1983) argues that individual differences in perceived control are decomposed into three primary spheres of behavior: (a) personal efficacy which refers to control over the nonsocial environment as in personal achievement, (b) interpersonal control with regards to interaction with other people in dyads and groups, and (c) sociopolitical control which refers to control over social and political events. The three spheres of control are conceptually different and, an individual may have quite diverse expectancies of control in his three domains of interaction with the world (Paulhus, 1983). Accordingly, he argues that a single measure (e.g., Rotter's Internal-External Locus of Control Scale) could conceivably be a misleading indicator of an individual's perceived control in a specific setting, and as such he developed scales for each of the three spheres of control mentioned above to capture an individual's general perceived control profile.

Examining the connection between locus of control and various pro-environmental behaviours, several studies have also generally reported a positive relationship between the degree to which consumers hold an internal locus of control and pro-environmental intentions/behaviours (Cleveland et al. 2005; McCarty and Shrum, 2001; Schwepker and Cornwell, 1991; Shrum et al., 1994). For example, internal locus of control has been found to influence purchase of ecologically packaged products (Schwepker and Cornwell, 1991), and recycling (Shrum et al., 1994). Similarly, McCarty and Shrum (2001), using one of the three spheres of perceived control conceptualized by Paulhus (1983), namely sociopolitical control, found that

perceived control (they refer to it as internal locus of control) is positively related to perceived importance of recycling. Moreover, Cleveland, Kalamas, and Laroche (2005), in an attempt to explain why consumers' high levels of environmental concern are not accompanied by the corresponding behavioural changes, found that even if consumers are concerned about the environment, they may not act upon this concern without a sense of empowerment. In other words, and in line with previous findings, consumers' intentions and behavior are contingent upon their belief that their behavior will (or will not) lead to the desired outcome.

A more recent study conducted by White, MacDonnell, and Ellard (2012) examined the effect of a conceptually very similar to perceived control construct (i.e. justice restoration efficacy) on consumers' responses to fair trade. Justice restoration efficacy refers to a person's subjective belief that he or she can actually have an impact on an observed injustice through his or her purchase decisions. The results indicate that consumers' support for fair trade will be enhanced under conditions of high justice restoration efficacy.

To the author's best knowledge, the CSR literature is rather quiet on the impact of consumers' perceived control on their responses to companies' philanthropic activities. More specifically, no previous research has examined the moderating role of consumer perceived control on the perceptions of brand morality- behavioral intentions relationship. Literature suggests that even under circumstances where attitudes toward a specific behavior are very favorable, a person's perception of limited behavioral control over the performance of this behavior has been shown to uniquely reduce behavioral intentions and behavior (Ajzen 1985; Ajzen and Madden,

1986). In the context of the present study, enhanced perceptions of control might provide people (consumers) with the belief that, through their purchase behavior, they have the opportunity to help solving one of the world's problems (i.e., support children in need), and thus, should be more likely to believe that their actions with respect to this issue are worthwhile. As a result, their positive attitude toward the brand (i.e. enhanced perceptions of brand morality) will be very likely translated into increased behavioral intentions. On the other hand, there are people who are lacking confidence in their ability to make a difference in a particular situation through their behavior, and thus they feel that their actions are of little worth (low perceived control). Consequently, even if these consumers are having positive attitude toward the brand, their belief of being incapable to remedy the suffering (or injustice) can foster defensive apathy resulting in lower behavioral intentions (Cameron and Payne, 2011). Therefore, we predict the following:

H2: The relationship between the consumers' perceptions of brand morality and consumers' behavioral intentions will be moderated by consumers' perceived sociopolitical control. The perceptions of brand morality-induced changes in consumers' behavioral intentions will be stronger for consumers who are characterized by high rather than low perceived sociopolitical control.

2.4 Antecedents of consumer perceptions of brand morality

Sen and Bhattacharya (2001) argue that consumers' knowledge about a company, conceptualized as corporate associations (Brown and Dacin 1997), similar to their knowledge about people exist as an interdependent set of company characteristics

(e.g., skills, values, competitive position, product offerings). Brown and Dacin (1997) distinguish between two basic types of associations: the corporate ability (CA) associations and the corporate social responsibility (CSR) associations. CA associations are related to the company's expertise in producing and delivering its products and /or services, while CSR associations reflect *"the organization's status and activities with respect to its perceived societal obligations"* (Brown and Dacin, 1997, p. 68) and are often unrelated to the company's ability in producing goods and services. Although consumers use both types of associations when forming an impression of a company (Brown and Dacin, 1997), extant empirical research points to the pivotal role of a company's CSR activity in providing consumers with insight into the company's "value system" (Turban and Greening, 1997), or "character" (Brown and Dacin 1997; Keller and Aaker, 1992; Sen and Bhattacharya, 2001; Sen et al., 2006). Moreover, due to deteriorated CA-based diversity in the marketplace, consumers are likely to use CSR information as a particularly meaningful basis for their companies' evaluations (Sen and Bhattacharya, 2001). A company's stance on CSR might have a powerful impact on how ethically the company and its brands are perceived by the consumers (Brunk, 2010).

More and more companies consider the adoption of social initiatives to be an important strategic objective (Vlachos, 2012; Wagner et al., 2009). The literature reveals a variety of definitions that have been proposed to explain the CSR concept (McWilliams et al., 2006). Consistent with McWilliams and Siegel (2001, p. 117), this study defines CSR as *"actions that appear to further some social good, beyond the interests of the firm and that which is required by law"*.

The domains of responsible behavior are many and diverse ranging from employee and community support and philanthropic activity to environmental concerns, animal protection, and fair trade and sourcing (Brunk, 2010, Sen and Bhattacharya, 2001; McWilliams et al., 2006).

2.5 Consumer's Attributions about Company's Motives

A company's initiative of supporting a social cause might appear to be a public serving act. However, research confirms that consumers do not unconditionally embrace corporate efforts to appear as "good corporate citizens" (Ellen, Webb, and Mohr, 2006; Skarmeas and Leonidou, 2013). On the contrary, consumers are expressing great concern in clarifying the underpinning reasons guiding companies' engagement in CSR practices (Brown and Dacin, 1997; Creyer and Ross, 1997; Ellen et al., 2000; Forehand and Grier, 2003; Gilbert and Malone, 1995; Skarmeas and Leonidou, 2013). As, very successfully, Gilbert and Malone (1995) noted, consumers may care less about *what* firms are doing than about *why* they are doing it.

Extant research indicates that people's interpretations of social events strongly affect their socio-emotional responses (Gill et al., 2013). Attribution theory is concerned with all aspects of causal inferences (Folkes, 1988). An attribution (or corporate association) is what an individual knows or feels about a particular organization (Brown and Dacin, 1997) resulting from the organizations' behavior. These associations "...serve as the 'reality' of the organization for an individual" (Brown et al., 2006, p. 105), and what an individual believes can ultimately influence various

organizational responses (Walker et al., 2010). As such, attribution theory provides an appropriate framework for exploring people's causal inferences about corporate social involvement and how this cognitive perception affects their subsequent perceptions of brand morality (Ellen, et al., 2000; Folkes, 1988; Vlachos, et al., 2009).

2.5.1 Attribution Theory

The seminal concepts underlying attribution theory are found in Heider's (1958) book *"The Psychology of Interpersonal Relations"*. In this book, Heider (1958) first underlined the importance of understanding an individual's "naive" or common sense explanations of the world. Attribution theory explains how people *"attribute observable events to their underlying causes on the basis of co-variation of cause and effect"* (Settle and Golden, 1974, p. 181), and how this cognitive perception affects their subsequent attitudes and behavior (Kelley and Michela, 1980). In other words, it *"is a theory about how people make causal explanations"* (Kelley, 1973, p. 107), which may not necessarily hold true, but, according to Heider (1958), are inherent in people's need to understand why something occurred. More specifically, Heider writes:

"Man is usually not content simply to register the observables that surround him; he needs to refer them as far as possible to the invariances of the environment. Second, the underlying causes of events, especially the motives of other persons, are the invariances of the environment that are relevant to him; they give meaning to what he experiences and it is these meanings that are recorded in his life space, and are precipitated as the reality of the environment to which he then reacts" (Heider, 1958, p. 81).

Heider (1958) maintains that people ascribe causes of a given event primarily to either the individual (dispositional/internal attributions), or to the surrounding environment (situational/external attributions). Dispositional attributions are made when the cause of a particular behavior is grounded on the individual's intrinsic characteristics (e.g. personality traits, ability), while situational attributions are made when the cause of the behavior lies within factors of the environment in which the behavior occurs. People's evaluation of a particular situation may be significantly contingent on whether the situation is attributed to the actor, or to some aspect of the environment; and this evaluation affects "*such things as liking for the actor, trust in him, and his persuasiveness*" (Kelley and Michela, 1980, p. 480) and thus people's behavior (Heider, 1958; Kelley and Michela, 1980). For example, Kelley (1972a) synthesizes research confirming that when an individual's helpful behavior is ascribed to his/her intrinsic characteristics, it is countered more favorably than if a similar act is attributable to external pressure.

2.5.2 Attribution theory and consumer behavior

Attribution theory has its roots in social psychology, and has predominantly focused on explaining how people arrive at causal inferences, and what the consequences of these inferences are (Folkes, 1988). In the early seventies the concept attracted consumer researchers' attention. In the context of consumer behavior, the underlying principle of attribution theory is that consumers' evaluations of an organization, as well as their beliefs, attitudes, and intentions, partially stem from consumers' perceptions of the primary motives underpinning the organization's actions (Becker-Olsen et al., 2006). More specifically, the literature suggests that, when presented

with evidence of a firm's social involvement, consumers are likely to elaborate on the message and assign to the firm two primary types of motives: self-serving motives, which focus on the potential benefit to the firm itself (e.g., to increase profits, sales or boost a specific brand) and public-serving motives, which, on the other hand, highlight the potential benefits to people outside the company (e.g., help needy citizens, assist with community development or raise awareness for a specific cause) (Ellen, Webb, and Mohr, 2006; Forehand and Grier, 2003; Maignan and Ralston, 2002; Romani et al., 2016; Skarmeas and Leonidou, 2013; Webb and Mohr 1998). These two primary motives have received various terminologies in research including other- versus self-centered (Ellen, et al., 2000), profit- versus socially-motivated (Becker-Olsen et al., 2006), altruistic versus egoistic (Bendapudi, Singh, and Bendapudi, 1996), and extrinsic versus intrinsic (Du et al., 2007; Romani et al., 2016).

In general, research indicates that consumers are likely to respond to perceived public-serving motives favourably because they consider the company's engagement in CSR practices to derive from its moral character and benevolent intentions. In other words, consumers are convinced that the company is genuinely concerned with the well-being of society (Becker-Olsen et al., 2006; Ellen et al., 2000; Skarmeas and Leonidou, 2013; Vlachos et al., 2009). On the other hand, when consumers attribute corporate social engagement to firm-serving motives negative reactions to the firm often ensue, because these motives signify an individualistic or opportunistic perspective in that the company is perceived as taking advantage rather than supporting the cause (Ellen et al., 2006; Forehand and Grier, 2003; Skarmeas and Leonidou, 2013; Vlachos et al., 2009). However, consumer

responses to CSR appear to be more complex than once believed (Ellen et al., 2006). Moreover, consumers are likely to distinguish more than one possible causal inference for corporate social engagement (Oberseder et al., 2011).

Swanson (1995) proposed three primary motivations for companies to engage in CSR activities: economic, positive duty and negative duty. Economic motives refer to CSR as a strategic approach to improve the firm's performance objectives, such as sales, profit, and return on investment. The duty-aligned perspectives focus on corporate moral performance and the related responsibilities to society. Positive duty recognizes that a company's CSR initiatives reflect sincere social concerns, while negative duty holds that a company's motivation is a response to stakeholder pressures (Swanson, 1995). Similar motives, namely performance-driven, value-driven, and stakeholder-driven, were identified by Maignan and Ralston (2002). More recent research by Ellen et al. (2006) reveals that consumers distinguish between self-centered motives, which are further differentiated into strategic and egoistic, and other-centered motives, which include values- and stakeholder-driven motives.

Prior research suggests that certain attributions can directly influence consumers' behavioural intentions and attitudes. More specifically, attitudes toward the company (Becker-Olsen et al., 2006; Groza et al., 2011), company trust (Vlachos et al., 2009), purchase intentions (Becker-Olsen et al., 2006; Ellen et al., 2006; Groza et al., 2011), repeat patronage intentions (Vlachos et al., 2009; Walker et al., 2010), recommendation intentions (Ellen et al., 2006; Vlachos et al., 2009; Walker et al., 2010), perceived corporate brand equity (Parguel et al. 2011), and scepticism toward CSR (Forehand and Grier, 2003; Romani et al., 2016; Skarmeas and Leonidou,

2013), have all been significantly influenced by the motives consumers assign to CSR initiatives.

2.5.3 Attributions about company motives and consumers' perceptions of brand morality

Considering the fact that causal inferences have been discussed as a major variable explaining consumers' reactions to CSR (Godfrey 2005), this study aims to examine the relationship between consumers' attributed motives underlying a company's philanthropic activity and consumer perceptions of brand morality. Following aforementioned research (e.g. Maignan and Ralston, 2002; Swanson, 1995; Walker et al., 2010), this study distinguishes three types of causal attributions (i.e. value-, stakeholder-, and strategic-driven) for a company's engagement in philanthropic activity.

Values-driven motives refer to beliefs that the company engages in CSR practices purely because of its moral character, and societal ideals and standards (Becker-Olsen et al., 2006; Ellen et al., 2000; Vlachos et al., 2009). In this case, consumers consider the firm to be acting out of genuine concern about social issues, authentic desire to contribute to society and altruistic intentions. Subsequently, consumers are likely to unquestionably accept and embrace the firm's social initiatives, and also develop enhanced perceptions of brand morality in the presence of attributions of benevolence-motivated giving. Vlachos and colleagues (2009) show that value-driven attributions have a strong positive effect on both consumer trust and recommendation intentions. Moreover, both Becker-Olsen et al., (2006), and Groza

et al., (2011) concluded that socially motivated CSR initiatives result in significantly greater overall attitude towards the firm. Therefore, in line with previous research findings, we hypothesize the following:

H3a: Values-driven attributions about a company's motives will have a positive effect on consumers' perceptions of brand morality.

Stakeholder-driven motives refer to beliefs that the company engages in CSR in an attempt to fulfill the expectations of various stakeholders (Vlachos et al., 2009). In this case, consumers are not convinced about the sincere social consciousness of the company and raise uncertainty about its morals and socially responsibility. As a result, stakeholder-driven attributions are likely to engender negative evaluations of the firm since consumers view them as not corresponding to the company's genuine values and beliefs, but rather as a means for responding to demands coming from various interest groups (shareholders, employees, customers etc.) and/or avoiding their retribution (Ellen et al., 2000; Skarmeas and Leonidou, 2013; Vlachos et al., 2009). Vlachos et al., (2009) found that stakeholder-driven attributions have a negative impact on both consumer trust and patronage intentions. Similarly, Skarmeas and Leonidou's (2013) study revealed that attributions of stakeholder-driven motives elicit consumer scepticism toward CSR. Moreover, Groza et al., (2011) concluded that stakeholder-driven attributions result in decreased attitudes toward the company. As such, we hypothesize that:

H3b: Stakeholder-driven attributions about a company's motives will have a negative effect on consumers' perceptions of brand morality.

Strategic-driven attributions reflect beliefs that the company can accomplish business objectives essential to its survival, while undertaking social activities (Ellen et al., 2006; Skarmeas and Leonidou, 2013; Vlachos et al., 2009). Even though consumers may expect companies' CSR actions to be motivated at least in part by self-interest (Ellen et al., 2006), strategic-driven attributions may constitute a confusing problem for them. While, such attributions might be perceived as appropriate because a company needs to be economically viable (Ellen et al., 2006), consumers may resent the interference of profit-seeking behavior into the area of social causes because values, rather than money, should constitute the issue at hand (Hollender, 2004; Vlachos et al., 2009). Hence, consumers are likely to infer that the company decides to support the social cause not because doing so is right, but because doing so is just business (Skarmeas and Leonidou, 2013). Previous research reveals that strategic-driven motives underlying a brand's CSR activities are positively related to scepticism towards CSR (Romani et al., 2016), and are negatively related to consumer patronage intentions (Vlachos et al., 2009; Walker et al., 2010). In line with previous research, this study posits that strategic-driven attributions result in consumers' skeptical stance toward a company's CSR efforts and diminish consumer perceptions of brand morality. Therefore:

H3c: Strategic-driven attributions about a company's motives will have a negative effect on consumers' perceptions of brand morality.

2.6 Perceived importance of the cause and consumer perceptions of brand morality

Consumers, as people, come with specific needs and motives important to them, and a company's social agenda may or may not offer opportunities to fulfill these needs and motives (Vlachos, 2012). Moreover, past research indicates that several individual differences variables are expected to have an impact on whether or how strongly consumers react to a company's CSR activity (Mohr and Webb, 2005; Vlachos, 2012). One such variable that is considered to be a key determinant of consumers' sensitivity to a company's CSR efforts is consumers' perceived importance of the cause (Haley 1996). In the literature, several terms have been used to refer to this concept such as "cause involvement" (Grau and Folse, 2007), "cause affinity" (Arora and Henserson, 2007; Drumwright, 1996) and "personal relevance" of the cause (Creyer and Ross, 1997).

Perceived importance of the cause refers to the degree to which a customer considers a specific category of relief project (e.g., support children in need) to be personally relevant (Grau and Folse, 2007; Creyer and Ross 1997) or important (Haley 1996). Celsi and Olson (1988) argue that *"a consumer's level of involvement with an object, situation, or action is determined by the degree to which s/he perceives that concept to be personally relevant"* (Celsi and Olson, 1988, p. 211). This personal relevance can be a result of consumers' past experiences with a cause (e.g., a friend has cancer) or part of their self-concept (e.g., environmentally conscious people are likely to find recycling programs more personally relevant) (Grau and Folse, 2007).

In the context of cause-related marketing (hereafter CRM), Lafferty (1996) not only argues that consumer responses to a CRM campaign will be more positive when the cause is more important to them, but further reveals that the control advertisements (i.e., with no cause included) result in more positive attitudes and purchase intentions compared to supporting an unimportant cause. Moreover, greater perceptions of importance of the cause are found to have a direct positive effect on CRM campaign effectiveness (Arora and Henderson, 2007; Grau and Folse, 2007), purchase intentions (Arora and Henderson, 2007), CRM participation intentions (Grau and Folse, 2007), and charity-linked product choice (Lichtenstein et al., 2004).

Except for research focusing on the main effect of cause importance on various outcome variables (Arora and Henderson 2007; Grau and Folse, 2007; Lichtenstein et al., 2004), more recent research emphasizes the importance of the moderating role of perceived cause importance on consumers' behavioural responses. For example, Hajjat (2003) examined consumer attitudes and purchase intentions for a cause-related versus an ordinary marketing campaign, devoting high versus low donation amounts, under high versus low cause involvement conditions. This study concluded that under conditions of high cause involvement, CRM is more effective on consumers' responses compared to ordinary marketing (no cause involved), when the donation level is high. The opposite effect is observed when the donation level is low. In a similar vein, Koschate-Fischer et al. (2012) looked at the moderating role of cause involvement on the relationship between the donation amount in a CRM campaign and consumers' willingness to pay and found that the effect of cause involvement is stronger at high donation levels but does not seem to matter as much for low donation levels.

Sen and Bhattacharya (2001) suggest that consumers reactions to a company's social responsibility initiatives are contingent on the degree of congruence they perceive between the company's character, as revealed by its CSR practices, and their own character (self-company congruence). When the company supports social causes that consumers themselves find important (called support for the CSR domain), they are likely to see greater congruence between themselves and the company (Sen and Bhattacharya, 2001). Therefore, their study shows that the positive effect of CSR initiatives on consumers' company evaluations is mediated by their perceptions of self-company congruence and further this mediation is significantly moderated by consumers' support of the CSR domain (i.e. cause importance). Similarly, Mohr and Webb (2005) concluded that a company's CSR practices in a specific domain exert a stronger influence on those consumers' evaluations and purchase intentions that strongly support the domain of the company's CSR activity, than for those who present weaker support.

It is worth noting that, with only a few exceptions (i.e. Lichtenstein et al., 2004; Mohr and Webb, 2005; and Sen and Bhattacharya, 2001) discussed above; the majority of research examining the role of cause importance has been conducted in the context of cause-related marketing (CRM). Moreover, no previous research has specifically focused on the effect of cause importance on consumer perceptions of brand morality. Therefore, and because consumers' perceptions of brand morality are likely to vary with consumers' personal involvement with the domain of the company's philanthropic activity, this study seeks to examine this gap in the literature.

2.6.1 Cause importance and consumers' perceptions of brand morality

Drumwright (1996) argues that the effectiveness of advertising with a social dimension is largely contingent upon the degree of affinity that key constituents have or develop for the cause. In a similar vein, this study proposes that consumers who care about and assign great importance to a specific cause (i.e. supporting children in need), will indicate greater perceptions of morality for a company that has distinguished itself in this regard than for companies that put their efforts on tangential issues of interest to the consumer such as, say, the protection of animal rights (Bhattacharya and Sen 2003).

Moreover, when a company's philanthropic initiatives are concentrated to causes that are considered important, consumers are likely to infer that it has specific desirable traits that resonate with their sense of self and are more likely to identify with the company. In doing so, they are likely to have greater perceptions of brand morality (Lichtenstein et al., 2004; Sen and Bhattacharya 2001). Organizational identification is at least partly motivated by people's need to maintain a consistent, positive self-image (Dutton, Dukerich, and Harquail 1994; Sen and Bhattacharya 2001). In other words, people identify with organizations with which they believe, or with which they want to believe, that they share common traits and that provide for a sense of self-enhancement (Ashforth, 1998; Eisbach, 1998). If a company's philanthropic activity is directed to causes that consumers themselves value and support (i.e. resonates with their self-image), they are more prone to identify with the company and in turn infer greater perceptions of morality (Bhattacharya and Sen, 2003; Sen and Bhattacharya, 2001). As such, we argue that consumers' perceived importance of the cause reflects on their perceptions of brand morality.

H4: Consumers' perceptions of importance of the cause will have a direct positive effect on consumers' perceptions of brand morality.

2.6.2 Perceived cause importance and consumers' behavioral intentions

As previously mentioned, behavior depends on the expectation of producing a specific outcome, and on the evaluation of that outcome (Atkinson 1964; Eccles and Wigfield, 2002). First, a company's engagement in philanthropic activity might, for several reasons, generate an overall greater perception of brand morality. Whether this perception will lead to enhanced consumer behavioral intentions should, at least in part, be influenced by the consumer's perceptions of importance of the cause. Specifically, the greater importance consumers assign to a company's philanthropic activity, the greater will be their motivation to reward the company by being ready to pay a price premium for its products. In contrast, in the case of low perceived importance of the cause, even though the consumer might hold high perceptions of brand morality, he will not be prepared to pay price premium because his interest on the specific cause is limited. As a consequence, higher perceptions of brand morality will not be followed by a respective increase in willingness to pay.

Moreover, according to organizational identification theory, people identify with organizations with which they believe that they share common traits and provide for a sense of self-enhancement (Ashforth 1998; Eisbach 1998). Self-enhancement is a motive, which refers to a person's need to feel important (Mowen and Sujun, 2005). Consumers are likely to grow a sense of personal importance from supporting a company whose philanthropic activity is devoted to a social cause which they

consider as important (e.g. support children in need). This feeling is very likely to result in greater motivation to recompense the company and willingness to pay more for the company's products.

With regards to consumers' WOM intentions, research suggests that companies need to be interesting to spur discussion, because as Sernovitz (2006, p.6) argues "*nobody talks about boring companies*". More importantly, when partaking in WOM, consumers communicate not only information about a brand or product but also something about themselves (Wojnicki and Godes, 2008). Most people want others to think highly of them, and sharing interesting or important information should facilitate this ambition (Berger and Schwartz, 2011). In other words, people may be willing to "spread the word" about a company's involvement in an important social cause because it makes them feel and appear important. De Angelis et al. (2012) note that consumers seeking self-enhancement are more likely to generate WOM. Finally, as it has already been noted, when a company's philanthropic activity is directed to causes that consumers find important, they are more likely to identify with the company, and consumers who identify with a company are more likely to promote it to others (Bhattacharya and Sen, 2003).

Therefore, in line with previous research findings, it is postulated that:

H5: The relationship between the consumers' perceptions of brand morality and consumers' behavioral intentions will be positively moderated by consumers' perceived importance of the cause.

2.7 CSR Implementation-related Factors and consumer perceptions of brand morality

Research indicates that one factor that is expected to have an impact on consumer responses and seems to significantly vary across companies' social initiatives, is the geographical focus of their philanthropic activities (i.e. the geographic distribution of the donation budgets) (Schons et al., 2016). In other words, while some companies choose to direct their philanthropic activity within the national borders, others decide to support international causes around the world. Another factor that is considered to play an important role in consumer responses to corporate social involvement is the size of the donation.

2.7.1 The geographical focus of philanthropic activity and consumers' perceptions of brand morality

Selecting the recipient of the donation in a company's philanthropic activity is a very important managerial decision. Moreover, it is well acknowledged that consumers differentially reward companies for varying geographic allocations of their CSR budget (Rahman and Norman, 2016; Russell and Russell, 2009; Grau and Folse, 2007; Hou et al., 2008; Schons et al., 2015; Vanhamme et al., 2012).

Consumers' responses to companies' decisions to donate at home or abroad are closely related to the philosophical debate on the *"tension between the demands of cosmopolitan justice and the commonsense moral view that people may, or are even required to, give special consideration to the interests of the compatriots over those*

of foreigners” (Tan, 2004, p. 137). This idea of patriotic partiality or concern is premised on the belief that compatriots take priority.

Although the commonsense moral view that compatriots are entitled to special consideration is a deeply and widely held one (Tan, 2004), as a moral theory it is at best unproven (Shue, 1996). Singer (1972), on the philosophical debate about the moral obligations society owes to distant others, argues that people are as much obliged to aid a distant other in need as to someone in need close to them, saying that *“it makes no moral difference whether the person I help is a neighbor’s child ten yards from me or a Bengali whose name I shall never know, ten thousand miles away”* (Singer, 1972, p. 231).

Today, this standpoint appears to be more relevant than ever in this era of globalization where distance and differences are diminished and *“traditional citizenship is being challenged and remolded by the important activism associated with this trans-national political and social evolution”* (Falk 1994, p. 138). Durante (2014, p. 315) argues that globalization has *“blurred the boundaries between the concepts of ‘foreign’ and ‘domestic’ on both the sociocultural and sociopolitical levels”*. Moreover, due to technological advancements, which illustrate the plight of distant needy and simplify the ability to reach them, an individual’s circle of interaction is constantly expanding (Chatterjee, 2004).

Extant research examining the effect of companies’ geographically varying CSR activities on various consumer responses has produced equivocal results, with some contributions offering support to consumers’ preference for local than broader in geographic scope causes (Rahman and Norman, 2016; Russell and Russell, 2009;

Grau and Folse 2007; Hou et al. 2008), some finding insignificant results (Cui et al. 2003; La Ferle et al., 2013; Ross et al. 1992), while others indicating consumers' more positive evaluations for an international over a national scope (Schons et al., 2015; Vanhamme et al., 2012). A summary of the relative research findings is presented in Table 2.1 below.

In the context of cause-related marketing (CRM), Ross, Patterson and Stutts (1992) investigated the impact of cause proximity on consumers' attitudes towards both the cause and the firm, and concluded that no significant differences exist between consumers' support for local versus national causes (Ross et al., 1992). These findings are further supported by Cui, Trent, Sullivan and Matiru's (2003) research findings in that, contrary to the authors' expectations, no significant difference in consumer evaluations of a CRM offer associated with a local versus a national cause was found. Moreover, a more recent study conducted by La Ferle, Kuber and Edwards's (2013) aimed to explore and compare consumers' attitudes toward cause-related marketing campaigns in two countries (India and the United States) being at different levels of development (La Ferle et al., 2013). Their study also concluded that a national versus international geographic scope of the cause has no effect on either Indian or American students' evaluations of the company image and attitudes toward the CRM offer (La Ferle et al., 2013).

On the other hand, Hou, Du and Li (2008) provide evidence that CRM campaigns aiming to support local rather than national causes result in higher consumer purchase intentions. Moreover, Grau and Folse (2007) designed experiments to assess the role of donation proximity (local versus national) on CRM campaign

attitudes and participation intentions of the less-involved consumers. Their study concluded that although donations directed to support local causes positively influence low involved consumers' evaluations of CRM campaigns, they do not lead to enhanced campaign participation intentions (Grau and Folse, 2007).

Also in the context of CRM, Vanhamme, Lindgreen, Reast, and van Popering (2012) examined the effect of cause scope on consumer perceptions of corporate image and the mediating role of consumer-cause identification. Their study provides some interesting insights in that although consumers tend to identify more with local/national causes (than with international causes), and this identification results in enhanced consumers' evaluations of corporate image when the CRM campaign adopts a local/national scope, the direct effect of cause scope on consumer perceptions of corporate image is exactly the opposite. In other words consumers' evaluations of corporate image are significantly more positive when the CRM campaign embraces an international scope. Based on their findings, the authors argue that *"this suppression effect could help explain the contradictory previous findings pertaining to cause scope"* (Vanhamme et al., 2012, p. 268).

In the context of a corporate philanthropy only three studies have examined the effect of varying geographical focus on consumer responses.

Russell and Russell (2009) conducted three experiments to examine consumers' reactions to CSR initiatives implemented in local versus distant geographical areas. They concluded that, due to greater personal relevance, consumers' support of the company is significantly stronger for locally- focused CSR initiatives (Russell and Russell, 2009). Similarly, a more recent study conducted by Rahman and Norman

(2016) reveals that philanthropic activities aiming to support the local community resonate better with consumers, compared to actions directed at the global community. More specifically, they conclude that consumers demonstrate more favorable attitude towards both the firm and its philanthropic activity when the latter is dedicated to local beneficiaries. Furthermore, consumers' positive attitude is translated into higher purchase intentions and willingness to pay more for the products of the firm supporting the local community.

On the other hand, a recent study by Schons, Cadogan and Tsakona (2015) found contradicting results. More specifically, their empirical study indicates that the majority of consumers have a preference, inferred by their purchase intentions, for fairly partitioning the donation between domestic and foreign recipients, followed by another considerably large group of respondents supporting the allocation of the entire donation to foreign recipients. Interestingly, only a small group of respondents support the assumption that "compatriots take priority" (Schons et al., 2015).

Table 2.1: Geographic scope of the cause – Extant literature

Citation	CSR activity	Results	Dependent variables	Cause scope
Cui et al. (2003)	CRM-US	Not significant	Evaluations of the CRM offer	Local versus national
Grau and Folse (2007)	CRM	Positive	Attitude toward the CRM campaign	Local versus national
		Not significant	Intentions to participate	
Hou et al. (2008)	CRM- China	Positive	Purchase intentions	Local versus national
La Ferle et al. (2013)	CRM – India/US	Not significant	Attitudes toward the CRM offer Company image	National versus international
Rahman and Norman (2016)	Philanthropy-US	Positive	Attitudes towards CSR activity Purchase intentions Willingness to pay more	Local versus global
Ross et al. (1992)	CRM- US	Not significant	Attitudes toward the company Attitudes toward the cause	Local versus national
Russell and Russell (2009)	Philanthropy-US	Positive	Consumer choice	Local versus distant
Schons et al. (2015)	Philanthropy-Germany	Negative	Purchase intentions	Local, global, and combination
Vanhamme et al. (2012)	CRM-Netherlands	Positive	Identification with the cause	Local versus international
		Negative	Evaluations of corporate image	

2.7.2 Geographical focus of the donation budget, attributed motives and consumers' perceptions of brand morality

There are good reasons to expect consumers to respond differently with regards to their perceptions of brand morality to philanthropic activities embracing a domestic versus an international scope.

Depending on the country in which they reside, people do not enjoy the same rights or life conditions. What is being taken for granted by people living in developed countries might be considered a luxury (or a privilege to the few) in some parts of the world, where even the most fundamental rights of people are violated. For instance, a large body of evidence convincingly demonstrates that many people in the developing world suffer from malnutrition, lack of access to clean water, basic sanitation, medicines and appropriate health care, and education. In other words, need is perceived in different ways by different people around the world. Therefore, when a company directs its CSR initiatives to the support of a specific domestic or international cause, it does not simply select the geographical focus of the donation but is rather making an important decision on the nature or magnitude of problems and injustices that the company is pursuing to rectify.

Perceived injustices and problems that companies aim to resolve are expected to have a significant impact on consumer perceptions of brand morality. Recent research suggests that consumer response to companies' CSR activities significantly depend on their beliefs about the justice impact of these behaviors (Schons et al., 2015; White et al., 2012). More specifically, White et al., (2012) argue that

consumers are more likely to purchase fair trade products if they assume a high justice restoration potential. According to the authors, justice restoration potential *“refers to whether the particular avenue is perceived as having the possibility of restoring justice”* (White et al., 2012, p.104). Many people (consumers) living in developed nations, although may find it hard to identify with people who are living in such radically different circumstances (Vanhamme et al., 2012), recognize that the conditions people in developing world are facing, are severe in nature, often fatal, and threaten the lives of large numbers of people. As such, consumers might perceive a company’s support for such causes as a more remarkable, deliberate and committed contribution to rectify major institutional injustices. On the other hand, a company directing its philanthropic activity to domestic causes might be perceived as aiming to achieve its ambition for a more equitable society. This argument is supported by the findings of a recent study by Schons et al. (2015), examining consumer preferences for varying geographical allocations of donation budgets between Germany (domestic cause) and Indonesia (international cause), and found that the underlying reason for when respondents select to support the cause in Indonesia was that they felt that the children in Indonesia (compared to children in Germany) are more in need of help and that thus the respondents owe them in terms of justice restoration.

Moreover, recent empirical research examining the effect of cause proximity (i.e. geographic distribution of donation budget) on consumers’ evaluations of corporate image indicates that CRM campaigns aiming to support causes with an international versus local geographic scope yield enhanced consumers’ evaluations of corporate image (Vanhamme et al., 2012).

Another explanation for a favorable contribution of corporate philanthropy with an international scope on consumer perceptions of brand morality could be that consumers recognize a company's social involvement as requiring a more deliberate, professional and larger investment in time and effort when it is further detached from the company's core business (Ellen et al., 2000; de Jong and van der Meer, 2015). As such when consumers witness a company's supportive intentions for a cause that is far away from the company's operating environment borders (i.e. the home country) they are very likely to infer that the company has put in extra effort to the planning and implementation of its social involvement.

According to Varadarajan and Menon (1988) a firm's substantial investment on CSR signifies the firm's use of CSR as a strategic marketing tool and results in enhanced brand image perceptions. Investment may not only refer to the financial resources allocated to the CSR strategy planning and implementation, but could also encompass the time and effort investment. Effort can be defined as the amount of energy put into a behavior (Mohr and Bitner, 1995). Previous research suggests that consumers reward firms for extra effort (Morales, 2005) and also evaluate a cause-related marketing offer more favorably when the company is perceived as expending more effort in its implementation (Ellen et al., 2000). As such, it would be reasonable to argue that a company's philanthropic activity targeting international causes is most likely to increase consumers' perception of investment and result in greater perceptions of morality.

Moreover, greater perceived investment has been found to result into more positive consumer inferences regarding the company's underlying motives for engaging in

CSR (Folse, et al., 2010; Koschate-Fischer, et al., 2012). As such, philanthropic activities dedicated to the support of international causes could act like an indication that philanthropy is a fundamental part of the organization's core values and not a random recompense for business as usual and result in greater perceptions of company sincerity and morality.

Based on the above discussion, when consumers see a brand's donation budget targeting the suffering of undeserving victims in less-developed countries, they are more likely to infer more altruistic motives on the part of the company and cultivate greater perceptions of brand morality. As such, the following two hypotheses are developed:

H6: The geographical focus of the donation budget will have a direct effect on consumers' perceptions of brand morality with the latter reaching lower levels when the geographical focus of the donation is purely domestic and being higher in the case of an international geographical focus of the donation.

H7: The geographical focus of the donation budget will have a direct effect on consumer attributed motives for a company's involvement in philanthropic activity. Specifically, internationally rather than domestically allocated donation budgets will result in consumers' higher altruistic inferences regarding the company's motives.

2.8 Consumer individual differences

As previously noted, several individual differences variables are likely to impact on whether or how strongly consumers respond to a company's social initiatives (Mohr and Webb, 2005; Sen and Bhattacharya, 2001; Vlachos, 2012). Consumer

differences that are relevant to marketers include demographic factors, psychographic profiles, and personality traits (Dabholkar and Bagozzi, 2002; Vlachos, 2012). Dabholkar and Bagozzi (2002) contend that while research focusing on consumers' psychographic and demographic profiles, provide marketers with valuable insights with respect to different consumer segments, they do not deliver a deep understanding of the underlying consumer motivation and how it impacts on consumer attitudes and behavior.

Although the variation in consumer differences arising from personality traits is at the heart of consumer attitude formation and behavioral intentions (Dabholkar and Bagozzi 2002; Vlachos, 2012), limited research has been devoted to this issue. This study extends this stream of research by taking into consideration the role of the personality trait of ethnocentrism in conditioning the effect of the geographical focus of a company's philanthropic activity on consumer perceptions of brand morality. Ethnocentrism was chosen due to its direct relevance to the issue under investigation.

2.8.1 The personality trait of ethnocentrism

In general, the concept of ethnocentrism represents the universal proclivity for people to view their own group as the center of the universe, to interpret other social units from the perspective of their own group, and to reject persons who are culturally dissimilar while blindly accepting those who are culturally like themselves (Booth 1979).

Relatedly, in their social identity theory of intergroup behavior, Tajfel and Turner (1986) laid the groundwork for explaining in-group (the own group) and out-group (other groups) effects. They referred to a social group as “*a collection of individuals who perceive themselves to be members of the same social category, share some emotional involvement in this common definition of themselves, and achieve some degree of social consensus about the evaluation of their group and of their membership in it*” (Tajfel and Turner, 1986, p. 15).

Despite ethnocentrism being a concept that has been widely used and studied in the psychology as well as in other social sciences, it has suffered from much conceptual confusion. The diversity of themes embodied in various conceptualizations of ethnocentrism resulted in a very broad concept whose usefulness has been questioned (Bizumic and Duckitt, 2012; Heaven, et al., 1985). According to Bizumic and Duckitt (2012), the diversity of its conceptualizations in the literature emanates from researchers describing different underlying phenomena. Universally, the broad meaning attached to the term “ethnocentrism” is similar to the definition provided by Sumner (1906, 1911), who introduced ethnocentrism as a general construct reflecting “*the sentiment of cohesion, internal comradeship, and devotion to the in-group and readiness to defend the interests of the in-group against the out-group*” (Sumner 1911, p. 11). Sumner (1906, 1911) highlighted a dichotomous structure of ethnocentrism that includes a favorable attitude toward the in-group accompanied by an unfavorable attitude toward out-groups.

Recent studies have developed the understanding of the construct further (Bizumic et al 2009; Bizumic and Duckitt 2007, 2008; Bizumic et al. 2010; Howle and Bizumic,

2011) and have arrived at an understanding of ethnocentrism as an attitudinal construct that involves *“a strong sense of ethnic group self-centeredness, which involves intergroup expressions of ethnic group preference, superiority, purity, and exploitativeness, and intragroup expressions of ethnic group cohesion and devotion”* (Bizumic and Duckitt, 2012, p.887). While, intergroup expressions encompass the central belief or sentiment that one’s own ethnic group is more important than other ethnic groups, intragroup expressions involve the central belief or sentiment that one’s own ethnic group is more important than its individual members (Bizumic et al., 2009).

Intergroup expressions involve a preference towards the own ethnic group over out-groups, a belief in the superiority of one’s ethnic group over out-groups, a desire to maintain the ethnic purity and avoid, if not reject, mixing with out-groups, and finally a belief that one’s own ethnic group’s interests are of primary importance and that in pursuing them little or no thought should be given to the views and feelings of out-groups. On the other hand, intragroup expressions involve a need for strong group cohesion, with the needs of the in-group taking precedence over the needs of its individual group members, and a sentiment of strong devotion to one’s own ethnic group and its interests. These six different expressions of ethnocentrism should be mutually interacting and reinforcing (Bizumic and Duckitt, 2012).

The concept of ethnocentrism has been applied to explain consumer behavior in markets. More specifically, Shimp and Sharma (1987) transferred the theoretical assumptions of the psychological research on ethnocentrism to the consumption context and coined the concept of “consumer ethnocentrism” thereby providing the

foundation for a new literature stream (Sharma et al. 1995; Watson and Wright 2000; Kaynak and Kara 2002; Wang & Chen 2004; Balabanis and Diamantopoulous 2004; Shankarmahesh 2006). They used the term consumer ethnocentrism to refer to *“the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign-made products”* (Shimp and Sharma, 1987, p. 280). They observed that, whereas some highly ethnocentric consumers believed that purchasing imported products is wrong because it hurts the domestic economy, causes Americans to lose their jobs, and is therefore unpatriotic, some non-ethnocentric consumers evaluated foreign products even more favorably because they were manufactured outside the US.

Bhattacharya and Sen (2003) argue that consumers who identify with companies are more likely to be loyal to those companies, promote them to others, and be resilient to negative information about them.

2.8.2 The effect of ethnocentrism on the geographical focus of donation-perceptions of brand morality relationship

Social identity theory maintains that people go beyond their personal identities to develop social identities in an attempt to construct and articulate their sense of selves (Tajfel, 1978; Tajfel and Turner, 1985; Turner, 1987). People create their self-concepts and social identities by categorizing themselves as members of specific social groups.

In an attempt to understand themselves and their social environment, consumers are motivated to sustain a stable and cognitively consistent sense of self, over time and across situations (Heider, 1958). Social identity research suggests that consumers engage in behaviors that are consistent with their identities (Forehand et al. 2002), and also that individuals have a need to identify with certain groups and a need to differentiate themselves from other groups (Ashforth and Mael, 1989; Tajfel & Turner, 1986).

Based on this premise, the appeal of a company's identity is largely contingent on the consumer's perceptions of the similarities between their own identity and that of the company (Bhattacharya and Sen, 2003; Dutton, Dukerich, and Harquail, 1994; Sen and Bhattacharya, 2001). Consumers, when determining the attractiveness of a company's identity, and particularly when evaluating the company's ideals, and core values, look for similarities between the company's character and their own personal values (Dutton, Dukerich, and Harquail, 1994; Sen and Bhattacharya, 2001). For example, when a company undertakes a CSR initiative, to the proper extent, so that it is indicated to consumers that the company has traits that overlap with their self-concept, consumers have higher degrees of identification with the company and, in turn, are more likely to express higher perceptions of brand morality. Moreover, when a consumer is able to identify with a brand's CSR activity because the latter fits with that consumer's sense of moral rightness, engaging with the brand enables the consumer to maintain and express more fully and authentically (Pratt 1998) their sense of who they are (i.e., their traits and values).

Customers' reactions to varying geographic allocations of donation budgets could significantly differ across people who possess diverging world-views. Differences in the way a company allocates its philanthropic budget across the various markets might reflect differences in the extent to which the brand places the interests of one set of people ahead of others. For instance, if a company concentrates its philanthropic initiatives merely to the support of domestic causes, then it is placing the interests of people in the domestic market at the forefront when it comes to CSR budget determination. Highly ethnocentric consumers see it as a priority that the firm attempts to restore justice in the home country. Indeed, these consumers may conclude that brands have a strong moral obligation to try to resolve 'home-grown' injustices using their CSR operations, rationalizing their stance with the sentiment that "charity begins at home". This may mean, then, that ethnocentric consumers are willing to sacrifice justice restoration activity for victims of injustice in other countries if the latter impinges on the ability of the brand to leverage its CSR activity to restore a just world in the domestic context.

On the other hand, consumers with very low levels of ethnocentrism see more merit in allocation of CSR budgets to foreign causes. In this case, justice restoration activities that target domestic causes at the expense of causes in less-developed and needy countries may be seen as lost opportunities, commendable but lacking in some respect. The most proper focus of CSR activity, for these consumers, would be to allocate donation budgets entirely to needy foreign causes because this is considered to be the most morally acceptable course of action.

Consumers with more balanced ethnocentric tendencies may wish to see justice restoration both at home in the domestic context and abroad in needy foreign countries. For these consumers, the most moral approach to CSR budget allocation is to share the budget across the two contexts, so that domestic and foreign causes benefit.

With the application of this logic to the present study, when a company's philanthropic activity (e.g., donation budget allocated exclusively to causes in the home country) matches a consumer's own sense of what is morally right (e.g., the consumer believes there is a moral imperative companies to support their own country), consumers will be more likely to infer that the company has certain desirable traits (e.g., caring for its own people) that resonate with their sense of self. As a result, consumers will find the brand's identity attractive (Dutton, Dukerich, and Harquail 1994; Forehand et al. 2002); in so doing, they will have greater perceptions of brand morality. Accordingly, we hypothesize that:

H8: The relationship between the geographical focus of donation activity (Focus) and consumers' perceptions of brand morality will be moderated by consumers' predisposition to be ethnocentric. The Focus-induced changes in consumers' perceptions of brand morality will be weaker for consumers who are characterized by higher levels of ethnocentrism.

2.9 Size of the donation budget

The size of the donation budget is considered to be an important success factor of a company's philanthropic activity, which is of particular interest since can be directly controlled by managers (Muller, Fries, and Gedenk, 2014).

Although it seems reasonable to assume that the more "generous" a company is the more favorably consumers respond to it, extant research reveals that the effect of companies' investments in larger donations is equivocal. More specifically, while some contributions point to a positive effect of donation size on various consumer response variables such as willingness to pay (Koscate-Fischer et al., 2012), goodwill toward the CRM campaign (Folse et al., 2010; Moosmayer and Fuljahn, 2010), brand choice (Pracejus et al., 2003/04), and purchase intentions (Schons et al., 2015); some find insignificant results (Moosmayer and Fuljahn, 2010; Van den Brink et al., 2006), and some even indicate that larger donations have a significant negative effect on consumer brand choice (Arora and Henderson, 2007; Strahilevitz, 1999) and behavioral intentions (Chang, 2008) and often generate impressions of exploitation of the non-profit organization by the firm (Dahl et al., 1995).

A review of the literature reveals that the majority of studies examining the role of donation size on consumer responses has been conducted in the context of cause-related marketing, and has produced some interesting, but at the same time contradicting findings (sees Table 2.2).

Strahilevitz (1999) shows that when the magnitude of the donation is a smaller percentage of the product price, consumers' brand choice is significantly higher than when the magnitude of the donation consist a higher percentage of the product price. In other words, higher donation amounts negatively affect consumer brand choice (Strahilevitz, 1999). Likewise, Chang (2008) concluded that donation magnitude has a direct negative effect on consumers' intention to select the product promoted with a cause.

Moosmayer and Fuljahn (2010) find that the donation size has a significant positive effect on consumer perception of the benefit to the NPO as well as on consumer goodwill toward the CRM campaign. However, the role of donation size on consumer perceptions of firm behavior and attitude towards the firm's products remain insignificant. Moreover, Van den Brink, Odekrken-Schroder, and Pauwels (2006) found no significant effect of the amount of resources invested in a CRM campaign on brand loyalty.

Folse, Niedrich, and Grau (2010) reveal that the donation amount has a significant positive effect on CRM campaign participation intentions, which is fully mediated by consumer inferences about the firm motives. More specifically, according to their findings greater donation amounts elicited other-serving firm motives and thus enhanced perceptions of CSR. Interestingly, Folse, Niedrich, and Grau's (2010) findings contradict Dahl, Darren and Lavack's (1995) conclusions that higher rather than lower donations prompt greater consumer perceived exploitation of the non-profit cause by the firm.

Muller, Fries and Gedenk (2014) explore the impact of the donation size on brand image and brand choice. Their study shows a negative effect of donation size on brand image when the frame of the donation is purely monetary, a positive effect for nonmonetary framings and an inverted U-shaped effect for a combination of both (monetary and nonmonetary) frames. This finding is in accordance with Koschate-Fischer, Stefan, and Hoyer's (2012) study, which also concluded that the size of the donation positively influences the customer's willingness to pay with an inverse quadratic trend. With regards to the effect of donation size on brand choice, Muller et al., (2014) argue that brand choice is enhanced by larger donations only if consumers do not face financial trade-off. However, if consumers have to choose between doing good and saving for themselves, larger donations decrease brand choice probability.

A recent study by Schons, Cadogan and Tsakona (2015), through a mixed method approach (focus groups and experimental study), provided evidence that consumers expect companies to allot substantial amounts of their profits to social causes. Specifically, the size of budget allocated to a company's philanthropic activity was found to exert a significant positive effect on consumer purchase intentions.

Table 2.2 provides a summary of the extant research indicating that, as it has already been noted, research on the effect of donation size on consumer responses has been concentrated on the CRM context, and has produced equivocal results. This study aims to examine the impact of a company's donation size on consumer perceptions of brand morality in the context of corporate philanthropy.

Table 2.2: Size of the donation – Extant literature

Study	Dependent variable	Result
<i>Cause-related Marketing (CRM)</i>		
Dahl and Lavack (1995)	Perceived exploitation of NPO	Positive
Folse, Niedrich, and Grau (2010)	CRM participation intentions	Positive
Koschate-Fischer, Stefan, and Hoyer (2012)	Willingness to pay	Positive (concave)
Moosmayer and Fuljahn (2010)	Perceived benefit to the NPO Goodwill toward the CRM campaign	Positive
Muller, Fries and Gedenk (2014)	Brand image	(+), (-) or inverted U-shaped (frame)
	Brand choice	(+) or (-) (financial trade-off)
Pracejus, Olsen, and Brown (2003/04)	Brand choice	Positive
Arora and Henderson (2007) – Study 3	Brand choice	Negative
Chang (2008)	Behavioral intention	Negative
Strahilevitz (1999)	Brand choice	Negative
Arora and Henderson (2007) – Study 1	Brand choice	Not Significant
Moosmayer and Fuljahn (2010)	Perceptions of firm behavior Attitude to product	Not Significant
Van den Brink, Odekrken-Schroder, and Pauwels (2006)	Brand Loyalty	Not Significant
<i>Philanthropy</i>		
Schons, Cadogan, and Tsakona (2015)	Purchase intentions	Positive

2.9.1 The size of the donation budget and consumers' perceptions of brand morality

A company's social involvement can be used both as a strategic and as a tactical marketing tool (Muller et al., 2014; Van den Brink et al., 2006; Varadarajan and Menon, 1988). While using CSR as a strategic tool aims to improve brand image (Muller et al., 2014), the tactical use of CSR is best illustrated by its practice as a means for achieving enhanced sales (Varadarajan and Menon, 1988).

Previous research on the role of the donation size has mainly focused on sales-related dependent variables (e.g. purchase intentions, brand choice, and willingness to pay) in order to capture tactical success. Very limited research has been devoted to effect of donation size on the strategic success of CSR (Muller et al., 2014).

More importantly, Varadarajan and Menon (1988) argue that a firm's substantial investment of resources on CSR signifies the firm's use of CSR as a strategic tool and results in enhanced brand image perceptions. It is therefore reasonable to expect larger donations to contribute to the strategic success (i.e. enhanced perceptions of brand morality) of a company's philanthropic activity. As such:

H9: The size of the donation budget has a direct positive effect on consumers' perceptions of the morality of the brand.

2.9.2 The size of the donation budget and consumers' values-driven attributions

Previous research indicates that the donation amount influences consumers' inferences about the motives underlying the company's philanthropic activity (Folse, Niedrich, and Grau 2010; Koschate-Fischer, Stefan, and Hoyer, 2012). More specifically, customers appear to attribute more positive motives to a company when the donation level is high. A recent study by Folse, Niedrich, and Grau (2010) revealed that higher donation amounts elicit other-serving (altruistic) firm motives and greater perceptions of CSR, which in turn lead to greater cause-related marketing campaign participation intentions. In a similar vein, Koschate-Fischer et al. (2012) also provided evidence for the positive relationship between larger donation amounts and consumers' altruistic motives, which in turn lead to enhanced willingness to pay. Accordingly, it stands to reason that higher donation amounts induce consumers to make positive inferences about the motives underlying the company's philanthropic activity. As such:

H10: There is a positive relationship between a company's size of the donation budget, and consumers' altruistic inferences regarding the company's motives to engage in philanthropic activity.

2.9.3 The size of the donation budget and consumers' behavioral intentions

Consumers may consider a company engaging in charitable giving to be doing good deeds on their behalf and indirectly providing them with opportunities to help others. A company's philanthropic activity acts like an effective mechanism consumers may

lean on to fulfill their need to offer their help to others (Vlachos, 2012). Bhattacharya, Korschun and Sen, (2009) argue that consumers, based on their perceptions of a company's philanthropic activities, obtain personal psychosocial benefits through patronizing the company that supports the initiative, which in turn results in a sense of well-being.

Palmatier, Jarvis, Bechkoff, and Kardes (2009) investigated the role of customer gratitude in relationship marketing. The feeling of gratitude is a typical affective response to the "benevolence" conferred by others. It is a positive, desirable state associated with contentment, which successively stimulates the recipient to recompense the giver and leads to compliance with any subsequent request (Goei and Boster 2005; Gouldner, 1960; McCullough et al. 2001). To experience feelings of gratitude, recipients have to recognize that benevolence is intentional, and moreover, ascribe virtuous intentions to the giver (Gouldner 1960).

In the context of this study, when consumers acknowledge a company's deliberate philanthropic activities, they form inferences regarding the company's underlying motives, leading to feelings of gratitude, and increasing intentions to compensate the company. Prior research indicates that consumers satisfy their feelings of gratitude by changing their purchase behavior (Dahl, Honea, and Manchanda 2005; Morales 2005; Palmatier et al. 2009).

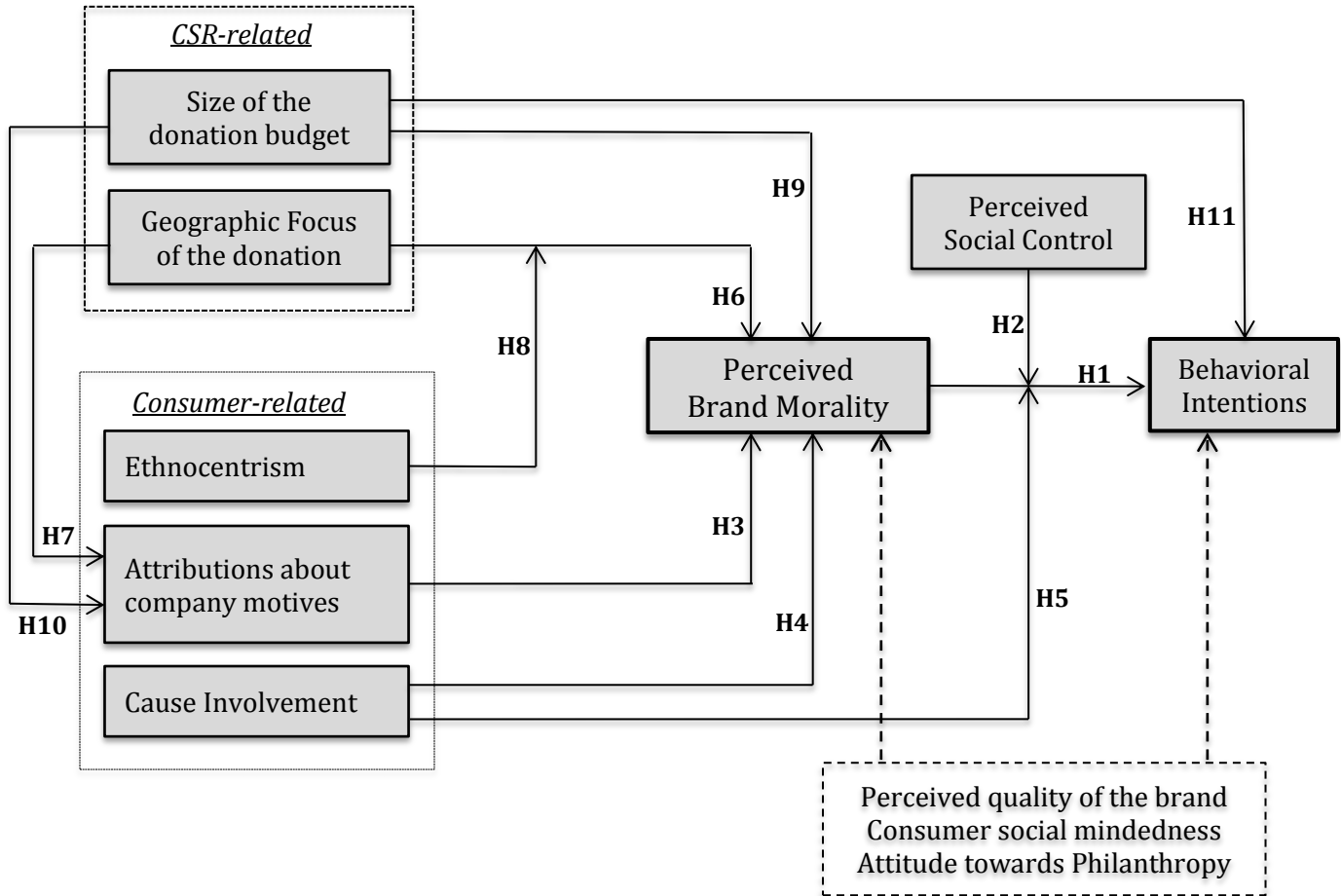
According to Palmatier et al. (2009), consumers' perception of a firm's marketing investments is a key determinant of their feelings of gratitude, which in turn stimulate gratitude-related reciprocal behaviors. As such, it would be reasonable to argue that

higher donation amounts are most likely to increase consumers' perception of investment and result in greater feelings of gratitude (Palmatier et al., 2009; Kwak and Kwon, 2016). Moreover, as it has already been noted, higher donation amounts generate more positive consumer inferences of the motives underlying the company's philanthropic activity (Folse, Niedrich, and Grau 2010; Koschate-Fischer, Stefan, and Hoyer, 2012). Therefore, larger donation amounts are very likely to result in enhanced consumer behavioral intentions. As such:

H11: There is a positive relationship between a company's size of the donation budget, and consumers' behavioral intentions.

Figure 1 below presents the conceptual framework.

Figure 1: The Conceptual Framework



2.10 Conclusions

Based on the information obtained from the literature review eleven hypotheses are presented in this chapter to form the conceptual framework for the rest of the thesis. The crux of the framework is the explanation of consumers' perceptions of brand morality. It is argued that this is dependent on consumers' individual characteristics, the geographical focus of the companies' philanthropic activity, and on the size of the

donation budget. Beyond this, a positive effect of perceived brand morality on consumers' word-of-mouth intentions and willingness to pay more is hypothesized. This effect is argued to be moderated by the perceived importance of the cause and consumers' perceived social control. The following chapter outlines the research design and specifically how the conceptual framework will be tested.

Chapter 3: Research Methodology

3.1 Introduction

In the previous chapter the conceptual framework and the hypotheses were developed based on the literature review. It is now necessary to outline the employed research plan to explain how the research objectives and hypotheses are going to be tested. The chapter begins with discussing the various research designs and data collection methods. Then, sampling procedures and the questionnaire design are also discussed. The final section, describes the survey implementation.

3.2 Research Design

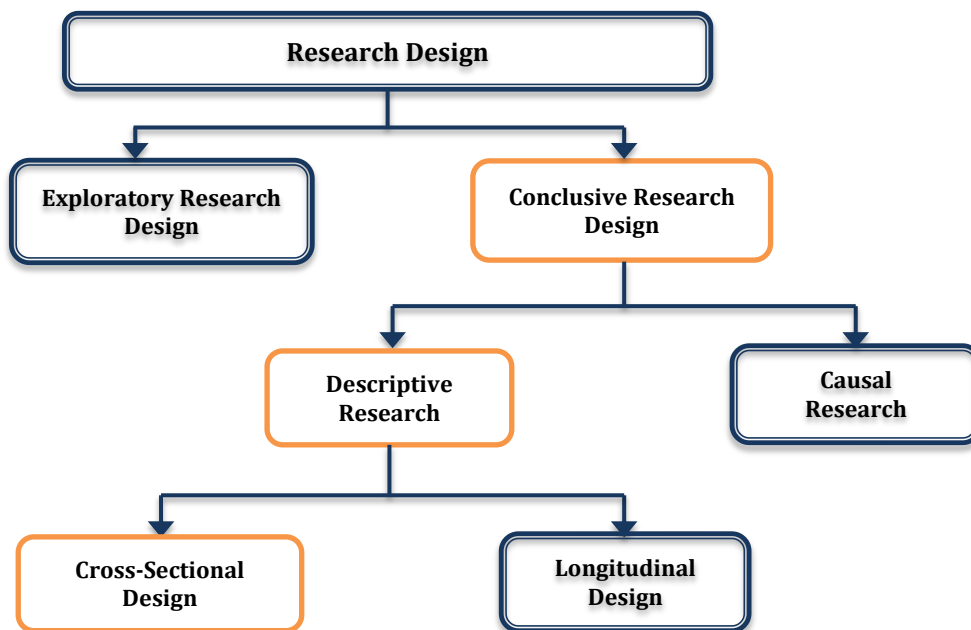
The research design is a roadmap for conducting a research project (Malhotra, 2009). It is a framework guiding the procedures required to obtain the necessary information to structure and solve the research problem (Churchill and Iacobucci, 2005). Research designs can be broadly categorised as either exploratory or conclusive (Malhotra, 2009).

3.2.1 Exploratory research design

Exploratory research aims at providing ideas, insights into and understanding of the problem faced by the researcher (Churchill, 1999; Malhotra and Birks, 2007; Malhotra, 2009). It can be especially useful at the initial stages of inquiry, when the understanding of a particular phenomenon is at an embryonic stage and the

information requirements are only loosely defined (Churchill and Iacobucci, 2005). Accordingly, exploratory research has to be “flexible and unstructured” in order to be sensitive to the unexpected and to gain understandings not previously observed (Malhotra, 2009). Typically, it is considered to serve as an initial research step establishing the groundwork of more conclusive research.

Figure 3.1: Research design classification



Note: Adapted from: Malhotra (2009)

3.2.2 Conclusive research design approaches

A conclusive research design rests on “the assumption that the researcher has an accurate understanding of the problem at hand” (Malhotra, 2009, p. 97). The aim of conclusive research is to describe the specific phenomenon, to test hypotheses and to examine relationships between constructs (Parasuraman, Grewal and Krishnan, 2007). In contrast to exploratory research design, conclusive research

designs are characterised by formal research procedures, where research objectives and information needed are clearly defined in advance (Kinnear and Taylor, 1991). Based on the study's objectives, one can decide between two different approaches available for conducting conclusive research. When a research aims to examine relationships among specific variables and test detailed hypotheses, a descriptive research design would be the most appropriate option. However, if the purpose of the study is to specify cause and effect relationships among variables, a causal research design would be the optimal choice (Malhotra, 2009). Figure 3.1 summarises the research design alternatives available to researchers.

3.2.2.1 Experimental approach

Experimentation is the research technique used in causal research for establishing cause-and-effect relationships. It is defined as “the process of manipulating one or more independent variables and measuring their effect on one or more dependent variables, while controlling for extraneous variables” (Malhotra, 2009, p.248). Due to the fact that experiments uphold the accomplishment of strong internal validity (Campbell and Stanley, 1963), they are often highly regarded by academics (Lee and Lings, 2008). Internal validity allows the researcher to preclude alternative explanations for the hypothesised causal relationships (DeVellis, 2011; Lee and Lings, 2008). However, a serious threat to the internal and external validity of an experiment, are the extraneous factors, which for causal research to be employed, the researcher should be able to rule out (Churchill and Iacobucci, 2005). Extraneous factors (or confounding variables) represent ‘other’, unrelated variables

to the ones under investigation which might affect the relationship between the study's variables and confound the results (Malhotra, 2009). These factors are extremely difficult (if ever possible) to be controlled (Churchill and Iacobucci, 2005; Lee and Lings, 2008). Moreover, experimentation cannot be relied upon to secure a study's results as generalizable to other contexts (external validity) (Churchill and Iacobucci, 2005).

At the same time, experimentation is not regarded as particularly suitable for complex models, as it multiplies the number of possible extraneous factors which need to be taken into account (Lee and Lings, 2008). In view of that, the experimental approach could be more appropriate when a small number of variables is observed (e.g. two) and was disregarded for the current research.

Since this study, rather than establishing cause-and-effect relationships, is interested in specifying relationships among variables affecting and resulting from consumers' perceptions of brand morality within a complex model, the adoption of a descriptive research design is considered more appropriate to serve the study's purpose. The selection of a descriptive research design usually entails collecting data using large, representative samples and the subsequent application of statistical techniques for analysing the data (Malhotra, 2009). There are two different approaches of conducting descriptive research, namely cross-sectional and longitudinal approach.

3.2.2.2 Cross-sectional approach

A cross-sectional approach (often called sample survey) involves data collection from the chosen elements at a single point in time (Bryman and Bell, 2007), and provides a 'snap shot' of the marketplace (Malhotra, 2009). This approach is very commonly used in social science research because it provides the opportunity to collect data on a number of variables and also have high external validity, allowing complex models to be tested, and results to be generalised to other contexts (Lee and Lings, 2008). Moreover, although it is difficult, using this approach, to observe any time ordering associations between variables, and make connotations for causal relationships; when the study is underpinned by theory, the researcher can be confident in making tentative conclusions regarding causal relationships between variables (Churchill and Iacobucci, 2005; Lee and Lings, 2008).

3.2.2.3 Longitudinal approach

In contrast to the cross-sectional approach which offers a snapshot at a single point in time, *"the longitudinal design provides a series of pictures, which track the changes that take place over time"* (Malhotra, 2009, p.102). In other words, longitudinal research implies repeated data collection from a fixed sample of population elements over time, allowing the researcher to evaluate the change in variables of interest over time. Essentially, it is an extension of cross-sectional design in terms of time, and is considered to be able to deal with such issues as common method variance and causal inferences more effectively than cross-sectional design (Rindfleisch et al. 2008).

Despite the fact that longitudinal data collection is desirable it also comes with certain limitations. First, there is a lack of guiding principles on when and how to employ a longitudinal design (Bryman, 2004). Second, longitudinal studies “raise several potential problems, such as confounds due to intervening events and a reduction in sample size due to respondent attrition” (Rindfleisch et al. 2008, p.262). Moreover, this design has received criticism relating to panel conditioning effect as respondents’ continued participation in a study might affect the way they respond to questions (Bryman 2004). Last but not least, longitudinal research requires excessive expenses in terms of time and money, which makes it “easier to advocate than to implement” (Rindfleisch et al. 2008, p.262).

In view of the limitations associated with the longitudinal research design, and more importantly due to time and money constraints this design was not considered a real option for this study. Therefore, a decision was made that the most suitable research design that could better serve the study’s purposes is the cross-sectional design.

More importantly, the cross-sectional method often criticised as being susceptible to method bias problems has actually been demonstrated to not be as severe as previously thought (Rindfleisch et al. 2008). Rindfleisch and colleagues assert that method bias may not be as much of an issue under cross sectional research conditions in instances where relationships between constructs are expected to be quite large in magnitude.

Additionally, the cross-sectional design is in accordance with the main aim of this study, built as it is on a strong conceptual and theoretical basis and seeking to

measure constructs of interest and assessing patterns of associations between these constructs. If designed well, it can be a powerful tool for survey data collection (Rindfleisch et al. 2008). Hence, particular attention was paid when designing the survey questionnaire.

3.3 Data Collection

Having opted for a descriptive research design, the next step involved deciding on the most appropriate method to collect the information sought. A number of data collection methods were evaluated in terms of their advantages and disadvantages as well as based on their appropriateness for serving the study's purposes. Figure 3.2 provides a classification of research data.

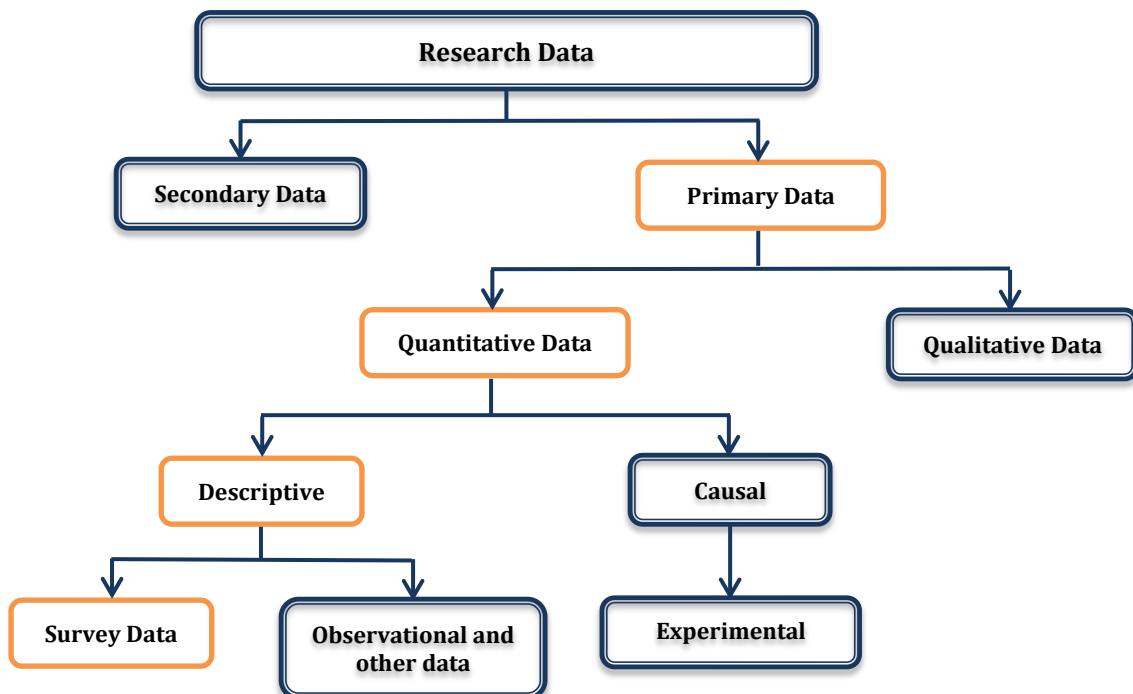
3.3.1 Primary and secondary data

Primary data is "data originated by the researcher specifically to address the research problem" (Malhotra, 2009, p.67). Secondary data, on the other hand, is "collected for some purpose other than the problem at hand" (Malhotra, 2009, p.67), and therefore, it cannot provide the particular information needed to test specific hypotheses (Hair et al., 2010). As such, primary data facilitating the study's specific requirements is collected.

3.3.1.1 Observations

Observation techniques are one type of methodology used in descriptive research, and involve “*recording the behavioural patterns of people, objects, and events in a systematic manner to obtain information about the phenomenon of interest*” (Malhotra, 2009, p. 228). This is a highly flexible technique particularly useful when a researcher is trying to observe a person’s behaviour without questioning or communicating with him/her. Observations are applicable when measuring tangible behaviour. Nevertheless, since this study’s intent was to capture consumers’ *perceptions* of brand morality and *behavioural intentions*, rather than their behaviour as it occurs, observations were not considered an appropriate data collection method.

Figure 3.2: Research data classification



Note: Adapted from: Malhotra (2009)

3.3.1.2 Survey methods

In order to obtain the large amounts of data required, the most prevalent method among marketing researchers and practitioners is survey most often based on questionnaires (Rindfleisch et al. 2008). Surveys can “*provide insights into who the consumers are, how they behave, and why they behave in certain ways*” (Malhotra, 2009, p. 212). Surveys can be conducted in person, by telephone, through a mailed questionnaire, or electronically.

For the current research, the method of face-to-face interviews was excluded mainly for two reasons. The first reason is that when there is face-to-face interaction between the interviewer and the respondent there is a high potential for social desirability which results in interviewer bias (Malhotra, 2009). Interviewers’ facial expressions, intonations, or simply way of questioning, is likely to induce specific responses. Moreover, respondents could be more wary to reveal personal sensitive information (morality issues) in the presence of the interviewer. As a result, interviewer bias would make it very difficult to capture the interviewees’ genuine beliefs since their responses could be misleading. The second reason is that this method would require a substantial amount of time and resources, which were neither available nor indispensable since the same questions that would be asked in a face-to-face interview could be asked in a questionnaire. Telephone interviews were also excluded primarily because the length of the questionnaire and its general complexity would render them very impractical.

Several factors were taken into consideration when deciding on whether to administer the questionnaire electronically or through ordinary mail. Electronic surveys can be conducted either via e-mail (if the respondents' electronic addresses are available to the researcher), or by posting the survey to a Web site and can reach thousands of potential respondents simultaneously and fast (Malhotra, 2009). *"Online surveys are becoming more frequent compared to alternative survey methodologies and this is likely to continue as the demographic penetration of the Internet increases"* (Hooley, Marriott and Wellens, 2012, p. 42). A notable advantage of an electronic survey over a mail survey is that much larger samples can be accommodated because the incremental cost of reaching additional respondents is marginal. Furthermore, online surveys are effective in approaching hard-to-reach respondents as the survey can be accessed at a time and place convenient to each respondent (Hooley, et al., 2012; Malhotra, 2009). Finally, it allows for a reduction in the costs of survey implementation (paper costs, mail-out etc.), and responses can be received instantaneously, and automatically inputted into the relevant analysis software (e.g., SPSS).

Nevertheless, online surveys, like any other data collection method, suffer from a number of limitations that researchers need to be aware of. Firstly, this method is clearly not appropriate in all circumstances and with all survey populations (Hooley et al., 2012). The strength of this method is entirely contingent upon the degree to which the target population is familiar with the use of computers and the internet (Dillman et al., 2009). Another concern is that the Web remains an unsafe environment for many respondents, and people can become more sceptical about

confidentiality issues when invited to complete electronic rather than paper questionnaires (Dillman et al., 2009).

Despite some disadvantages associated with online surveys, its benefits significantly outweigh its limitations. As a result, online data collection method, and specifically e-mail survey was chosen for the current research.

3.4 Sampling procedures

Having specified the appropriate data collection method, the next step to consider is the sampling processes. In the first stage it is necessary to define the target population and the sampling frame (Churchill and Iacobucci, 2005). The results of the current study are going to be generalised to citizens of Germany who represent the population of interest for the study. In 2014, the total population of Germany was just above 81 million people (Statista 2018). The second step in a sample selection process is to identify the sampling frame. A sampling frame is *“[a] representation of the elements of the target population that consists of a list or set of directions for identifying the target population”* (Malhotra and Birks, 2007, p.730). There are different lists which can be used a sampling frame, such as telephone books, lists of registered voters etc. However, *“there is rarely a perfect correspondence between the sampling frame and the target population of interest”* (Churchill and Iacobucci, 2005, p. 324). For the current study a market research company owing seven million registered German consumers was used as a sampling frame. This was due to a collaboration with colleagues from Germany who had access to the market research company. Finally, probability sampling, and more specifically, simple random

sampling was employed for the current study. In simple random sampling “*each unit of the population has an equal probability of inclusion in the sample*” (Bryman and Bell, 2007, p. 185), allowing for greater representativeness of the sample, and therefore better grounds for the generalisation of the results. As such, from the seven million registered German consumers, 20,000 people were randomly selected to participate in this study.

3.5 Questionnaire design

3.5.1 Scenario-based surveys

The use of scenario-based surveys is common practice in consumer behaviour research and specifically in research on CSR (Koschate-Fischer et al., 2012; Schons et al., 2015; Skarmeas and Leonidou, 2013; Vanhamme et al., 2012; Vlachos et al., 2009; Vlachos, 2012; White et al., 2012). They are small paragraphs, which aim to provide respondents with specific information on a company’s CSR activity. In some cases, the researchers use real-world companies/brands associated with fictitious CSR activity (Koschate-Fischer et al., 2012; Skarmeas and Leonidou, 2013) while in some other studies both the companies/brands used and the CSR information communicated are fictitious (Schons et al., 2015; Vlachos, 2012).

According to Low and Lamb (2000) the use of fictitious brand names improves the control in brand association studies because the effects of previously held brand associations can be eliminated and do not affect the measurement process. Moreover, a key consideration of the study was the selection of a popular and

attractive product category. Accordingly, this study, to achieve unbiased results and avoid consumers' pre-existing perceptions regarding an established, well-known brand, a fictitious tea brand, "The Hildegard Tea Company", was created (Low and Lamb 2000). This product was employed because it is a frequently consumed and well-liked one that most everyone, male and female, is likely to be familiar with. According to the German Association of Herbal and Fruit Infusions (WKf), consumption of herbal and fruit infusions reached a total of nearly 13 billion cups in Germany in 2013 alone (Market Insider 2014).

3.5.2 Procedure

An online questionnaire, utilising scenarios was sent to the participants of the study. Respondents were randomly assigned to one of six hypothetical scenarios of the fictitious brands' philanthropic activity. The scenario started by introducing "The Hildegard Tea Company" to participants, providing them with some general background information on the German tea company. For general information on the company, respondents read:

"The Hildegard Tea Company was founded by the family Rupertsberg in the small village of Bingen back in 1878 and has since produced a collection of teas, which are mixed according to the traditional recipes of Hildegard of Bingen. The raw tea ingredients are obtained from Indonesia"

Following this, details on the company's philanthropic activity (i.e. the size of the CSR budget, and the geographic allocation of the CSR budget) were presented.

Size of the CSR budget

With regards to the size of the CSR budget this study employed two settings; a large and a small CSR budget allocated to the support of children in need. Therefore, some respondents read that *“during the last year, the company donated 1.000.000€ to social causes supporting children in need”* for the large CSR budget scenario, while in the small CSR budget scenario, respondents learn that *“during the last year, the company donated 20.000€ to social causes supporting children in need”*.

Geographic allocation of the CSR budget

At the end of the scenarios, respondents received information regarding the allocation of the CSR budget. In the CSR budget allocation “100% at home” scenario, participants learn that *“the entire 20,000€/1,000,000€ have been transferred to a child aid organization in Germany”*. In the CSR budget allocation ‘50% at home and 50% abroad’ scenario, the respondents read that *“half of the 20,000€/1,000,000€ € have been transferred to a child aid organization in Germany, the other half to a child aid organization in Indonesia”*, while in the CSR budget allocation ‘100% abroad’ scenario participants learn that *“The entire 20,000€/1,000,000€ € have been transferred to a child aid organization in Indonesia”*.

3.5.3 Measurement

The measures chosen to operationalize the constructs in the model were drawn from established scales rooted in the extant literature (sometimes with the necessary

adaptation). Table 3.1 presents the constructs and corresponding items used for this study. After reading the scenario, the respondents first indicated their word-of-mouth, and willingness to pay more intentions, followed by their perceptions of brand morality, attributions regarding the company's motives for engaging in philanthropic activity, and their perceptions regarding the importance of the supported cause. Finally, they answered questions capturing their perceived social control and ethnocentric predisposition. Moreover, three control variables, namely perceived brand quality, attitude towards philanthropy, and consumer social mindedness, were included in the questionnaire.

Wherever possible, items were directly taken from existing scales found in the literature and adapted ever so slightly to fit the study's needs. In some cases, different measures operationalizing the same construct found in the literature were combined to create one measure for this study. The reason for this practice was to establish an optimal set of measures, when it was not already provided from one and only source in the literature. With the exception of the 'perceived quality of the brand' construct, all constructs were operationalized using multi-item scales assessed by seven-point Likert and semantic differential scales. The researcher prepared the questionnaire in English and sent it over to colleagues in Germany who translated the measures in German. In order to detect any potential errors or ambiguities during the translation, and also to assess the compatibility of meaning between the English and German versions of the questionnaire and finally ensure accuracy the measures were then back translated in English. This process revealed no particular issues with the translation and the online format of the questionnaire was then prepared.

Table 3.1: Constructs and corresponding measures used in the study

Positive WOM intentions	Adapted from:
<p data-bbox="193 360 975 394"><i>Seven-point Likert scale, "strongly disagree /strongly agree"</i></p> <ul data-bbox="240 412 1007 696" style="list-style-type: none"> <li data-bbox="240 412 1007 495">• I would recommend Hildegard Tea Company to friends who seek my advice. <li data-bbox="240 517 1007 600">• I would speak favorably about Hildegard Tea Company in social situations. <li data-bbox="240 622 1007 696">• I would encourage friends and relatives to buy Hildegard Tea Company. 	<p data-bbox="1043 360 1310 443">Zeithaml, Berry, and Parasuraman (1996)</p> <p data-bbox="1043 510 1358 593">Skarmeas and Leonidou (2013)</p>
Willingness to pay more	Adapted from:
<p data-bbox="193 831 975 864"><i>Seven-point Likert scale, "strongly disagree /strongly agree"</i></p> <ul data-bbox="240 882 1007 1272" style="list-style-type: none"> <li data-bbox="240 882 1007 1010">• I would be willing-to-pay more for the products of the Hildegard Tea Company than for the products of other tea companies. <li data-bbox="240 1032 1007 1115">• I would rather buy my tea at the Hildegard Tea Company, even if other suppliers were cheaper. <li data-bbox="240 1137 1007 1272">• Given the benefits that I would have as a customer of the Hildegard Tea Company, I would be willing-to-pay more than for tea offered by other suppliers. 	<p data-bbox="1043 882 1310 965">Zeithaml, Berry, and Parasuraman (1996)</p>
Perceived brand morality	Adapted from:
<p data-bbox="193 1406 959 1541"><i>Please indicate to what extent the following characteristics describe the Hildegard Tea Company (1 = 'not at all to 7 = 'very much')."</i></p> <ul data-bbox="240 1559 496 1794" style="list-style-type: none"> <li data-bbox="240 1559 368 1592">• Caring <li data-bbox="240 1615 496 1648">• Compassionate <li data-bbox="240 1671 336 1704">• Fair <li data-bbox="240 1727 384 1760">• Friendly <li data-bbox="240 1783 416 1816">• Generous. 	<p data-bbox="1043 1458 1358 1491">Aquino and Reed (2002)</p>
Consumer attributions about company motives	Adapted from:
<p data-bbox="193 1883 975 1917"><i>Seven-point Likert scale, "strongly disagree /strongly agree"</i></p> <p data-bbox="193 1939 991 2011"><i>In your opinion, why does Hildegard Tea Company engage in social projects?</i></p>	<p data-bbox="1043 1984 1437 2018">Ellen, Webb, and Mohr (2006)</p>

<p><u>Values-driven motives:</u></p> <ul style="list-style-type: none"> • They have an ethical responsibility to help society. • They feel morally obligated to help society. • They are trying to give something back to the society. <p><u>Stakeholder-driven motives:</u></p> <ul style="list-style-type: none"> • They feel their customers expect it. • They feel society in general expects it. • They feel their stakeholders expect it. <p><u>Strategic-driven motives:</u></p> <ul style="list-style-type: none"> • They want to get new customers. • They hope to increase their profits. • They hope to increase their competitiveness. 	Skarmeas and Leonidou (2013)
Perceived cause importance	Adapted from:
<p><i>Seven-point semantic differential scale</i></p> <p><i>Helping children in need:</i></p> <ul style="list-style-type: none"> • Is an unimportant cause to me vs. Is an important cause to me. • Means nothing to me vs. Means a lot to me. 	Koschate-Fischer, Stefan, and Hoyer (2012)
Perceived social control	Adapted from:
<p><i>Seven-point Likert scale, “strongly disagree /strongly agree”</i></p> <ul style="list-style-type: none"> • There is very little we, as consumers, can do to solve the world’s problems. • It is difficult for consumers to have much control over the world’s events. • This world is run by the few people in power, and there is not much the little guy can do about it. 	Paulhus (1983)
Ethnocentrism	Adapted from:
<p><i>Seven-point Likert scale, “strongly disagree /strongly agree”</i></p> <p><i>Preference towards the in-group:</i></p> <ul style="list-style-type: none"> • In most circumstances it is not right and natural to favor 	Bizumic, Duckitt, Popadic, Dru, and Krauss (2009)

<p>members from one's own cultural or ethnic group over strangers or foreigners.</p> <ul style="list-style-type: none"> • In most cases, I do not like people from my culture more than I like others. • I think I do not have a particular preference for my own cultural or ethnic group over others. <p><i>Prioritization of the in-group:</i></p> <ul style="list-style-type: none"> • It is absolutely not right to take advantage of other cultures and ethnic groups to our advantage. • <i>We must stop doing what is best for our own people and begin to think about the effect that our actions have on other people.</i> • It would not be right if my cultural group were becoming wealthier at the expense of other cultures. 	
<u>Controls</u>	
Consumer Social Mindedness	Adapted from:
<p><i>Seven-point Likert scale, "strongly disagree /strongly agree"</i></p> <ul style="list-style-type: none"> • I think one should support brands that contribute to the standard of living of people in developing countries, even when these brands are somewhat more expensive. • I feel that everyone should purchase products that help reduce the gap between the very poor and the rich in the world. 	Nijssen, and Douglas (2008)
Attitude towards Philanthropy	Adapted from:
<p><i>Seven-point Likert scale, "strongly disagree /strongly agree"</i></p> <ul style="list-style-type: none"> • I strongly believe that companies should donate some of their profits to children's charities. • Corporations have a responsibility to help children in need. • Businesses should stand up for the rights of children in need. 	Mohr, and Webb (2005)

3.5.4 Assessing content validity

Prior to data collection, a useful research assessment activity is the evaluation of content (or face) validity (Hair et al., 2010). Content validity refers to the degree to which a scale's items represent a proper sample of the theoretical content domain of a construct (Nunnally and Bernstein 1994). Essentially, content validity is an assessment of the correspondence between the items measuring a construct and specific conceptual definition of the construct, and must be established prior to any theory assessment (Hair et al., 2010). Assessing face validity is particularly important when items in a questionnaire are borrowed from previous studies, and are adapted to new contexts (Hair et al. 2010). As previously discussed, the measures used in this study were drawn from exemplary prior studies. To evaluate content validity, Nunnally and Bernstein (1994) suggest that the item pools for all constructs must be subjected to an expert review. Experts in questionnaire design, and academics doing research in consumer behaviour, strategy, and marketing evaluated the study's measures of the constructs to ensure for content validity.

3.6 Data collection

In April 2014, a web-based survey was sent out to the respondents. The survey was administered using EFS survey from QuestBack Unipark, a leading platform for online surveys used by over 400 universities, and many large organizations, consultancies, and market research institutes for online data collection purposes. This software was selected because it fulfilled all the study's complex management requirements, and also because our German colleagues' institute held a license for

the software. EFS allows for absolute precision in questionnaire design offering more than 35 different question types and layout options, and also provides real time monitoring of the responses and automated reminders for effective respondent management. Using EFS an invitation email was sent out to 20,000 consumers, providing them with a link to the web survey, information on the purpose of the study, and clear explanations and instructions on how to fill in the survey instrument. For enhanced response rates purposes the respondents were informed that there were no correct or incorrect answers, and that the questionnaire was for academic research purposes only, and more importantly, their responses' confidentiality and anonymity would be upheld.

The data collection phase lasted for two weeks. At the end of the first week a follow-up email was sent out. As an incentive for participation, shopping vouchers were raffled among all respondents who finished the questionnaire (10 vouchers for 20€ and one voucher for 100€). A total of 5,770 German consumers completed the questionnaire resulting in a 28.85 % response rate. From these, 1,343 respondents were excluded from the analysis because they did not pass the attention check. As a result, the final sample was 4,427 responses and a response rate of 22.14 %. Table 3.2 below presents the respondents profile. The question was:

“Everyone has hobbies. Nevertheless, we would like you to skip this question to show that you are reading carefully. Do not click any of the following buttons. It sometimes happens that participants are less attentive towards the end of a questionnaire. We can test for this by using attention checks like this one. This helps us to control whether our results are biased due to participants who are less attentive. Thank you very much!”

- Biking
- Fitness/Gymnastics
- Hiking
- Swimming
- Running
- Tennis/Squash/Badminton
- Soccer
- Athletic sports
- Basketball/Volleyball
- Dancing

Table 3.2: Sample distributions by age, gender, and income

	Frequencies (%)
Age (years)	
18-34	45.2
35-54	41.2
More than 55	13.6
Gender	
Male	25.6
Female	74.4
Income	
<1,000€	16.5
1,001-2,500€	37.9
2,501-3,500€	25.1
More than 3,501€	20.5

Based on n = 4,427 participants

3.7 Conclusion

To sum up, this chapter provides a summary of the study's methodology. The choice of undertaking descriptive research using a web-based survey for data collection was discussed. The study's specific measures and the data collection procedure were presented. The next chapter is dedicated to the data analysis procedures and the study's results.

Chapter 4: Analysis and Results

4.1 Introduction

The chapter that follows outlines the data analysis process and the results of the analysis. First, a discussion on the procedural considerations that guided the data analysis is presented. Next, the psychometric soundness of the measures is evaluated using factor analysis (EFA and CFA), and finally the structural model along with the hypothesized relationships are tested.

4.2 Analytical procedures

The two-step analytical procedure suggested by Anderson and Gerbing (1988), including assessment of the measurement model followed by evaluation of the structural model, is incorporated in this study. Reliable and valid scales are considered to be an essential condition before valid structural theory examination can be achieved (Hair et al., 2010). As such, the first step undertaken in the analysis was factor analysis.

Modern conceptualizations of factor analysis include exploratory (EFA) and confirmatory (CFA) methods, as well as hybrids that build on the comparative strength of both techniques (Gerbing and Hamilton, 1996; Henson and Roberts, 2006). Although EFA and CFA are just different methods for conducting factor analysis, there are significant conceptual distinctions between the two approaches (Byrne, 2005; Gerbing and Hamilton, 1996; Hurley et al., 1997). EFA is a technique

whose “*primary purpose is to define the underlying structure among the variables*” (Hair et al. 2010, p.94). As implied by its name, EFA is an exploratory method used to *generate* theory and although the researcher might have some rational regarding the factors that may be present in the data, EFA generally does not entail strong a priori theory (Daniel, 1989).

On the other hand, confirmatory factor analysis (CFA) provides a means for rigorously *testing* a theory (model) that has been specified a priori and requires the researcher to have strong theoretical reasoning concerning what factors should be in the data and what variables should define each factor (Byrne, 2005; DeVellis, 2011; Gerbing and Hamilton, 1996; Hair et al., 2010; Hurley et al., 1997). In other words CFA is driven by theoretical expectations and requires a specification of the structure of the data.

Summarizing the main distinction between the two approaches, (Byrne, 2005, p.18) claims that “whereas EFA operates inductively in allowing the observed data to determine the underlying factor structure a posteriori, CFA operates deductively in postulating the factor structure a priori”.

This study, considering the relative advantages of both approaches, employed both EFA and CFA because “*well-fitting models arost always constructed from both theory and data*” (Gerbing and Hamilton, 1996). Although the researcher, driven by the respective theories was anticipating a specific number of factors and the underlying structure of the measures to be formed, EFA was used, from a

“confirmatory perspective”, to make sure that the expectations regarding the factor pattern were supported. Moreover, since this study was benefitted from a large number of responses (4427), and in line with previous research and literature suggesting that cross-validation is both desirable and necessary (Gerbing and Hamilton, 1996; Hurley et al., 1997), the data was randomly partitioned into two datasets. EFA was conducted on the first part of the data followed by CFA. A second CFA was performed on the second half of the data and lastly an overall CFA (on the whole dataset) was implemented for verification purposes.

Having completed the factor analysis, the structural model was assessed using structural equation modelling (SEM). Two statistical packages, namely IBM SPSS Statistics 23 (for EFA) and Lisrel 8.71 (for CFA and SEM) were used to perform the above analysis.

4.3 Exploratory factor analysis

EFA is undertaken in this study to observe the structure of a set of variables and more specifically, to determine the number of distinct constructs underlying the measured items.

4.3.1 EFA procedural considerations

Within the process of EFA, researchers are required to consider a number of substantive technical issues, such as extraction and rotation methods and the

number of factors to retain and, each possible way through the decision tree, will result in differing results for the same data (O'Connor, 2000).

With regards to the extraction techniques, there are two main alternatives to consider when conducting factor analysis, namely Principal component analysis (PCA) and Principal axis factoring (PAF). Although both PCA and PAF are typically labeled as data-reduction techniques, there are significant differences between the two methods (Edwards, 2011; Field, 2013; Hair et al., 2010; Sharma, 1996). According to Edwards (2011), when developing theories, particular consideration should be given to the direction of the relationship between constructs and measures. One option is to specify measures as causes of constructs, such that measures form or induce an underlying latent variable. Principal components analysis (PCA) operates along these lines (Edwards, 2011; Sharma, 1996). The objective of PCA is to reduce the number of variables to a few components such that each component forms a new variable and the number of retained components accounts for the maximum amount of variance in the data (Sharma, 1996). Accordingly, a researcher's intention for using this technique is to summarize most of the original information in a minimum number of factors (data reduction) (Byrne, 2005; Hair et al., 2010). A second option is to treat constructs as causes of measures, such that measures are reflective manifestations of underlying constructs. This logic is rooted in the common factor analysis (PAF), which treats measures as outcomes of unobserved latent variables (Edwards, 2011). The objective of PAF is to search or identify the underlying factors that can explain the inter-correlation among the

variables. While PCA places emphasis on explaining the variance in the data, PAF focuses on explaining the correlation among the indicators (Sharma, 1996).

The following equations clearly specify the differences between the two techniques regarding the direction of the relationship between constructs and measures. In PCA the variables form an index and are called formative indicators of the component (Edwards, 2011; Sharma, 1996). In the following equation,

$$\xi_1 = \alpha_{11}\chi_1 + \alpha_{12}\chi_2 + \alpha_{13}\chi_3 + \dots + \alpha_{1v}\chi_v$$

ξ_1 component is formed by the $\chi_1, \chi_2, \chi_3 \dots, \chi_v$ variables.

On the other hand, in PAF the variables are reflective manifestations of underlying constructs (Edwards, 2011; Sharma, 1996). In the following equations,

$$\chi_1 = \lambda_{11}\xi_1 + \lambda_{12}\xi_2 + \lambda_{13}\xi_3 + \dots + \lambda_{1\mu}\xi_\mu + \epsilon_1$$

$$\chi_2 = \lambda_{21}\xi_1 + \lambda_{22}\xi_2 + \lambda_{23}\xi_3 + \dots + \lambda_{2\mu}\xi_\mu + \epsilon_2$$

...

$$\chi_v = \lambda_{v1}\xi_1 + \lambda_{v2}\xi_2 + \lambda_{v3}\xi_3 + \dots + \lambda_{v\mu}\xi_\mu + \epsilon_v$$

the variables, $\chi_1, \chi_2, \chi_3 \dots, \chi_v$, are functions of the $\xi_1, \xi_2, \xi_3, \dots, \xi_\mu$, latent factors.

The reason for conducting EFA in this study is to examine the structure of the data in order to determine whether it conforms to the researcher's expectations. Since the aim of this study is to measure variance in constructs using reflective items, rather than forming variables, PAF is considered more appropriate compared to the alternative PCA.

Having decided on the most appropriate extraction technique (PAF), the next issue to be considered is the number of factors to be extracted. Two frequently used procedures to determine how many factors should be extracted are the Kaiser's criterion (Kaiser, 1960) according to which only factors with eigenvalues greater than one should be retained, and the scree test criterion which is derived by plotting the eigenvalues against the number of factors, and the shape of the resulting curve is used to evaluate the cut-off point. Eigenvalues represent the amount of total variance explained by every factor (Field, 2013). Both approaches have been found to be problematic (O'Connor, 2000). Kaiser's criterion usually overestimates, and sometimes underestimates the number of factors to retain (Field, 2013; O'Connor, 2000; Zwick and Velicer, 1986). Scree plot interpretations, on the other hand, rely on "eyeball searches of plots for sharp demarcations" (O'Connor, 2010, p.396), which, more often than not, are not definite. As a result, scree plot analysis cannot be considered very reliable due to its subjectivity. However, there is consensus among statisticians that parallel analysis (Horn, 1965), is the optimal procedure to identify the structure underpinning the data (Field, 2013; O'Connor, 2000; Zwick and Velicer, 1986). As such, this study employed parallel analysis (Horn, 1965) to explore the number of factors to retain. Essentially, parallel analysis involves comparing each eigenvalue derived from the actual data against the corresponding eigenvalues in many randomly generated data sets that parallel the actual data in terms of the number of cases and variables. Factors, in the actual data set, demonstrating greater eigenvalues than their equivalent in the random data sets are retained.

In order to simplify the factor structure and improve the interpretation of the variables under examination, the next issue to be considered is the most appropriate rotational method to be employed. There are two broad categories of rotation methods: the orthogonal (e.g. varimax, equimax) which assume independence between the rotated factors (i.e. they are not allowed to correlate), and the oblique rotations (direct oblimin) which, on the other hand, allow correlation between the factors (Hair et al., 2010; Sharma, 1996). Direct oblimin rotation, as more realistic, was the preferred method for this study because there are no theoretical reasons implying that factors in this study are independent of each other.

According to Hair et al. (2010) the minimum sample size to variable ratio requirement is five to one. Taking into account the number of indicators (36) and constructs (12) to be examined in this study, the minimum required sample size would be 240 cases. Since the sample used for EFA in this study was comprised of 2204 cases, it was deemed more than satisfactory and the analysis proceeded with entering all the constructs and indicators into a single EFA.

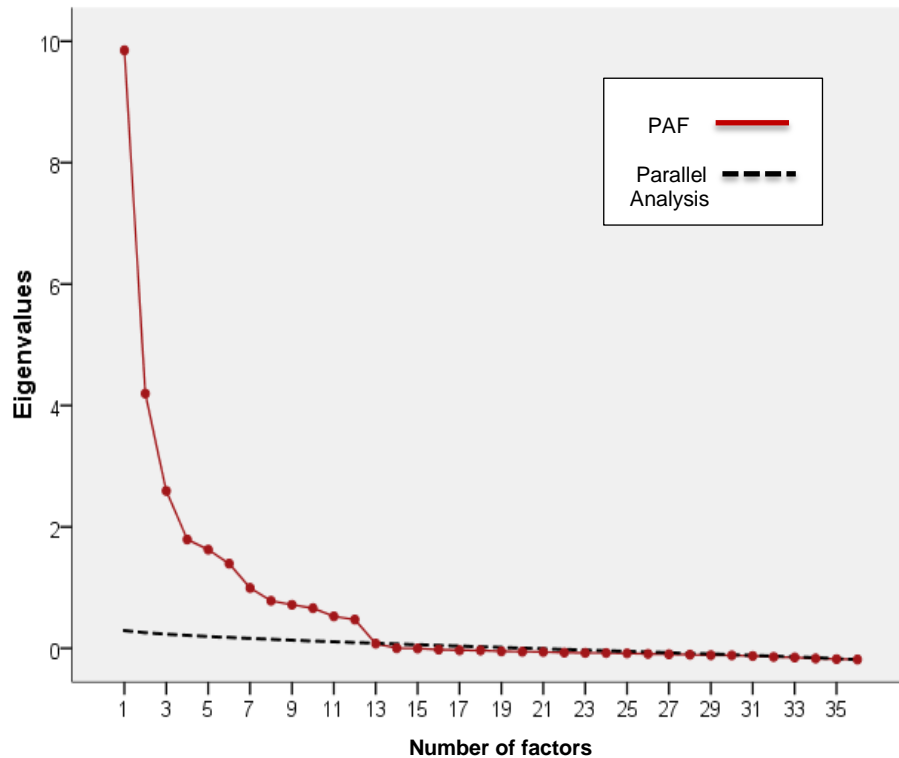
4.3.2 EFA results

In the current study, it is assumed that the majority of the constructs are uni-dimensional except for *ethnocentrism*, which is a two-dimensional (preference and prioritization) construct and *attributions about company motives*, which is a three-dimensional (value-, stakeholder, and strategic-driven attributions) one. However, the anticipated structure of the constructs has to be confirmed. For that purpose EFA (as a first step) is employed.

When undertaking EFA, two statistical tests are typically used to evaluate the appropriateness of the results, namely the Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy. The Bartlett's test of sphericity indicates the statistical significance of the correlation matrix (Field, 2013). The KMO represents the ratio of the squared correlations between variables to the squared partial correlation between variables and it can vary between 0 and 1 (Kaiser, 1970). A high KMO - indicated by a score of 0.6 or above - suggests that a high proportion of the variance is explained by the underlying factors (Hair et al., 2010).

Prior to the actual EFA, parallel analysis was performed in order to examine the number of factors that should be retained. The findings confirmed the researcher's expectation and indicated that twelve factors should be retained. The results of parallel analysis are presented in Figure 3.1. It is apparent that the first twelve eigenvalues extracted from the actual data are larger than the corresponding random data eigenvalues, while the eigenvalues for the 13th and subsequent factors are greater in the parallel analysis compared to the real data analysis. This suggests that the first twelve factors are those to be retained for further analysis.

Figure 4.1: Parallel analysis – Factors retained



Following parallel analysis an initial EFA (including all the variables) was conducted (Table 4.1). The KMO measure (0.900) and Bartlett's test of sphericity ascertained that the data is factorable, with chi-square value of 60783.362, $df= 630$, at $p < 0.01$. Moreover, a total of 74.4% cumulative extracted variance was explained. The initial solution of EFA indicated that almost all items loaded significantly on their respective factors except for the first item of Ethnocentrism which yielded a factor loading of 0.506 and a decision was made to delete this item and run EFA again.

Table 4.1: Initial EFA results

	Factor											
	1	2	3	4	5	6	7	8	9	10	11	12
PHIL1					0.875							
PHIL2					0.874							
PHIL3					0.879							
ETHN1									0.506			
ETHN2									0.856			
ETHN3									0.840			
ETHN7		-0.635										
ETHN8		-0.642										
ETHN9		-0.930										
CSM1											0.882	
CSM2											0.763	
LOC1				0.733								
LOC2				0.802								
LOC3				0.779								
IMP1								0.912				
IMP2								0.920				
ATT1										-0.826		
ATT2										-0.867		
ATT3										-0.779		
ATT4												
ATT5												
ATT6												
ATT7			0.825									
ATT8			0.926									
ATT9			0.883									
BM1	0.902											
BM2	0.902											
BM3	0.800											
BM4	0.842											
BM5	0.821											
WTPM1						0.925						
WTPM2						0.897						
WTPM3						0.902						
WOM1												0.732
WOM2												0.943
WOM3												0.918

KMO = 0.900; **Bartlett's Test** $t = 60783.362$, $df: 630$, $p = 0.000$

The second EFA returned a factor solution with all items loading significantly on their respective factors (Table 4.2). A total of 75.34% cumulative extracted variance was explained. The KMO measure (0.898) and Bartlett's test of sphericity confirmed the factorability of data and hence all the items were used in further analysis.

Table 4.2: Final EFA results

	Factor											
	1	2	3	4	5	6	7	8	9	10	11	12
PHIL1					0.874							
PHIL2					0.873							
PHIL3					0.879							
ETHN2									0.819			
ETHN3									0.837			
ETHN7		-0.638										
ETHN8		-0.647										
ETHN9		-0.937										
CSM1											0.870	
CSM2											0.775	
LOC1				0.733								
LOC2				0.802								
LOC3				0.778								
IMP1								0.911				
IMP2								0.919				
ATT1										-0.828		
ATT2										-0.866		
ATT3										-0.780		
ATT4												
ATT5												
ATT6												
ATT7			0.826									
ATT8			0.926									
ATT9			0.883									
BM1	0.904											
BM2	0.904											
BM3	0.800											
BM4	0.843											
BM5	0.821											
WTPM1						0.928						
WTPM2						0.898						
WTPM3						0.903						
WOM1												0.732
WOM2												0.943
WOM3												0.919

KMO = 0.898; **Bartlett's Test** $t = 59811.659$, $df: 595$, $p = 0.000$

4.4 Reliability Analysis

The exploratory factor analysis was followed by the reliability assessment of the scales. Measures of the same construct should be able to demonstrate high inter-item correlations and item-scale correlation as well as reliability (Churchill, 1979). Reliability is defined as “*the proportion of variance attributed to the true score of the latent variable*” (DeVellis, 2003, p.27).

There are two common ways in which a measure’s reliability is established: the test-retest approach and the internal consistency reliability (Lee and Lings, 2008). The former reflects the stability aspect of reliability, as a researcher is expecting to get similar results from recurrent applications of the same measures to the same set of respondents over time (Diamantopoulos and Schlegelmilch, 2000). Due to the cross-sectional nature of the present study, reliability cannot be evaluated using the test-retest approach. The internal consistency reliability, on the other hand, is concerned with the degree to which individual measures of a scale reflect a common construct (Churchill, 1979). Cronbach’s alpha coefficient is the most commonly used method for calculating internal consistency (Field, 2013; Lee and Lings, 2008). Generally, values of 0.7 or above are considered as having internal consistency (Nunnally 1978). The results of the internal consistency reliability assessment via SPSS are presented below. Table 4.3 presents the item-scale correlations and Cronbach’s alpha values, which for all scales was above the critical recommended value of 0.7 (Nunnally and Bernstein, 1994).

Moreover, Table 4.4 summarizes all the inter-item correlations which should (and do) exceed the recommended minimum of 0.5 (Hair et al., 2010).

Table 4.3: Cronbach's alpha and item-scale correlations

Scales	Scale items	Corrected Item-Total Correlation	Cronbach's Alpha
Perceived Company Motives <i>Value-driven Attributions</i>	ATTR1	0.770	0.881
	ATTR2	0.777	
	ATTR3	0.763	
<i>Stakeholder-driven Attributions</i>	ATTR4	0.776	0.862
	ATTR5	0.788	
	ATTR6	0.658	
<i>Strategic-driven Attributions</i>	ATTR7	0.808	0.913
	ATTR8	0.853	
	ATTR9	0.820	
Ethnocentrism <i>Preference</i>	ETHN2	0.678	0.808
	ETHN3	0.678	
<i>Prioritization</i>	ETHN7	0.552	0.801
	ETHN8	0.670	
	ETHN9	0.736	
Cause Importance	IMP1	0.855	0.922
	IMP2	0.855	
Perceived Brand Morality	BM1	0.863	0.935
	BM2	0.858	
	BM3	0.820	
	BM4	0.801	
	BM5	0.799	
Perceived Social Control	LOC1	0.659	0.813
	LOC2	0.661	
	LOC3	0.674	
Willingness to Pay More	WTPM1	0.902	0.950
	WTPM2	0.900	
	WTPM3	0.880	
Word-of-Mouth	WOM1	0.867	0.947
	WOM2	0.908	
	WOM3	0.890	
Social Mindedness	CSM1	0.748	0.854
	CSM2	0.748	
Attitude towards Philanthropy	PHIL1	0.830	0.914
	PHIL2	0.823	
	PHIL3	0.831	

Table 4.4: Inter-item Correlation Matrices

Perceived Company Motives					
<i>Value-driven Attributions</i>	ATTR1	ATTR2	ATTR3		
ATTR1	1.000				
ATTR2	0.721	1.000			
ATTR3	0.704	0.713	1.000		
<hr/>					
<i>Stakeholder-driven Attributions</i>	ATTR4	ATTR5	ATTR6		
ATTR4	1.000				
ATTR5	0.785	1.000			
ATTR6	0.615	0.628	1.000		
<hr/>					
<i>Strategic-driven Attributions</i>	ATTR7	ATTR8	ATTR9		
ATTR7	1.000				
ATTR8	0.789	1.000			
ATTR9	0.746	0.804	1.000		
<hr/>					
Ethnocentrism					
<i>Preference</i>	ETHN2	ETHN3			
ETHN2	1.000				
ETHN3	0.678	1.000			
<hr/>					
<i>Prioritization</i>	ETHN7	ETHN8	ETHN9		
ETHN7	1.000				
ETHN8	0.474	1.000			
ETHN9	0.552	0.724	1.000		
<hr/>					
Cause Importance					
	IMP1	IMP2			
IMP1	1.000				
IMP2	0.855	1.000			
<hr/>					
Perceived Brand Morality					
	BM1	BM2	BM3	BM4	BM5
BM1	1.000				
BM2	0.861	1.000			
BM3	0.761	0.759	1.000		
BM4	0.731	0.726	0.714	1.000	
BM5	0.728	0.721	0.719	0.727	1.000
<hr/>					
Perceived Social Control					
	LOC1	LOC2	LOC3		
LOC1	1.000				
LOC2	0.580	1.000			
LOC3	0.598	0.601	1.000		
<hr/>					
Willingness to Pay More					
	WTPM1	WTPM2	WTPM3		
WTPM1	1.000				
WTPM2	0.882	1.000			
WTPM3	0.854	0.852	1.000		
<hr/>					
Word-of-Mouth					
	WOM1	WOM2	WOM3		
WOM1	1.000				
WOM2	0.853	1.000			
WOM3	0.830	0.884	1.000		

Table 4.4: Inter-item Correlation Matrices (continued)

Social Mindedness	CSM1	CSM2	
CSM1	1.000		
CSM2	0.748	1.000	
Attitude towards Philanthropy	PHIL1	PHIL2	PHIL3
PHIL1	1.000		
PHIL2	0.778	1.000	
PHIL3	0.789	0.779	1.000

4.5 Confirmatory Factor Analysis

After the EFA and an initial assessment of the scales reliability were finalized, confirmatory assessment of dimensionality, convergent validity, reliability and discriminant validity followed. According to DeVellis (2011) CFA is a rigorous approach to scale dimensionality assessment. As previously noted, CFA (in contrast to EFA) entails a clear specification of the theory (model) to be tested (Byrne, 2005; Gerbing and Hamilton, 1996; Hurley et al., 1997). Once the model is specified, CFA is responsible for testing the relationships among measures and constructs exemplified by the measurement theory (Hair et al., 2010).

4.5.1 Assessment of model fit

In conducting CFA, several alternative estimation methods can be applied, among which, the most frequently used ones are maximum likelihood (ML), and the generalized least square (GLS). ML is the most widely used method in practice (Cortina et al., 2001; Diamantopoulos and Siguaw, 2000) and is considered to generate consistent and reliable results even in instances where reasonable

departures from multivariate normality are present (Anderson and Gerbing; 1988; Bollen, 1998; Hu and Bentler, 1998). This study employs the ML estimation method for model testing.

When evaluating the measurement model fit, the chi-square (χ^2) statistic represents the most traditional test for assessing the overall model fit (Diamantopoulos and Siguaw, 2000). The chi-square test measures discrepancy between the data available and the hypothesized model (Bagozi and Heatherton, 1994). It is a mathematical function of the sample size and the difference between the observed and estimated covariance matrices (Hair et al., 2010). More specifically, it provides “a test of perfect fit in which the null hypothesis is that the model fits the population data perfectly” (Jaccard and Wan, 1996, p.18). In the case of obtaining a significant value, the specified model would possibly have to be rejected since the results imply strong divergence of the data from the model. However, the chi-square test has been criticized for its sensitivity to sample size, model complexity, and departure from multivariate normality of data (Diamantopoulos and Siguaw, 2000; Hair et al. 2010; Hu and Bentler, 1999). As the sample size increases so does the χ^2 value, even if the differences between the observed and estimated covariance matrices are negligible. That being said, although a large sample sizes is often desirable, it will result in difficulties obtaining good model fit. Additionally, the χ^2 statistic is likely to be greater as the number of observe variables increases (Hu and Bentler, 1999). Thus, just by adding indicators to a model, the χ^2 value will increase, and using χ^2 to evaluate model fit will be more problematic. Finally, the chi-square test is based on the “highly restrictive” (Diamantopoulos and Siguaw, 2000, p.84) assumption that the specified model fits perfectly in the population. Yet,

“In applications of the analysis of covariance structures in the social sciences it is implausible that any model that we use is anything more than an approximation to reality. Since a null hypothesis that a model fits exactly in some population is known a priori to be false, it seems pointless even to try and test whether it is true” (Browne and Cudeck, 1993, p.137).

For this reason, additional fit measures are required. Every fit index has its own strengths and weaknesses (Diamantopoulos and Sigauw, 2000) and thus, employing a combination of indices for the assessment of model fit, is always recommended (Hu and Bentler, 1999). Therefore, this study employs several fit indices, some of them belonging to the absolute fit indices family (i.e. the Root Mean Square error of Approximation (RMSEA), the Goodness of Fit Index (GFI) and the standardized Root Mean Square Residual (SRMR)); while others to the relative fit indices group (i.e. the non-normed fit index (NNFI), and the comparative fit index (CFI)).

Absolute fit indices directly assess how well the specified model fits the observed data. The RMSEA is considered to be one of the most informative fit indices (Diamantopoulos and Sigauw, 2000). An advantage of examining the RMSEA value (over or in addition to the χ^2 statistic) is that sample size and model complexity (i.e. a large number of observed variables) are included in its computation. Hence, *“it better represents how well a model fits a population, not just a sample used for estimation”* (Hair et al., 2010, p. 649). Moreover, empirical examination of a number of measures has concluded that as sample sizes increase, the RMSEA was deemed the most appropriate index to be used for model fit assessment (Hair et al., 2010). Lower RMSEA values indicate better fit. Diamantopoulos and Sigauw, (2000) claim that

values above 0.1 connote a poor fit, values between 0.08 and 0.1 are indicative of mediocre fit; values between 0.05 and under 0.08 are of a reasonable fit, while values lower than 0.05 suggest a good fit.

The GFI is “*an indicator of the relevant amount of variances and covariances accounted for by the model and thus shows how closely the model comes to perfectly reproducing the observed covariance matrix*” (Diamantopoulos and Sigauw, 2000). A GFI value of ‘1’ would indicate that there are no discrepancies between the observed data and the model. GFI values that exceed 0.9 indicate a good model fit (Kelloway, 1998).

The root mean square residual (RMR) is the “square root of the mean of the squared discrepancies between the implied and observed covariance matrices” (Kelloway, 1998, p. 27). In other words it is a summary measure of fitted residuals. A challenge with interpreting the RMR statistic is that the size of the fitted residuals varies with the unit of measurement (Diamantopoulos and Sigauw, 2000). This problem can be resolved by focusing on the standardized residuals rather on the fitted residuals. The corresponding summary measure of standardized residuals is the SRMR fit index value. An SRMR value below 0.05 represents an acceptable model fit (Diamantopoulos and Sigauw, 2000).

Relative fit indices consider whether the model under consideration is better (or not) than a baseline model. The most common baseline model is the null (sometimes called independence) model, which assumes there are no relationships between the variables (Hair et al. 2010).

The normed fit index (NFI) “is a ratio of the difference in the χ^2 value for the fitted model and a null model divided by the χ^2 value for the null model” and ranges from 0 to 1 (1 representing a perfect fit) (Hair et al., 2010, p. 650). A weakness of the NFI is that it be overinflated in large and complex models (Hair et al., 2010). An extension of the NFI is the NNFI (sometimes known as the Tucker-Lewis index (TLI)) with the difference being that it is adjusted for the degrees of freedom in the model and to some degree takes into account model complexity (Hair et al., 2010). A value of 0.9 or above is considered as being a good fit (which may even be above 1) (Kelloway, 1998).

Among the most widely used model fit indices is the CFI. This index is “an improved version” of the NFI because it is relatively insensitive to model complexity (Hair et al., 2010, p. 650). CFI values of 0.9 or above are usually indicating a model that fits well (Kelloway, 1998). Diamantopoulos and Sigauw, (2000) suggested that both the NNFI and the CFI indices should be relied upon when assessing a model’s fit.

4.5.2 CFA results

The first CFA model presented in Table 4.5 was run on the same data which was used for the EFA. The model returned a very well converged solution. The statistics below indicate that the model achieved excellent fit with respect to absolute and comparative fit indices.

Table 4.5: CFA on first half data (2204 cases) - Fit indices

Model (CFA)	χ^2	DF	χ^2/DF	p	RMSEA	NNFI	CFI	Stand. RMR	GFI
CFA	1882.16	517	3.64	0.000	0.035	0.99	0.99	0.023	0.96

Next step was to run the same CFA model on the second half of the dataset for verification purposes. Similar to the first CFA the model returned a very well converged solution. The results presented in Table 4.6 confirm an excellent model fit.

Table 4.6: CFA on second half data (2223 cases) - Fit indices

Model (CFA)	χ^2	DF	χ^2/DF	p	RMSEA	NNFI	CFI	Stand. RMR	GFI
CFA	1936.27	517	3.75	0.000	0.035	0.99	0.99	0.027	0.95

Finally, the same CFA model was evaluated using the entire dataset. One more time the analysis returned a very well converged solution providing further support for the dimensionality of the scales.

Table 4.7: Final CFA on the entire data (4427 cases) - Fit indices

Model (CFA)	χ^2	DF	χ^2/DF	p	RMSEA	NNFI	CFI	Stand. RMR	GFI
CFA	3215.44	517	6.22	0.000	0.034	0.99	0.99	0.024	0.96

Table 4.8: Item statistics and scale properties

Items	Philanthropy	Preference	Prioritization	Social Mindedness	Locus of control	Importance of the cause	Value-driven motives	Stakeholder-driven motives	Strategic-driven motives	
PHIL1	0.889	0.211								
PHIL2	0.874	0.235								
PHIL3	0.890	0.208								
ETHN2		0.794	0.369							
ETHN3		0.853	0.272							
ETHN7			0.596	0.645						
ETHN8			0.846	0.284						
ETHN9			0.860	0.261						
CSM1				0.870	0.243					
CSM2				0.859	0.262					
LOC1					0.775	0.399				
LOC2					0.750	0.438				
LOC3					0.785	0.384				
IMP1						0.921	0.151			
IMP2						0.928	0.139			
ATT1							0.841	0.293		
ATT2							0.838	0.298		
ATT3							0.853	0.273		
ATT4								0.888	0.211	
ATT5								0.883	0.220	
ATT6								0.703	0.506	
ATT7									0.860	0.261
ATT8									0.920	0.153
ATT9									0.870	0.243
Cronbach's α	0.914	0.808	0.801	0.854	0.813	0.922	0.881	0.862	0.913	
Mean	5.041	2.965	1.991	5.377	3.914	4.622	4.759	4.736	5.080	
Std.deviation	1.503	1.468	1.204	1.321	1.465	1.509	1.385	1.315	1.423	
CR	0.915	0.809	0.817	0.855	0.814	0.922	0.881	0.867	0.914	
AVE	0.796	0.679	0.603	0.747	0.593	0.855	0.712	0.688	0.781	

Table 4.8: Item statistics and scale properties (continued)

Items	Brand Morality	Willingness to pay more	Word-of-mouth
BM1	0.914	0.164	
BM2	0.908	0.176	
BM3	0.850	0.277	
BM4	0.817	0.332	
BM5	0.821	0.326	
WTPM1		0.939	0.119
WTPM2		0.939	0.118
WTPM3		0.909	0.173
WOM1			0.906 0.180
WOM2			0.947 0.104
WOM3			0.926 0.143
Cronbach's α	0.935	0.950	0.947
Mean	4.368	3.879	4.068
Std. deviation	1.282	1.723	1.669
CR	0.936	0.950	0.948
AVE	0.745	0.863	0.858

4.5.3 Assessing composite reliability (CR)

Although alpha reliability assessment is useful (Nunnally and Bernstein, 1994), it has been criticized by scholars to be lacking the rigor required to establish scale reliability (Gerbing and Anderson, 1988). Coefficient alpha assumes that scale items are perfectly correlated and it does not count for measurement error (Bollen 1998). As such coefficient alpha underestimates reliability (Ping 2004). Moreover, alpha coefficient is contingent on the number of items on a scale. Specifically, as the number of items on the scale increases, Cronbach's alpha will increase too. This means that a large value of α is not always a real indicator of a reliable scale (Cortina, 1993; Field, 2013). Accordingly, in following conventions in the literature, additional reliability assessment is conducted by calculating composite reliability (CR) using confirmatory factor analysis (Fornell and Larcker, 1981; Gerbing and Anderson, 1988; Ping, 2004). Composite reliability was assessed using the indicator loadings and error variances obtained through CFA (Fornell, and Larcker 1981). As can be

seen in Table 4.8, composite reliability for each construct is above 0.8 exceeding Bagozzi and Yi's (1988) recommended cut-off point of 0.60. This provides further evidence of adequate construct reliability. Moreover, scholars suggest that by establishing satisfactory CR for all scales, convergent validity is also demonstrated (Fornell and Larcker, 1981).

4.5.4 Assessing convergent and discriminant validity

Before any estimation of the intrinsic relations of interest (between the latent variables), it is essential both the reliability and the validity of the measures to be assured (DeVellis, 2003; Diamantopoulos and Sigauw, 2000). Construct validity is concerned with the accuracy of measurement, and is defined as *"the extent to which a set of measured variables actually represent the theoretical latent construct they are designed to measure"* (Hair et al., 2010, p.613). For the scale to be established as valid, different types of validity, namely content, convergent and discriminant validity have to be assessed (Bagozzi et al., 1991). Content validity is related to the subjective evaluation of correspondence between the measures (items) and the theoretical construct. It is assessed prior to data collection, using expert judges or/and pretesting procedures (Hair et al., 2010).

Except for composite reliability, an additional internal consistency diagnostic is average variance extracted (AVE). Average variance extracted is a *"summary measure of convergence among a set of items representing a latent construct. It is the average percentage of variation explained (variance extracted) among the items of a construct"* (Hair et al., 2010, p. 669). A critical value of 0.5 and above for AVE indicates that the variance extracted among the items exceeds the amount of

measurement error in the latent variable and thus convergent validity is upheld (Diamantopoulos and Siguaw, 2000; Fornell and Larcker, 1981).

Discriminant validity is the degree to which a construct is truly distinct from other constructs (Hair et al., 2010). A robust approach to assess discriminant validity is to compare the average variance extracted (AVE) values for any two constructs with the square correlations between these two constructs (Fornell and Larcker, 1981b). Squared correlations between constructs represent shared variance and the latent construct should be explaining more variance of its item measures than it shares with another construct (Hair et al., 2010). As such for discriminant validity to be achieved, the largest squared correlation between any two constructs should be lower than the lowest average variance extracted (Fornell and Larcker, 1981b).

As Table 4.9 presents the AVE_s ranged from 0.593 (perceived social control) to 0.863 (willingness to pay more). More importantly all the AVE_s are above the recommended threshold of 0.5, indicating support for convergent validity. Furthermore, all AVE_s estimates are greater than the squared correlation estimates. The highest squared correlation is 0.584 (between the word-of-mouth and willingness to pay more) which is smaller than the lowest AVE. It is therefore concluded that discriminant validity has been achieved.

Table 4.9: Correlation matrix and construct validity assessment

	Philan	Ethno	Prior	ConSocM	Locus	Import	Attr1	Attr2	Attr3	BranMor	Wtpm	Wom	PerQual
Philan	0.796	0.056	0.112	0.194	0.004	0.140	0.091	0.023	0.001	0.030	0.086	0.076	0.027
Ethno	-0.237	0.679	0.236	0.139	0.019	0.042	0.011	0.008	0.002	0.001	0.017	0.012	0.005
Prior	-0.335	0.486	0.603	0.370	0.038	0.099	0.028	0.019	0.004	0.007	0.051	0.032	0.007
ConSocM	0.441	-0.373	-0.608	0.747	0.075	0.185	0.050	0.036	0.007	0.026	0.164	0.109	0.034
Locus	-0.064	0.137	0.195	-0.274	0.593	0.051	0.004	0.003	0.001	0.003	0.026	0.017	0.002
Import	0.374	-0.204	-0.315	0.430	-0.226	0.855	0.222	0.010	0.002	0.197	0.292	0.283	0.071
Attr1	0.302	-0.106	-0.166	0.223	-0.065	0.471	0.712	0.001	0.036	0.481	0.236	0.309	0.115
Attr2	0.151	-0.091	-0.139	0.191	-0.053	0.102	0.025	0.688	0.240	0.000	0.003	0.000	0.009
Attr3	0.038	-0.046	-0.064	0.084	0.024	-0.041	-0.191	0.490	0.781	0.038	0.012	0.024	0.001
BranMor	0.173	-0.036	-0.086	0.161	-0.054	0.444	0.694	-0.010	-0.195	0.745	0.343	0.426	0.147
Wtpm	0.294	-0.131	-0.226	0.405	-0.160	0.540	0.486	0.054	-0.109	0.586	0.863	0.584	0.149
Wom	0.275	-0.108	-0.180	0.330	-0.130	0.532	0.555	0.000	-0.155	0.653	0.764	0.858	0.162
PerQual	0.164	-0.074	-0.081	0.185	-0.043	0.266	0.339	0.094	0.030	0.383	0.386	0.402	--

Note: Correlations are below the diagonal, squared correlations are above the diagonal, and AVE estimates are presented on the diagonal.

4.5.5 Assessing common method variance (CMV) using the CFA output

According to Podsakoff et al. (2003, p. 879), CMV is a “*variance that is attributable to the measurement method rather than to the constructs the measures represent*”.

To establish that CMV did not pose a threat to the study results, Harman’s single-factor test was employed. This approach is based on the idea that if CMV is an actual problem, a single factor would account for the majority of the covariance between the observed variables (Podsakoff and Organ, 1986). Accordingly, for this test, the fit of the pre-specified model is evaluated and compared with a constrained single-factor model. If the unconstrained model fits the data significantly better than the constrained single-factor one, it becomes evident that CMV is not a problem. Having followed this approach, the results presented in Table 4.8 indicate that the pre-specified model performs substantially better than the single-factor model which implies that CMV does not pose a threat in this study.

Table 4.10: Harman’s single-factor test

Model (CFA)	χ^2	DF	χ^2/DF	P	RMSEA	NNFI	CFI	Stand. RMR	GFI
CFA	3215.44	517	6.22	0.000	0.034	0.99	0.99	0.024	0.96
Harman’s single-factor model	72910.53	594	122.75	0.000	0.20	0.695	0.713	0.147	0.438

4.6 Descriptive Analysis of the individual scales

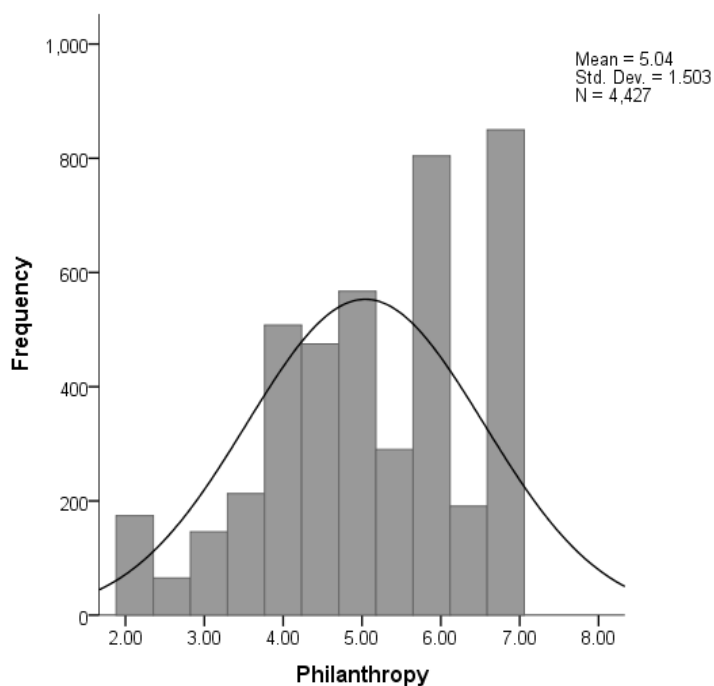
4.6.1 Normality assessment of attitudes towards philanthropy scale

In the case of Attitudes towards Philanthropy scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.11: Attitudes towards philanthropy- Descriptive statistics

Mean	5.04
Median	5
Mode	7
Standard deviation	1.503
Minimum	0.87
Maximum	7.05
Skewness	-0.647
Kurtosis	-0.048

Figure 4.2: Attitudes towards philanthropy - Histogram



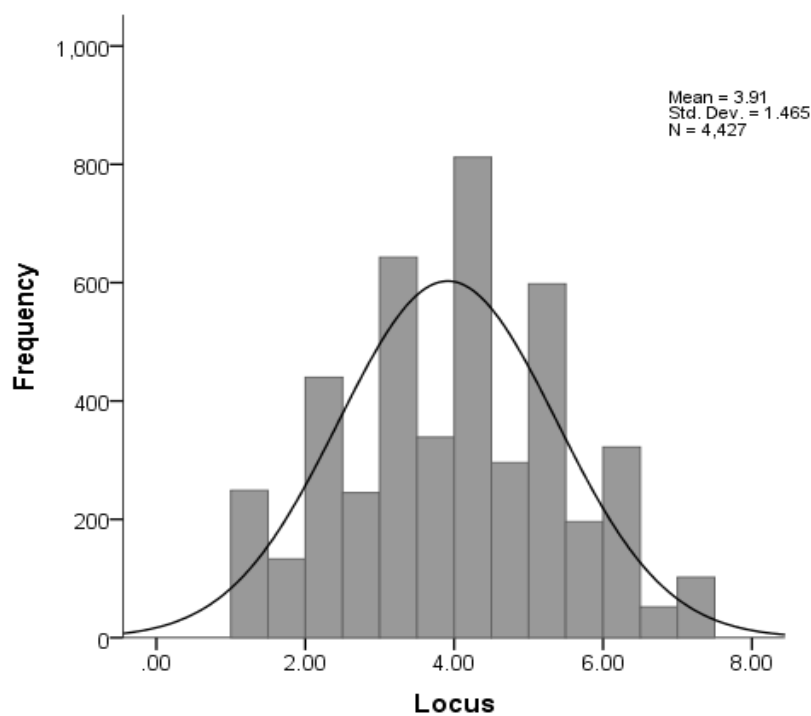
4.6.2 Normality assessment of perceived social control scale

In the case of Locus of Control scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.12: Perceived social control - Descriptive statistics

Mean	3.913
Median	4
Mode	4
Standard deviation	1.465
Minimum	1
Maximum	7.03
Skewness	-0.031
Kurtosis	-0.638

Figure 4.3: Perceived social control - Histogram



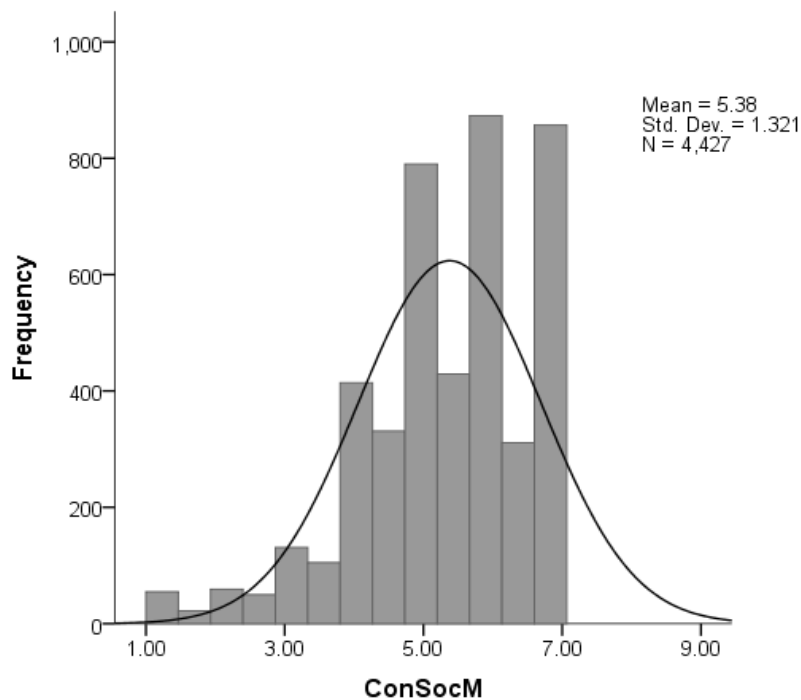
4.6.3 Normality assessment of Consumer Social Mindedness scale

In the case of Consumer Social Mindedness scale, the results are slightly negatively skewed. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($\alpha = 0.05$). Therefore, the distribution can be considered normal.

Table 4.13: Consumer Social Mindedness - Descriptive statistics

Mean	5.377
Median	5.5
Mode	6
Standard deviation	1.321
Minimum	1
Maximum	7.01
Skewness	-0.866
Kurtosis	0.709

Figure 4.4: Consumer Social Mindedness - Histogram



4.6.4 Normality assessment of Attributions about company's motives scale

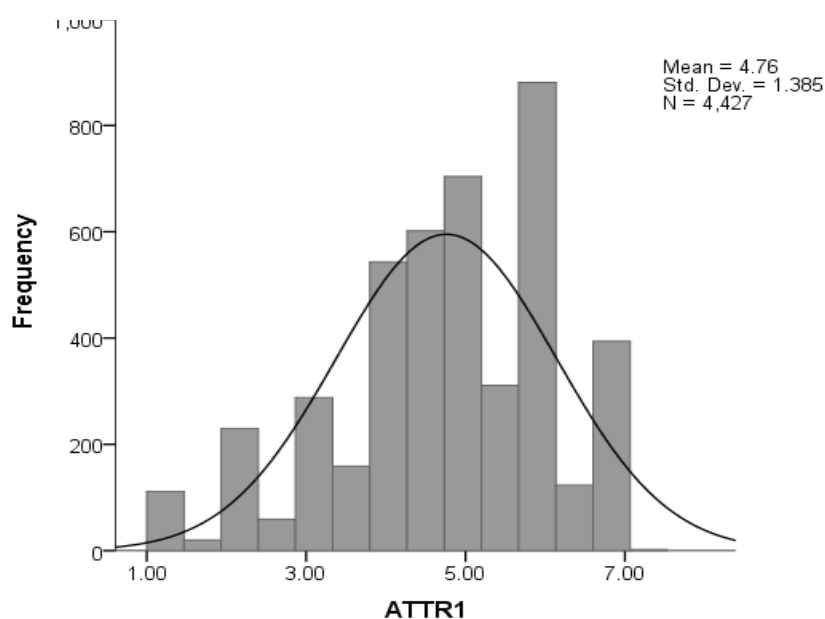
4.6.4.1 Values-driven Attributions

In the case of Value-driven Attributions scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly peaked and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.14: Values-driven attributions - Descriptive statistics

Mean	4.759
Median	5
Mode	5
Standard deviation	1.385
Minimum	1
Maximum	7.13
Skewness	-0.587
Kurtosis	0.089

Figure 4.5: Values-driven attributions - Histogram



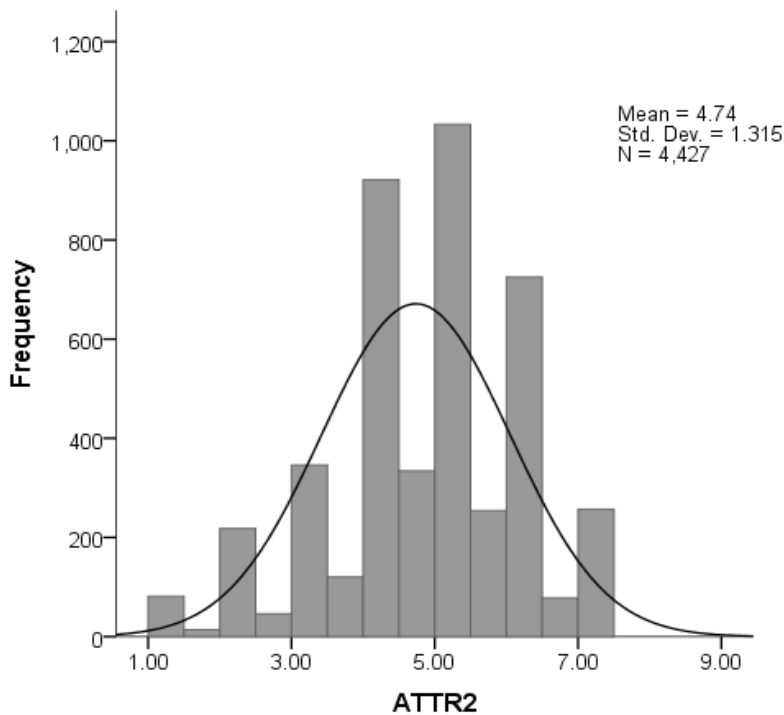
4.6.4.2 Stakeholder-driven Attributions

In the case of Stakeholder-driven Attributions scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly peaked and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.15: Stakeholder-driven attributions - Descriptive statistics

Mean	4.736
Median	5
Mode	5
Standard deviation	1.315
Minimum	1
Maximum	7
Skewness	-0.532
Kurtosis	0.108

Figure 4.6: Stakeholder-driven attributions - Histogram



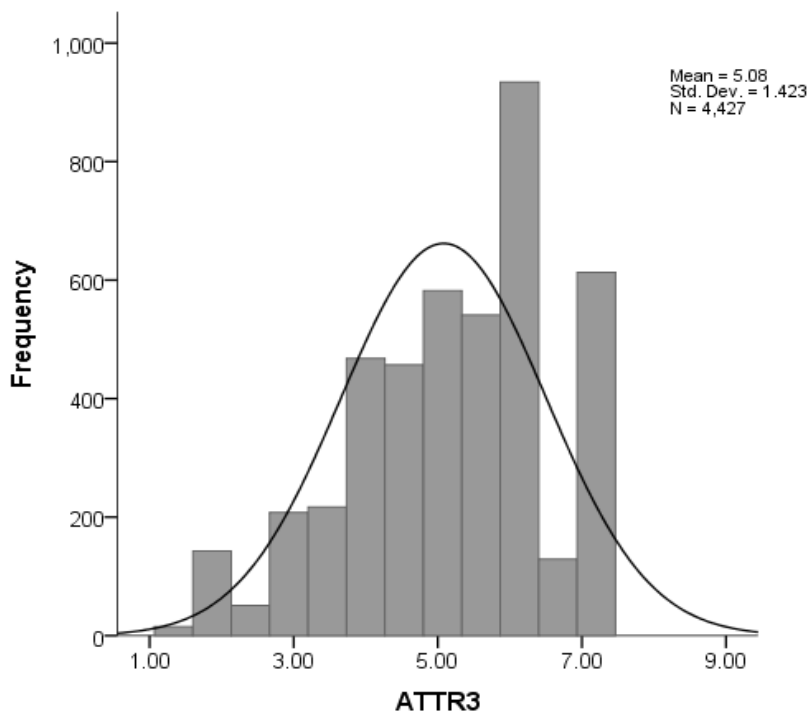
4.6.4.3 Strategic-driven attributions

In the case of Strategic-driven Attributions scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly peaked and slightly negatively skewed compared to an absolutely normal distribution.

Table 4.16: Strategic-driven attributions - Descriptive statistics

Mean	5.08
Median	5.3
Mode	6
Standard deviation	1.423
Minimum	0.98
Maximum	7.06
Skewness	-0.687
Kurtosis	0.066

Figure 4.7: Strategic-driven attributions - Histogram



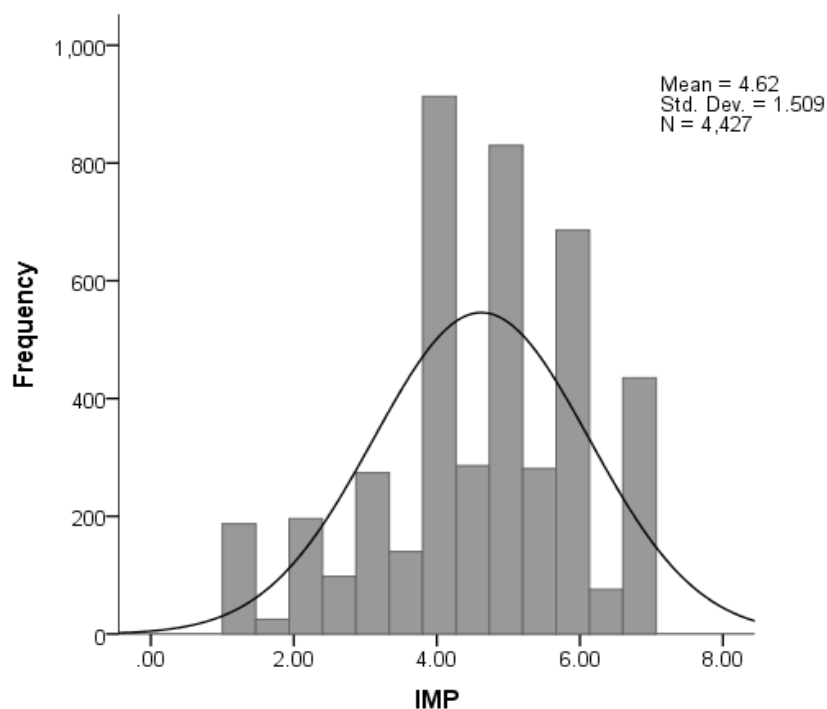
4.6.5 Normality assessment of Perceived Importance of the cause scale

In the case of Perceived Importance of the cause scale, the results indicate that the distribution can be considered normal since the values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.17: Perceived importance of cause - Descriptive statistics

Mean	4.622
Median	5
Mode	4
Standard deviation	1.509
Minimum	1
Maximum	7
Skewness	-0.481
Kurtosis	-0.157

Figure 4.8: Perceived importance of cause - Histogram



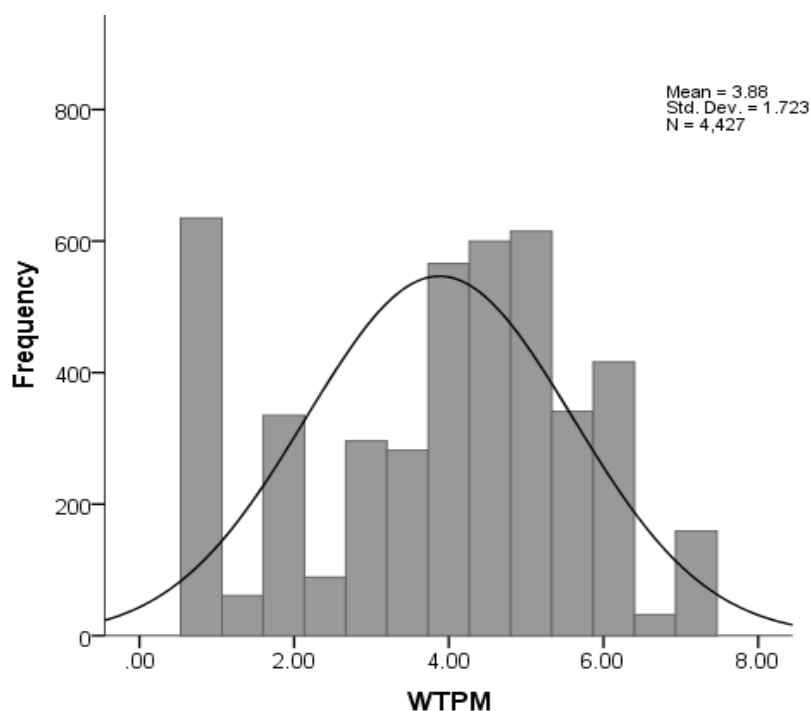
4.6.6 Normality assessment of Willingness to Pay More scale

In the case of Willingness to Pay More scale, the results indicate that the distribution can be considered normal since the values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly negatively skewed compared to an absolutely normal distribution.

Table 4.18: Willingness to pay more - Descriptive statistics

Mean	3.879
Median	4
Mode	1
Standard deviation	1.723
Minimum	0.92
Maximum	7
Skewness	-0.315
Kurtosis	-0.909

Figure 4.9: Willingness to pay more - Histogram



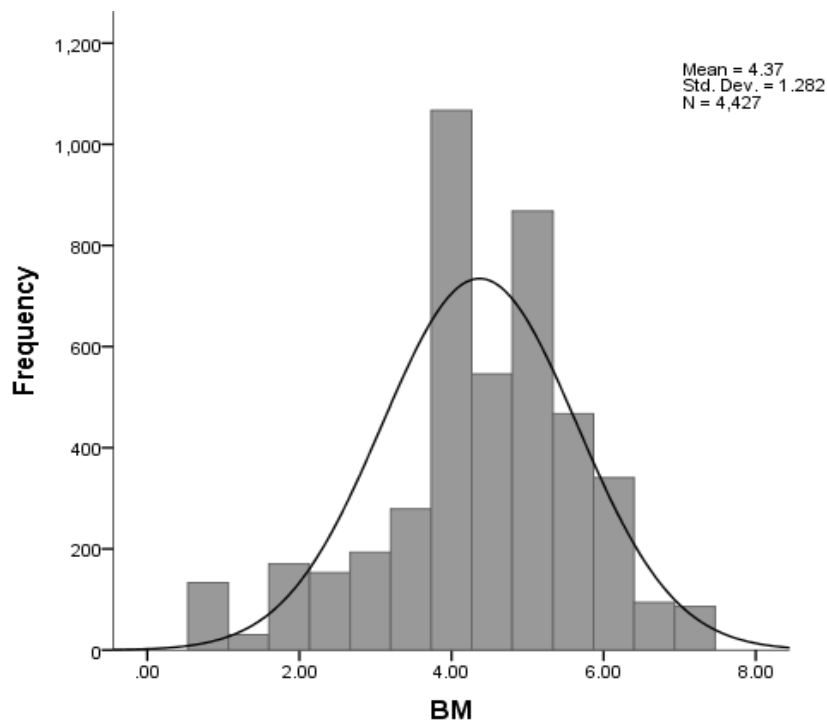
4.6.7 Normality assessment of Perceived Brand Morality scale

In the case of Brand Morality scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly peaked and slightly shifted to the right compared to an absolutely normal distribution.

Table 4.19: Perceived brand morality - Descriptive statistics

Mean	4.368
Median	4.4
Mode	4
Standard deviation	1.282
Minimum	0.93
Maximum	7
Skewness	-0.573
Kurtosis	0.346

Figure 4.10: Perceived brand morality - Histogram



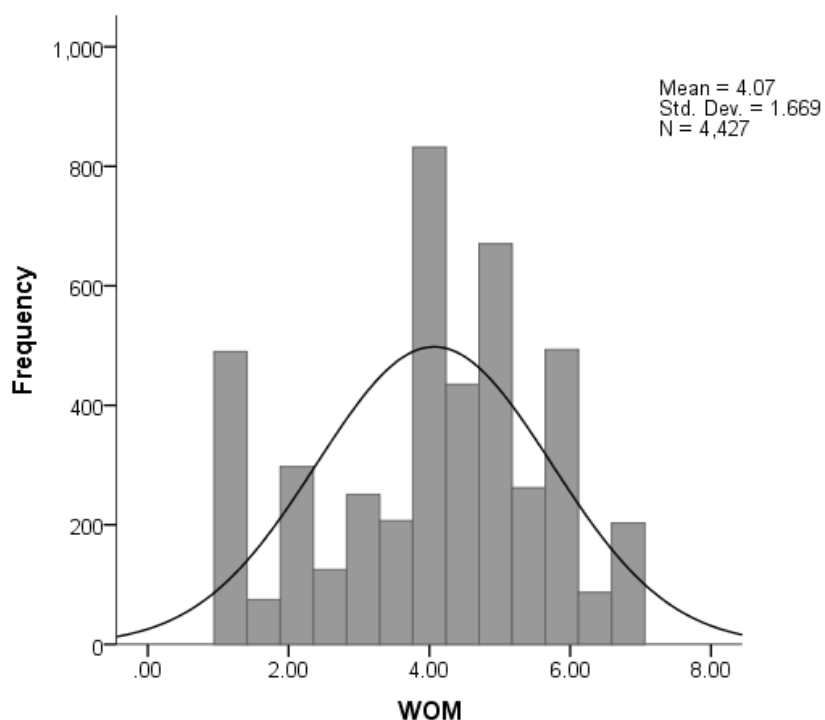
4.6.8 Normality assessment of Word-of-Mouth scale

In the case of Word-of-Mouth scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly negatively skewed compared to an absolutely normal distribution.

Table 4.20: Word-of-mouth - Descriptive statistics

Mean	4.067
Median	4
Mode	4
Standard deviation	1.669
Minimum	0.96
Maximum	7.01
Skewness	-0.369
Kurtosis	-0.682

Figure 4.11: Word-of-mouth - Histogram



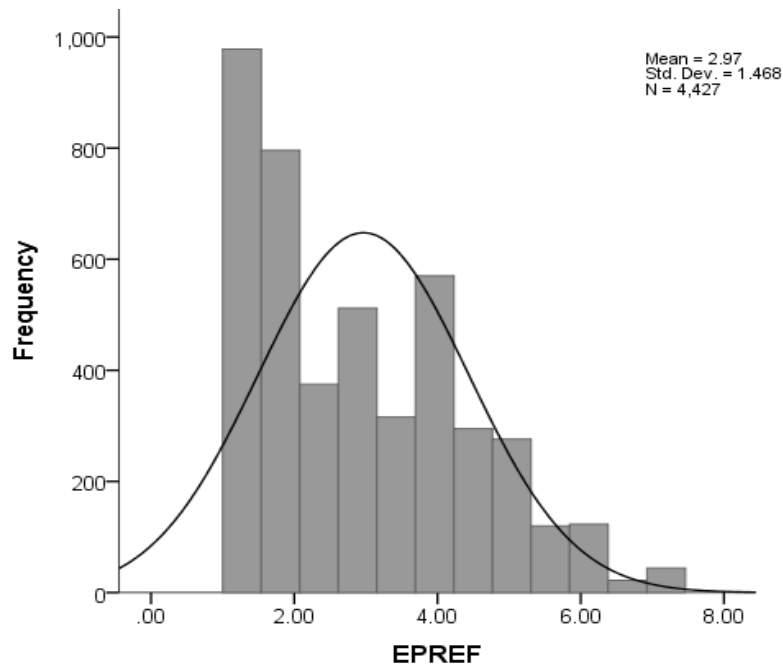
4.6.9 Normality assessment of Ethnocentrism scale

4.6.9.1 Preference towards the own in-group scale

In the case of Preference towards the own in-group scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly flatter and slightly shifted to the left compared to an absolutely normal distribution.

Table 4.21: Preference towards the in-group - Descriptive statistics

Mean	2.965
Median	3
Mode	2
Standard deviation	1.468
Minimum	1
Maximum	7
Skewness	0.459
Kurtosis	-0.575

Figure 4.12: Preference towards the in-group - Histogram

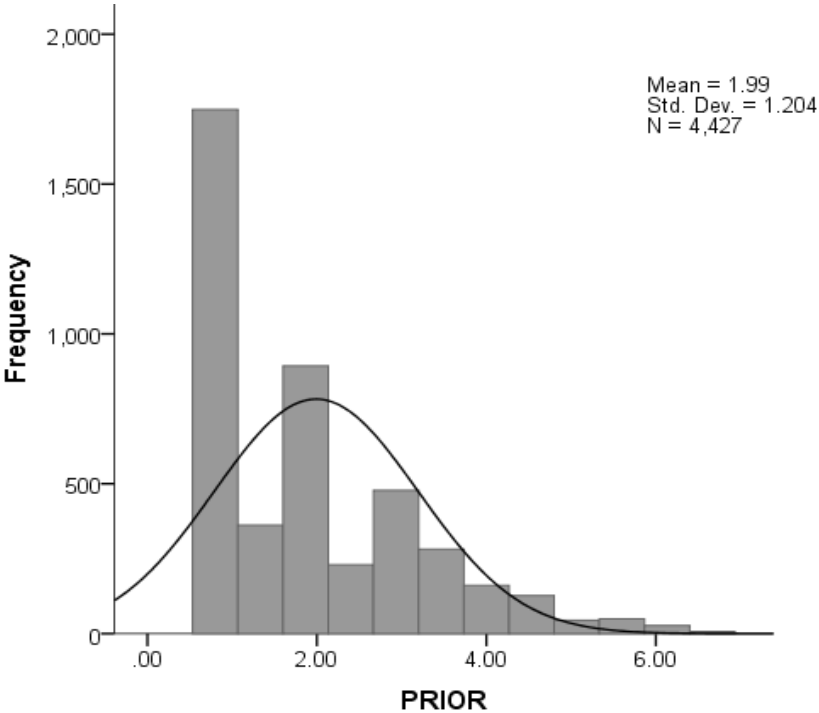
4.6.9.2 Prioritization of the own in-group scale

In the case of Prioritization of the own in-group scale, the results indicate that the distribution can be considered normal. The values of Z_{kurtosis} and Z_{skewness} statistics are substantially below the critical value ($p= 0.05$). The distribution is slightly peaked and positively skewed compared to an absolutely normal distribution.

Table 4.22: Prioritization of the in-group - Descriptive statistics

Mean	1.991
Median	1.67
Mode	1
Standard deviation	1.204
Minimum	0.94
Maximum	7
Skewness	1.396
Kurtosis	1.713

Figure 4.13: Prioritization of the in-group - Histogram



4.7 Structural Equation Modelling (SEM)

Having completed the assessment of the measurement model, and following the two-step approach recommended by Anderson and Gerbing (1988), the analysis continues with the estimation of the structural model. Compared to traditional multivariate modelling techniques (e.g. ANOVA, linear regression, logistic regression), that provide useful insights for testing direct relationships between sets of variables (Hair et al., 2010), structural equation modelling (SEM) techniques were considered more appropriate as a means of comprehensive assessment of this study's particular theoretical model (Anderson and Gerbing 1988). While the traditional multivariate techniques fail short in allowing the researcher to observe relationships among several independent variables and multiple dependent (outcome) variables simultaneously (Hair et al. 2010; Hoyle 1995), the SEM approach *"provides the appropriate and most efficient estimation technique for a series of separate multiple regression equations estimated simultaneously"* (Hair et al, 2010, p. 19). Moreover, contrary to other techniques mentioned above, SEM allows for taking into consideration measurement error and reliability and hence the ability to obtain parameter estimates close to their population levels (Hoyle, 1995). Therefore, since the proposed conceptual model integrates several independent variables and dependent variables, as well as moderating effects, following recommendations from the literature, this study relies on SEM for the estimation of the structural model.

4.7.1 Statistical and substantive significance

An important trend that has been noticed over the years of empirical research is the scholars' ever-increasing access to large samples (Combs, 2010). This trend has significant implications on how research is being conducted and interpreted. Larger samples increase statistical power by reducing sampling error (Combs, 2010). Statistical power refers to the probability that a study will detect an effect when there is an effect there to be detected (Ellis, 2010). The statistical power rendered by large samples has given rise to researchers' ability to identify small, but real and important, relationships that could not be otherwise noticed (Combs, 2010). Moreover, the increased availability of data in combination with the advancement of sophisticated statistical tools for data analysis, contribute substantially to the process of developing and testing theories that aim to explain complex phenomena in various disciplines.

However, large samples raise potential challenges with regards to the interpretation of research findings. A number of researchers have noted that quite often statistical significance is mistakenly considered to be equivalent to substantive (i.e. theoretical or managerial) significance (Combs, 2010; Eden, 2002; Ellis, 2010). Statistical significance refers to the probability that an observed relationship between variables could have arisen by chance or just be an accident of sampling, and is usually calculated as a 'p-value' (Coe, 2002). An important issue is that p-values generated by statistical significance tests are confounded indices that basically depend on two things: the size of the effect as it occurs in the population, and the size of the sample used to detect it (Coe, 2002; Combs, 2010; Ellis, 2010). A 'significant' result can be

ascribed to either a large effect (despite having a small sample) or to a large sample size (even if the actual effect size was very small). The implication is that trivial results are sometimes interpreted as meaningful in large sample size studies (Combs, 2010; Ellis, 2010). In other words, it is unsafe drawing conclusions about effects solely by assessing results on p-values. In this case, it is the researcher's responsibility to assure that more importance is assigned to the theoretical and managerial significance, rather than to the statistical significance, when evaluating the research findings (Combs, 2010).

Ellis (2010, p.1585) argues that *"the widespread practice of interpreting p-values as evidence in support of hypothesized effects constitutes a blatant disregard for the limitations of statistical significance testing"* .

Across the business disciplines, an increasing number of journal editors and academy presidents have been calling on authors to assess the substantive significance of their results (Combs, 2010; Eden, 2002; Ellis, 2010; Iacobucci, 2005; Rynes, 2007). The importance of relevance and engagement with stakeholders beyond the research community has been highlighted. Researchers should be concerned not only with whether a theory has support, but also with the strength of the support (Combs, 2010; Eden, 2002). The statistical significance does not indicate whether the effect is theoretically or managerially relevant (i.e. the strength or size of the effect) (Coe, 2002; Combs, 2010). Effect size reporting is *"simultaneously helpful to academics, educators, and practitioners"* (Rynes, 2007, p. 1048) because it is a substantial precursor to meaningful interpretation (Ellis, 2010b).

Accordingly, researchers are encouraged to explicitly refer to and interpret their estimates of the effect size. One way researchers can establish relevance and provide readers with an idea as to the relative size of the relationships under examination, is to cope with the subject of effect size by reporting standardized regression coefficients (Combs; 2010). In addition, along with a point estimate of the effect size (standardized regression coefficients), researchers should calculate the precision of their estimate by providing confidence intervals. A confidence interval conveys more information than a p-value, because it specifies the range of plausible values for the index being assessed (Coe, 2002; Combs; 2010; Ellis, 2010).

Based on the above, and given the study's large sample size, when presenting and interpreting the study's findings, the researcher is taking into account both the statistical significance (p-values) and the substantive significance (effect size) of the hypothesized relationships before drawing conclusions. Therefore, standardized regression coefficients and their corresponding 95% confidence intervals are presented (See Table 4.26).

4.7.2 The process of structural equation modelling

The process of hypothesis testing was performed in three steps. First only the hypotheses relating to the main effects model were examined. This was followed by estimation of the multiplicative interaction terms and the comparison of the constrained moderated model with the unconstrained moderated model as suggested by Cadogan et al. (2006).

4.7.2.1 Item parceling

A parcel can be defined as “an aggregate-level indicator comprised of the sum (or average) of two or more items” (Little et al., 2002, p. 152). Literature suggests that constructing item parcels from manifest variables is an appropriate practice for dealing with model complexity (Ping, 1995) and when multiplicative interactions are involved in a model (Little et al., 2006). Item parcels were created for each latent variable involved in multiplicative interactions (by averaging the scale’s items). The variables were: preference towards the in-group, prioritization of the in-group, perceived social control, perceived importance of the cause, and perceived brand morality.

4.7.2.2 Calculating the error variances for single indicant measures

Error variances “reflect errors in measurement (for the measurement part of the model) and residual terms (for the structural part of the model)” (Diamantopoulos and Siguaaw, 2000, p.60). The estimated error variances used in the structural equation modelling stage represent the difference in variance between a latent construct and its corresponding manifest variables. To calculate the error variances for the item-parcelled constructs the formula of Jöreskog and Sörbom (1993) is used. Table 4.23 presents the error variances for the item-parcelled measures. Specifically:

$$(1 - \alpha) * \sigma^2$$

Where:

α = composite reliability, and
 σ = construct's standard deviation

Table 4.23: Error variances for single indicant measures

Constructs	Composite reliability [α]	Standard deviation [σ]	Error variances [(1- α) \times σ^2]
Preference	0.809	1.468	0.412
Prioritization	0.817	1.204	0.265
Perceived social control	0.814	1.465	0.399
Importance of the cause	0.922	1.509	0.178
Value-driven motives	0.881	1.385	0.228
Stakeholder-driven motives	0.867	1.315	0.230
Strategic-driven motives	0.914	1.423	0.174
Perceived brand quality	0.7	1.619	0.786
Brand morality	0.936	1.282	0.105
Size of budget	0.85	0.5	0.038
Focus of donation	0.85	0.82	0.1

4.7.2.3 Calculating the interaction terms

When creating interaction terms, researchers often face the fundamental problem that the product term may be highly correlated with the first-order predictor variables from which it is derived (Little et al., 2006). This could result in essential issues related to multicollinearity (Cadogan et al., 2006; Little et al., 2006). There are two approaches in calculating the interaction terms that are needed to examine the hypothesized moderating effects, namely mean-centering and residual-centering approaches. The former (mean-centering), involves subtracting the variable mean from all observations so that the resulting interaction term will be least correlated or uncorrelated with the first-order variables depending on the proximity to bivariate normality. However, the mean-centered product “*will still have some degree of correlation with its first-order variables that can influence the partial regression coefficients*” (Little, Bovaird, and Widaman, 2006, p. 500).

The second approach, residual-centering (or orthogonalizing), also calculates the interaction term by multiplication. The product term is regressed onto its respective first-order effects and the residuals of this regression are then used to represent the interaction term. The resulting interaction term is orthogonal to the first-order variables meaning that, it includes only the unique variance that fully represents the interaction, independent of any main effect variance (Little, et al., 2006). Contrary to the mean-centering technique, orthogonalizing via residual centering ensures full independence between the product term and its constituent main effects. As such, this study employed the residual-centering approach for the calculation of the interaction terms.

4.7.2.4 Calculating loading estimates and error variances for the interaction terms

Error variances for the interaction terms were calculated following Ping (1995) on the following basis:

$$\begin{aligned} \text{Interaction term error variance} = & [\text{Loading est}(\text{var1})^2 * \text{Error variance}(\text{var2})] \\ & + \\ & [\text{Loading est}(\text{var2})^2 * \text{Error variance}(\text{var1})] \\ & + \\ & [\text{Error variance}(\text{var1}) * \text{Error variance}(\text{var2})] \end{aligned}$$

Error values and estimated loadings for the interaction terms are presented in Table 4.24 below.

Table 4.24: Loading estimates and error variances for interaction terms

Interaction	Loading estimate variable 1	Loading estimate variable 2	Error variance variable 1	Error variance variable 2	Interaction term loading est.	Interaction term error variance
ETHNXFOC	0.899	0.923	0.191	0.148	0.830	0.311
PRIXFOC	0.904	0.923	0.183	0.148	0.834	0.304
LOCXMOR	0.902	0.968	0.186	0.064	0.873	0.238
IMPXMOR	0.960	0.968	0.078	0.064	0.929	0.137

4.7.3 Analysis of the hypothesized structural relationships

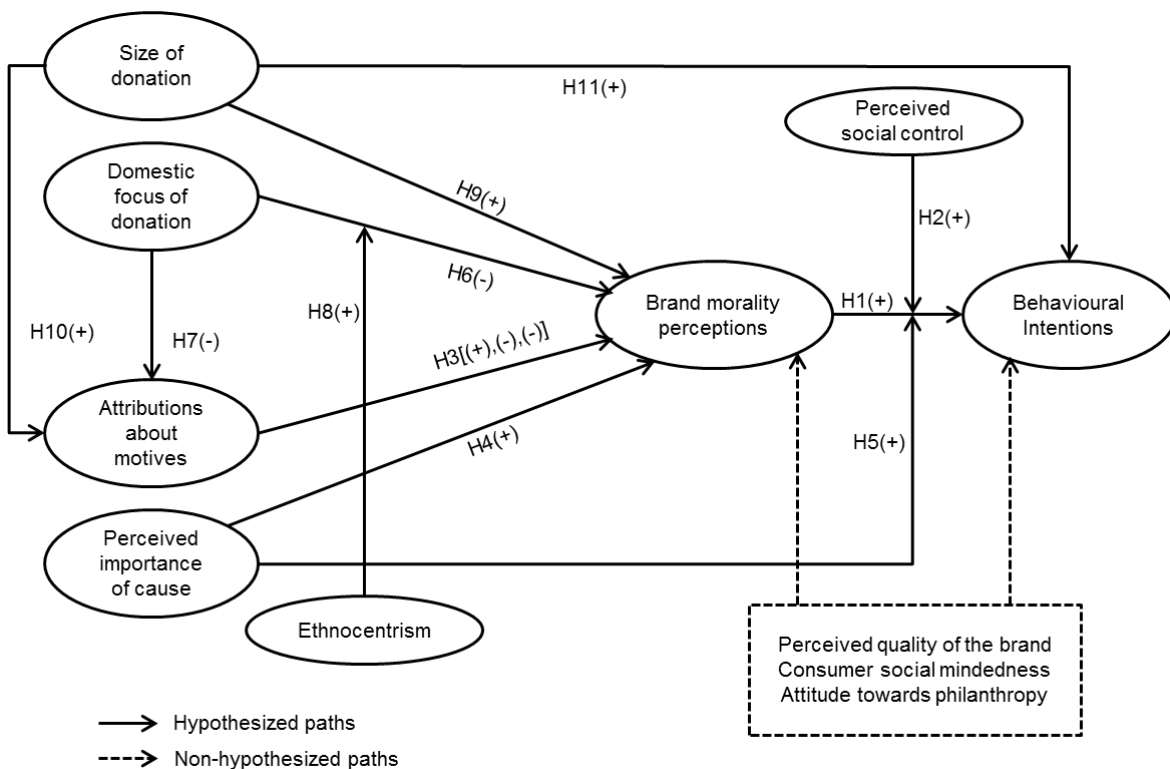
The obtained estimates for the loadings and error variances of the interaction terms were then used to calculate two nested models. The first model was a constrained model in which the interaction terms were fixed to zero and only the main effects were freely estimated. In the second run, an unconstrained model where all parameters, including the interaction terms previously fixed at zero, were freely estimated. The main concern at this point was to observe the reduction in chi-square as moving the constrained model to the unconstrained one. A significant reduction in chi-square would indicate that the unconstrained model fits better the data and is superior to the constrained model. As is shown in Table 4.25, moving from the constrained model to the unconstrained model resulted in a significant (at the level of $p=0.000$) decrease in chi-square of 97.97, with an associated decrease of 6 degrees of freedom. As such, the unconstrained model, as it is presented in Figure 4.14, should be further used for evaluating the hypotheses (Cadogan et al., 2009).

Table 4.25: Chi-square change in constrained vs. unconstrained model

	χ^2	df	χ^2/df	$\Delta\chi^2$ (Δdf)	p	RMSE A	NNFI	CFI	GFI
Fully constrained	4041	205	19.7	-	0.00	0.065	0.937	0.960	0.935
Unconstrained	3943	199	19.8	98 (6)	0.00	0.065	0.937	0.961	0.936

The fit indices suggest that the model fits the data well. Next, an examination of the individual parameter estimates is undertaken in order to determine whether the hypothesized relationships should be accepted or rejected.

Figure 4.14: Structural model



The constructs in the model explain 49.9% of variance in perceived brand morality, 50% of the variance in consumers' willingness to pay more, 52.9% in WOM intentions, and 3.8% in values-driven attributions. The results of the hypotheses testing are presented below. Table 4.26 displays the t-values, standardized coefficients, and the corresponding 95% confidence intervals for the standardized coefficients associated with each relationship.

Table 4.26: Structural model statistics

Hypothesis	Parameters	Unstand. Estimates	Standard. Estimates	t-values	95% Conf. Intervals	
					Lower	Upper
H1	Brand Morality → WOM	0.61	0.48	35.43	0.45	0.51
	Brand Morality → WTPM	0.56	0.39	28.96	0.35	0.43
H2	Locus x Brand Morality → WOM	-0.03	-0.04	-2.89	-0.06	-0.02
	Locus x Brand Morality → WTPM	-0.02	-0.02	-1.92	-0.04	-0.00
H3	Value Attrib. → Brand Morality	0.52	0.58	43.84	0.57	0.60
	Stakeholder Attrib. → Brand Morality	-0.00	-0.00	-0.10	-0.02	0.02
	Strategic Attrib. → Brand Morality	-0.09	-0.10	-8.26	-0.12	-0.08
H4	Cause Importance → Brand Morality	0.15	0.19	11.87	0.16	0.22
H5	Cause Import x Brand Morality → WOM	0.04	0.07	5.48	0.05	0.09
	Cause Import x Brand Morality → WTPM	0.04	0.06	4.63	0.05	0.08
H6	Focus → Brand Morality	-0.06	-0.12	-3.02	-0.16	-0.08
H7	Focus → Value Attributions	-0.22	-0.13	-7.58	-0.19	-0.07
H8	Preference x Focus → Brand Morality	-0.03	-0.02	-0.97	-0.07	0.03
	Prioritization x Focus → Brand Morality	0.08	0.05	2.41	-0.01	0.11
H9	Size of Budget → Brand Morality	0.17	0.15	4.94	0.08	0.22
H10	Size of Budget → Value Attributions	0.41	0.14	8.41	0.05	0.23
H11	Size of Budget → WOM	-0.11	0.04	-2.59	-0.12	0.04
	Size of Budget → WTPM	-0.12	0.03	-2.59	-0.06	0.12
<i>Controls</i>						
	Cause Importance → WOM	0.22	0.30	13.97	0.27	0.33
	Cause Importance → WTPM	0.25	0.29	14.43	0.26	0.32
	Locus → WOM	-0.02	-0.02	-1.34	-0.05	0.01
	Locus → WTPM	-0.04	-0.03	-2.09	-0.06	0.00
	Preference → Brand Morality	0.04	0.04	2.50	0.01	0.07
	Prioritization → Brand Morality	0.02	0.02	1.02	-0.02	0.06
	Perceived Brand Quality → Brand Morality	0.21	0.24	14.99	0.21	0.27
	Perceived Brand Quality → WOM	0.24	0.33	13.94	0.30	0.36
	Perceived Brand Quality → WTPM	0.27	0.31	13.91	0.27	0.35
	Social Mindedness → Brand Morality	-0.02	-0.02	-0.99	-0.06	0.02
	Social Mindedness → WOM	0.16	0.12	7.99	0.08	0.16
	Social Mindedness → WTPM	0.29	0.20	12.74	0.15	0.25
	Attitude to Philanthropy → Brand Morality	-0.06	-0.07	-4.42	-0.09	-0.05
	Attitude to Philanthropy → WOM	0.03	0.00	2.23	-0.03	0.03
	Attitude to Philanthropy → WTPM	0.03	-0.00	1.61	-0.03	0.03

* Critical t-values are 1.645 and 2.325 for $p < 0.05$ and $p < 0.01$ respectively – One-tailed t-test values due to one- directional hypothesized relationships.

4.7.3.1 Hypotheses testing

A strong and positive relationship is found between consumers' perceptions of brand morality and both their willingness to pay more ($b= 0.39$, $t= 28.96$) and their intention to spread positive word-of-mouth communications ($b= 0.48$, $t= 35.43$), in support of H1.

With regards to H2, the interaction between consumers' perceptions of brand morality and their perceived social control does have an impact upon people's WOM intentions but not on their willingness to pay more. Specifically, the results indicate that when consumers believe that they have limited control over social issues, the relationship between perceptions of brand morality and WOM intentions is going to be faded ($b= -0.04$, $t= 2.89$). However, no significant effect of consumers' perceived social control on the perceived brand morality-willingness to pay more relationship was found ($b= -0.02$, $t= -1.92$; lower/ upper CI: $-0.04/ 0.0$). As such H2 is partially supported.

With regards to H3 on the effect of consumer attributions about the company's motives on perceptions of brand morality, the results reveal that, with the exception of H3b, in which no significant link found between stakeholder-driven attributions and consumer perceptions of brand morality, the remaining two hypothesized relationships are significant and in the theorized direction. Specifically, values-driven attributions have a strong, positive effect on perceptions of brand morality ($b= 0.58$, $t= 43.84$), while strategic-driven attributions associate negatively with perceptions of brand morality ($b= -0.10$, $t= -8.26$), offering support to both H3a, and H3c.

In line with researcher's expectations and H4, consumers' perceptions regarding the importance of the cause supported by a company's philanthropic activity have a strong direct effect on their perceptions of brand morality ($b= 0.19$, $t= 11.87$). Moreover, this study investigates the moderating role of perceived importance of the cause on the relationship between consumers' perceptions of brand morality and behavioral intentions (i.e. WOM and willingness to pay more). The results, in support of H5, confirm that as consumers' perceptions regarding the importance of the cause increases, the effect of perceived brand morality on both WOM intentions ($b= 0.07$, $t= 5.48$), and willingness to pay more ($b= 0.06$, $t= 4.63$) is becoming stronger.

The geographic focus of a company's philanthropic activity is strongly associated with both the consumers' perceptions of brand morality ($b= -0.12$, $t= -3.02$) and their attributions about the motives underlying the company's social engagement ($b= -0.13$, $t= -7.58$). Specifically, people develop weaker perceptions of ethicality, and draw less altruistic inferences for companies directing their donation budgets solely at domestic recipients. In other words, in support of H6 and H7, a purely domestic focus of a company's philanthropic activity negatively impacts upon consumers' perceptions of brand morality and values-driven attributions.

This study further hypothesized that consumers' ethnocentric predisposition moderate the relationship between the geographic focus of a company's philanthropic activity and consumers' ethical perceptions. However, no significant effect is found for either dimension of ethnocentrism. Specifically, the preference towards the in-group does not impact upon the focus of the donation-perceptions of brand morality relationship ($b= -0.02$, $t= -0.97$). With regards to the second

dimension of ethnocentrism used in this study, namely prioritization of the in-group, although the results reveal a small but “significant” effect ($b= 0.05$, $t= 2.41$), an examination of the 95% confidence intervals of the standardized coefficient ($lower= -0.01$, $upper= 0.11$) clearly suggest that H8 should not be accepted because (0) is included in the possible values that the standardized coefficient can take.

Consistent with H9, and H10, a company’s size of budget, allocated to philanthropic activity, is strongly and positively associated with consumers’ perceptions of brand morality ($b= 0.15$, $t= 4.94$) and their attributions about the motives underlying the company’s social engagement ($b= 0.14$, $t= 8.41$). The higher the budget a company devotes to the support of a social cause, the stronger the people’s altruistic inferences and perceptions of the company’s ethicality.

Regarding the study’s final hypothesis, H11, contrary to the researcher expectations, the results indicate that the size of the donation budget neither facilitates nor diminishes consumers’ behavioral intentions towards the brand. Size of donation budget does not appear to have any effect on either consumers’ willingness to pay more ($b= 0.03$, $t= -2.59$; $lower/ upper CI: -0.06/ 0.12$), or their intentions to speak favorably about the brand ($b= 0.04$, $t= -2.59$; $lower/ upper CI: -0.12/ 0.04$). Therefore, H11 is not supported. Table 4.27 below presents a summary of the hypotheses testing.

Table 4.27: Hypothesis testing

Hypothesis		Findings
H1	Brand Morality → WOM	Supported
	Brand Morality → WTPM	Supported
H2	Locus x Brand Morality → WOM	Supported
	Locus x Brand Morality → WTPM	Not supported
H3	Value Attrib. → Brand Morality	Supported
	Stakeholder Attrib. → Brand Morality	Not supported
	Strategic Attrib. → Brand Morality	Supported
H4	Cause Importance → Brand Morality	Supported
H5	Cause Import x Brand Morality → WOM	Supported
	Cause Import x Brand Morality → WTPM	Supported
H6	Focus → Brand Morality	Supported
H7	Focus → Values-driven Attributions	Supported
H8	Preference x Focus → Brand Morality	Not supported
	Prioritization x Focus → Brand Morality	Not supported
H9	Size of Budget → Brand Morality	Supported
H10	Size of Budget → Value Attributions	Supported
H11	Size of Budget → WOM	Not supported
	Size of Budget → WTPM	Not supported

4.8 Conclusions

This chapter has presented the process and results of the data analysis. Initially, the scales used in the study were purified using both exploratory and confirmatory factor analysis. This was followed by the assessment of the structural model and the hypotheses testing. The findings of the study, along with important theoretical and managerial contributions are discussed in the next chapter.

Chapter 5: Discussion and Conclusions

5.1 Introduction

This last chapter of the thesis first summarizes the study's main findings, followed by a discussion of the study's implications for theory and practice. The chapter concludes with considerations on the study's key limitations, and recommended directions for future research.

5.2 Discussion

Hypothesis 1

H1: Consumers' perceptions of brand morality will have a direct positive effect on consumers' behavioural intentions (WOM and willingness to pay more). – Supported

As was expected, consumers' perceptions of brand morality influence consumers' behavioural intentions to the positive. Previous research indicates that consumers, based on their perceptions of a company's philanthropic activities, obtain personal psychosocial benefits through patronizing the company that supports the initiative (Bhattacharya et al., 2009; Vlachos, 2012). In line with this literature, the support of H1 suggests that consumers are both willing to pay more and spread positive word of mouth if they believe the brand is acting with morality. This finding complements previous research indicating the positive effect of perceived brand ethicality and

consumers' cognitive (brand trust) and emotional (brand affect) responses (Sierra et al., 2015; Singh et al., 2012).

Hypothesis 2

H2: The relationship between the consumers' perceptions of brand morality and consumers' behavioural intentions will be moderated by consumers' perceived social control. The perceptions of brand morality-induced changes in consumers' behavioural intentions will be stronger for consumers who are characterized by high rather than low perceived social control. – Partly supported

The results here indicate that the relationship between consumers' perceptions of brand morality and their WOM intentions does indeed depend upon people's perceived control over social events. Specifically, the results suggest that the relationship between consumers' perceptions of brand morality and their intentions to communicate positive information about the company is strengthened as people's perceptions of their perceived social control increase.

Taken together with the results of H1, marketing efforts directed towards increasing the perception of brand morality should be considered paramount to managers due to the associated benefits for positive behavioural intentions, but this must be interpreted in the light of perceived social control also. Consistent with extant literature this finding suggests that consumers' behavioural intentions are partly dictated by their belief, or confidence in their ability to generate a certain outcome

(Ajzen, 1985; Bandura et al., 1977; Eccles and Wigfield 2002; Rotter, 1966; Skinner, 1996). In other words, when consumers have the opportunity to help solving one of the world's problems (i.e., support children in need), and also believe that their actions with respect to this issue are worthwhile (they could actually make a difference in those children's lives), they are more likely to talk positively about the company in an attempt to bring in more advocates and add to the company's efforts to resolve the injustice.

Hypothesis 3

H3a: Values-driven attributions about a company's motives will have a positive effect on consumers' perceptions of brand morality. – Supported

H3b: Stakeholder-driven attributions about a company's motives will have a negative effect on consumers' perceptions of brand morality. – Not Supported

H3c: Strategic-driven attributions about a company's motives will have a negative effect on consumers' perceptions of brand morality. – Supported

Consumers' causal inferences regarding companies' underlying motives for engaging in CSR activity have long been established to be a key variable explaining consumers' attitudinal and behavioural responses to CSR (Becker-Olsen et al., 2006; Ellen et al., 2006; Godfrey, 2005; Groza et al., 2011; Parguel et al., 2011; Skarmeas and Leonidou, 2013; Vlachos et al, 2009; Walker et al., 2010). The findings of the current study complement extant research by focusing on a dependent variable (i.e.

consumer perceptions of brand morality) which has not previously been discussed as an outcome of consumers' causal inferences.

Enhanced perceptions of brand morality are yielded when consumers consider the company to be involved in philanthropic activity out of sincere concern about social issues and altruistic intentions to contribute to society (values-driven attributions). On the other hand, strategic-driven attributions negatively influence consumers' perceptions of brand morality. In support of this study's argument and previous research (Romani et al., 2016; Vlachos et al., 2009; Walker et al., 2010), consumers' interpretation of a company's engagement in philanthropic activity as another promotional activity driven by profit-maximizing motives, are found to have a significant negative effect on their perceptions of brand morality. Finally, no support was found for the hypothesized negative effect of stakeholder-driven motives on consumers' perceptions of brand morality. Stakeholder-driven motives refer to beliefs that the company is engaging in CSR in an attempt to satisfy the various stakeholders' expectations and avoid retribution. Previous studies demonstrate a negative effect of stakeholder-driven attributions on consumer trust (Vlachos et al., 2009) and attitudes toward the company (Groza et al., 2011). However, the current study does not offer support to these findings, and indicate that consumers are tolerant of stakeholder motives for corporate social engagement. In fact, stakeholder-driven attributions do not have any effect on consumer perceptions of brand morality.

Hypotheses 4 and 5

H4: Consumers' perceptions of importance of the cause will have a direct positive effect on consumers' perceptions of brand morality. – Supported

H5: The relationship between the consumers' perceptions of brand morality and consumers' behavioural intentions will be positively moderated by consumers' perceived importance of the cause. – Supported

The current study's findings offer support and complement previous research results highlighting the key role of consumers' perceived importance of the cause supported by a company's CSR activity, on consumers' various responses towards the company. Although a great deal of extant research has investigated (and provided support for) the effect of consumers' perceptions regarding the importance of the cause benefited by a company's CSR activity (e.g. Arora and Henderson 2007; Grau and Folse, 2007; Hajjat, 2003; Koschate-Fischer et al., 2012; Lafferty, 1996; Lichtenstein et al., 2004; Mohr and Webb, 2005; Sen and Bhattacharya, 2001), no previous research has focused on how perceived importance of the cause particularly impacts upon consumers' perceptions of the company's ethicality.

The underpinning mechanism of both H4, and H5 (presented in chapter 2) was based on organization identification theory, which asserts that people identify with organizations with which they believe that they share common traits and provide for a sense of self-enhancement (Ashforth and Mael, 1989). To begin with, when a company's philanthropic activity is directed to causes that consumers themselves

value and support (i.e. resonates with their self-image), they infer greater perceptions of morality resulting from greater identification with the company (Bhattacharya and Sen, 2003; Sen and Bhattacharya, 2001). Self-enhancement motives refer to a person's need to feel important (Mowen and Sujan, 2005). When people support a company, whose philanthropic activity is dedicated to a social cause, which they consider as important, they grow a sense of personal importance, which can result in greater motivation to reward the company by paying a price premium for its products. Furthermore, while they are communicating information about a company's philanthropic activity, people also 'say' something about themselves (Wojnicki and Godes, 2008), and for this reason, they are more willing to share information about a company's involvement in a social cause which is considered important, because it makes them feel and appear important (self-enhancement) (Berger and Schwartz, 2011). Specifically, the results suggest that perceived importance of the cause significantly and positively influences consumers' perceptions of brand morality (H4), and that the perceived brand morality-behavioural intentions relationship towards a company is affected by people's increasing evaluations of the importance of the cause being supported by the company's philanthropic activity (H5). Specifically, the greater importance consumers assign to a company's philanthropic activity, the greater is the possibility that higher perceptions of brand morality be followed by a respective increase in consumers' willingness to pay a price premium for its products and spread positive WOM communications.

Hypothesis 6

H6: The geographical focus of the donation budget will have a direct effect on consumers' perceptions of brand morality with the latter reaching lower levels when the geographical focus of the donation is purely domestic and being higher in the case of an international geographical focus of the donation.

The support of this hypothesis builds on the geographic focus of CSR activity-consumer responses relationship debate. As discussed earlier (see Chapter 2), past research on the effect of companies' geographically varying CSR activities (or cause proximity) on various consumer responses, has returned equivocal results. While some contributions offer support to consumers' preference for local than broader in geographic scope causes (Rahman and Norman, 2016; Russell and Russell, 2009; Grau and Folse 2007; Hou et al. 2008), other scholars find insignificant results (Cui et al. 2003; La Ferle et al., 2013; Ross et al. 1992), and others provide evidence on consumers' more positive evaluations for an international over a national scope (Schons et al., 2015; Vanhamme et al., 2012).

When engaging in CSR activities, companies pursue two main objectives: a tactical goal of increasing sales and a strategic goal of improving brand image (Muller et al., 2014). When reviewing the literature, the researcher's conclusions can be summarised in two points. First, to date most of the research attention has been sited on the tactical success of companies' social involvement looking at consumers' responses inferred by their purchase intentions (e.g. Schons et al., 2015), brand

choice (e.g. Russell and Russell, 2009) and willingness to pay more (e.g. Rahman and Norman, 2016). Second, the majority of research investigating this particular relationship has been conducted in the context of cause-related marketing (e.g. Grau and Folse 2007; Hou et al. 2008; La Ferle et al., 2013). More importantly, from these studies, only two were set up to examine the effect of varying geographical focus of CRM campaigns on consumers' evaluation of company image in its broad sense (i.e. strategic success of CRM campaign). While the first study conducted by Vanhamme, Lindgreen, Reast, and van Popering (2012) revealed that consumers' evaluations of corporate image are significantly more positive when the CRM campaign embraces an international scope rather than a domestic one; the second study by La Ferle, Kuber, and Edwards (2013), concluded that the beneficiary of the CRM campaign (either a local or a worldwide charity) does not impact upon the evaluations of company image of either consumer group (Indians or Americans). To the researcher's best knowledge only three studies (i.e. Rahman and Norman, 2016; Russell and Russell, 2009; and Schons et al., 2015) have examined this particular relationship in the context of philanthropy and none of them have examined the effect of geographical focus of philanthropic activity on consumers' perceptions of brand morality.

The results of the current study support the argument that a company's philanthropic activity with an international scope signals to people that through its social engagement the company is hoping (aiming) to rectify major institutional injustices (Schons et al., 2016), which in turn increases people's perceptions of the company's moral character. Further, based on Varadarajan and Menon's (1988) assertion that a firm's substantial investment on CSR signifies the firm's use of CSR as a strategic

marketing tool and results in enhanced brand image perceptions; this study has argued that heightened consumers' perceptions of brand morality may be resulting from their perceptions regarding the company's investment. Consumers are very likely to infer that the company has greatly invested (in time and effort) to the planning and implementation of its social involvement, when they acknowledge a company's supportive intentions for a cause that is far away from the company's operating environment borders (i.e. the home country). This finding supports previous research, which indicates that people reward firms for the extra effort invested in social engagement (Ellen et al., 2000; Morales, 2005).

Hypotheses 7 and 10

H7: The geographical focus of the donation budget will have a direct effect on consumers' attributed motives for a company's involvement in philanthropic activity. Specifically, internationally rather than solely domestically allocated donation budgets will result in consumers' higher altruistic inferences regarding the company's motives.

H10: There is a positive relationship between a company's size of the donation budget, and consumers' altruistic inferences regarding the company's motives to engage in philanthropic activity.

As it has already been discussed consumers' causal inferences regarding a company's engagement in social initiatives play an important role in shaping consumers' responses towards the company (Ellen et al. 2006). Koschate-Fischer, et al. (2012, p. 923) argue that "companies should monitor customers' motive

attributions in a cause-related marketing campaign to ensure that these attributions are positive. If attributions are negative, the firm may need to make efforts to alter these perceptions by increasing the donation, by donating to a different cause, or by clearly articulating the reasons for the donation”. Surprisingly, the majority of research has concentrated on the direct effect of consumers’ perceptions of firm motives on several attitudinal and behavioral outcomes, as well as on their moderating role (Vlachos et al., 2009), and questions regarding potential antecedents of positive consumers’ causal inferences have remained unanswered. Managers being able to understand how specific CSR implementation-related factors impact upon consumers’ causal inferences, would be better placed to strategically position and accordingly adapt their social initiatives in a way that would facilitate greater consumer altruistic inferences which would ultimately lead to corporate success.

Previous research indicates that greater perceived company investment, and specifically greater donations, result into more positive consumer inferences regarding the company’s underlying motives for engaging in CSR (Folse, et al., 2010; Koschate-Fischer, et al., 2012). The support of the above hypotheses builds on this stream of research, and suggests that philanthropic activities dedicated to the support of international causes, and allocating greater donation budgets, since they are considered as requiring additional effort, could act like an indication that philanthropy is a fundamental part of the organization’s core values and can, in turn, propel consumers to infer altruistic and sincere motives.

Hypotheses 8

H8: The relationship between the geographical focus of donation activity (Focus) and consumers' perceptions of brand morality will be moderated by consumers' predisposition to be ethnocentric. The Focus-induced changes in consumers' perceptions of brand morality will be weaker for consumers who are characterized by higher levels of ethnocentrism. – Not supported

The results do not support the proposition that a company concentrating its philanthropic activities in the home country will be perceived more ethical by consumers characterized by a greater ethnocentric predisposition. The logic of this hypothesis is rooted in social identity theory (Tajfel and Turner, 1986), which posits that consumers engage in behaviours that are consistent with their identities (Forehand et al. 2002). This study argued that differences in the way a company allocates its philanthropic budget across the various markets (domestically or internationally) might reflect differences in the extent to which the brand places the interests of one set of people ahead of others. Highly ethnocentric consumers may believe that companies have a strong moral obligation to try to resolve 'home-grown' injustices and if a company's philanthropic activity resonates with their own sense of what is morally right (i.e. support domestic causes), they are likely to develop enhanced perceptions of brand morality.

A possible explanation for not being able to find support for this hypothesis is that the study was conducted in a rather individualist cultural setting (Koschate-Fischer et al.,

2012). While collectivistic cultures draw sharp distinctions between members of in-groups and out-groups and “*tend to reveal more intensive ethnocentric tendencies than those with individualistic goals*” (Sharma et al., 1995, p. 28), people of individualistic cultures belong to many specific in-groups that they join voluntarily (De Mooij, 2010).

Strutton et al. (1994, p. 65) argued that individualism predisposes Americans towards substantial “open-mindedness and self-autonomy” leading them to engage in honest and critical self-reflection with respect to domestically produced goods. This is consistent with Ettenson et al.’s (1988, p. 96) report that the “Made in the USA” promotional blitz involving millions of dollars and “over one billion advertising impressions” had little effect on most Americans who preferred to go by product merits. Extrapolating this to the German context provides further credence to their conclusion having “little effect”.

Hypotheses 9 and 11

H9: The size of the donation budget has a direct positive effect on consumers’ perceptions of the morality of the brand. - Supported

H11: There is a positive relationship between a company’s size of the donation budget, and consumers’ behavioural intentions. – Not supported

By examining the above two hypotheses, this study aims to clarify the effect of companies' donation size on consumer responses. As it has been already discussed (see Chapter 2), extant research on donation size mainly uses sales-related dependent variables such as purchase intention (e.g. Schons et al., 2015), brand choice (e.g. Arora and Henderson, 2007; Strahilevitz, 1999) and willingness to pay (e.g. Koschate-Fischer et al., 2012), to measure the tactical success of companies' social strategies . Furthermore, previous research has produced equivocal results with some contributions pointing to a positive effect of donation size on various consumer response variables such as willingness to pay (Koschate-Fischer et al., 2012), brand choice (Pracejus et al., 2003/04), and purchase intentions (Schons et al., 2015); some finding insignificant results (Moosmayer and Fuljahn, 2010; Van den Brink et al., 2006), and some providing evidence for a negative effect of donation size on consumer responses (Arora and Henderson, 2007; Chang, 2008; Strahilevitz, 1999).

Although it seems reasonable to assume that the more "generous" a company is, the more favourably consumers respond to it, this study's findings suggest that larger donations do not necessarily lead to enhanced consumer behavioral intentions (i.e. WOM and willingness to pay more). In other words, people do not reward companies by engaging in extra-role behaviors (i.e. WOM) or paying price premiums, based on how large or small is a company's investment in philanthropic activities.

This finding provides support to previous research in the context of cause-related marketing (CRM) indicating that larger donations have a significant negative effect on

consumer brand choice (Arora and Henderson, 2007; Strahilevitz, 1999) and behavioral intentions (Chang, 2008). Muller, Fries and Gedenk (2014) investigated the impact of donation size on brand choice and concluded that larger donations are likely to result in enhanced brand choice only if consumers do not face financial trade-off. However, if consumers have to choose between doing good deeds and saving for themselves, larger donations diminish brand choice probability. To the researchers' best knowledge, in the context of philanthropy, there is only one recent study by Schons, Cadogan and Tsakona (2015) that has examined the effect of donation size specifically on consumers' purchase intentions.

Although CRM and philanthropy are two different practices of corporate social involvement, they are not implemented in similar ways in that while in CRM the firm contributes a specified amount to a designated cause every time consumers buy the product bundled with the cause, in philanthropy the support of a specific cause is not linked to consumers' purchase behavior. As such, contrary to a company's philanthropy, in a CRM campaign the size of the donation might be considered as having a direct impact on consumers' 'pockets' and they will respond accordingly.

The fact that, according to the study's findings, consumers are not willing to reward companies for being more generous could be indicative of the general change in people's mentality and expectations with regards to organization's role and responsibilities towards the society (Schons et al., 2015). Nevertheless, this finding has important implications for companies because it suggests that simply 'throwing

money' at CSR initiatives is not going to be as much appreciated by the consumers as to make them spread positive WOM communications and pay price premiums.

5.3 Contribution to theory

The study's first and most important contribution to marketing theory is that it builds on a relatively recently evolved stream of research dealing with consumers' associations with regards to companies' ethicality. Although until recently it was embedded in the general and well-established brand image concept, morality has evolved as a key strategic element serving as a base of differentiation for corporate brands (Morsing, 2006; Singh et al., 2012). Several scholars have underlined the importance of establishing a clear understanding of consumers' ethical considerations of companies' activities and how these shape their behaviour (Crane, 2005; Brunk, 2010), and this study is a step towards this direction. Introduced by Brunk (2010), the construct of 'consumer perceived ethicality' (CPE) is conceptualised as consumers' aggregate perception of a company's morality. This study is a response to calls for further empirical investigation on the fundamental questions of what drives consumers' perception of a brand's ethicality (i.e. antecedents) and how this perception relates to consumers' responses (Brunk 2010; Cohn, 2010; Shea, 2010; Sierra et al., 2015; Singh, 2012). Very limited research (i.e. Michaelidou et al., 2015; Sierra et al., 2015; Singh et al., 2012) has empirically investigated the effect of perceived brand morality on consumer responses, but even more importantly, as far as the researcher is concerned, this is the first study to examine its potential antecedents. On this front, the study contributes to the stream of literature on consumer reactions to CSR strategies by exploring how both CSR-

implementation related factors (i.e. geographic focus and size of the donations), and consumers individual differences (perceived cause importance, attributions about company's motives), impact upon perceptions of brand morality.

Although past research has examined the effect of managerial decisions regarding the geographic focus of CSR activities and the size of donations, on consumers' responses (e.g. La Ferle et al., 2013; Moosmayer and Fuljahn, 2010; Rahman and Norman, 2016; Schons et al., 2015; Vanhamme et al., 2012), scholars have yet to reach a consensus regarding the issues at hand.

Concerning the size of the donation budget, this study's findings coincide with some previous research indicating that consumers' WOM intentions and willingness to pay more do not vary with small or large donations. In other words, no significant direct effect of donation size on consumer behavioral intentions is supported. However, larger compared to smaller donations elicit enhanced perceptions of brand morality, which in turn lead to greater behavioral intentions. This finding highlights the prominent role of consumer perceptions regarding the ethicality of the brand, since the size of donation-induced changes in consumers' behavioral intentions appear to operate through perceived brand morality.

With regards to geographically varying allocations of philanthropic activity, this research complements previous findings suggesting that companies yield greater evaluations in terms of their perceived morality when, rather than directing their

philanthropic activity solely at domestic causes, the interests of foreign recipients are also taken into account. Thereby, and taking into consideration previous research suggestions on incorporating personality characteristics in the examination of the effect of corporate social engagement on consumer responses (Dabholkar and Bagozzi, 2002; Vlachos, 2012), this study integrates the moderating effect of ethnocentrism on the geographic focus of donations-perceived brand morality relationship.

Moreover, this study extends prior research on CSR-induced consumer attributions on two fronts. First, the study underlines the widely recognised role of consumers' causal inferences as protagonists in shaping consumer responses by providing empirical evidence on their effect on consumers' perceptions of brand morality. When consumers hold greater altruistic perceptions about the underlying firms' motives for social engagement, enhanced perceptions of brand morality are yielded. Second, this investigation extends extant research on the antecedents of consumers' causal inferences about the motives underlying the companies' social engagement. Specifically, it supports previous findings specifying the significant effect of donation size on consumers' attributions (Folse et al., 2010; Koschate-Fischer et al. 2012), and furthermore, it is the first study postulating the impact of geographically varying allocations of donation budgets on consumers' causal inferences. Specifically, an international focus of a company's philanthropic activity elicits greater perceived altruistic motives from the part of consumers.

Finally, another contribution of this research is the identification of perceived brand ethicality as a sub-process regulating the effect of corporate philanthropic activities on consumer behavioral responses. This finding adds to knowledge in this area, and extends previous findings suggesting customer satisfaction (Luo and Bhattacharya, 2006), customer trust (Vlachos et al., 2009), and emotional attachment (Vlachos, 2012) as mechanisms linking CSR to the desired firm outcomes. Future studies investigating the ultimate behavioral and financial impact of CSR should consider that this impact also stems from consumer judgments of the ethicality of the brand.

5.4 Managerial implications

Along with its theoretical contribution, the findings of this research carry important managerial implications as well.

First, the study helps CSR and brand managers towards improved and more targeted social responsibility investments. According to Keller et al. (2008, p. 43) *“the power of a brand resides in the minds of customers”*. Having access to consumers’ minds facilitate the development and implementation of social strategies, enabling organizations to better manage their brand images. The central role of perceived brand morality found in this research indicates that to assess the effectiveness of companies’ social performance, it is essential that managers regularly evaluate how their social strategies impact upon consumers’ perceptions of their brand’s morality. This way, marketing practitioners will also be better placed to track, assess and justify both the strategic and the financial impact of their ethical marketing expenditures and make the necessary amendments. It is quite important to take into

consideration how specific CSR activities impact upon people's perceptions of brand ethicality because these perceptions are closely related to consumers' behavioural intentions and the company's market and financial performance.

Having said that, marketing practitioners concerned with rising consumers' perceptions of their brands' ethicality through social engagement, they should consider embracing a more strategic perspective when designing and communicating their social initiatives. According to this study's findings, randomly 'throwing money' to CSR initiatives will not yield the desired results neither in terms of brand image nor on the financial performance. This is further illustrated by the insignificant effect of the size of the donation on consumers' behavioral intentions. In other words, regardless of the size of their CSR investment, firms cannot improve their customers' intentions to pay more or spread positive word-of-mouth, unless people are convinced about the company's moral character. Moreover, there is evidence that companies embracing a more international scope (i.e. aim to resolve global injustices), rather than purely domestic, when investing in social initiatives, are in a more advantageous position to reinforce consumers' perceptions of the company's altruistic motives, and to build and further strengthen consumers' morality perceptions, and indirectly behavioral intentions.

Moreover, given the important role of consumers' causal inferences in shaping perceptions of brand morality, companies should devote greater efforts in convincing consumers that their social engagement is genuine and reflects their societal ideals and moral character. Managers' attention should be focused on developing and

implementing social strategies that clearly communicate the company's values and elicit positive cues. In doing so, it is suggested that the appropriate amount of investment in time, effort and resources should be provided and also communicated.

Last but not least, it is suggested that when planning their social strategies, managers should always try to offer opportunities to their customers to fulfil specific needs and motives important to them. Put differently, particular attention should be given in detecting the social causes that 'matter' to the company's target market, and directing the company's investments at the support of the specific social causes. Consumers' views on the importance of the cause supported by a company's CSR initiatives echoes on their perceptions of the company's ethicality and also on how these perceptions are translated in greater WOM intentions and willingness to pay more. Identifying and satisfying consumers' interpretations regarding the importance of different social initiatives can be proven to be a very challenging task for managers. This could be essentially true for firms whose business is not targeting a specific, niche market, but rather extends over a quite diverse one. In the latter case, managers could either (after conducting the relevant market research) use an effective combination of different social causes in an attempt to please the various market segments or try to 'educate' their customers by exemplifying the importance of the specific cause supported and further underlining the potential (or real) effect of their social initiatives.

5.5 Limitations of the study and future research directions

As with any study, this study has a number of limitations to consider for future research.

- This study was conducted in a single European country (i.e. Germany), and this has several implications. As it has already been discussed, Germany is characterised by a rather individualist cultural setting (Koschate-Fischer et al., 2012), and this could mean that some conclusions may reflect the cultural background of the participants. In a more collectivist cultural setting, philanthropic activity directed at the support of home-grown issues might hold more importance for consumers' perceptions of brand morality. As such, this research area would benefit from replicating the study in other cultural settings.
- This study used a fictitious company and provided subjects with relatively limited information about the firm. In doing so we control for biases or any confounding effects that can arise from using pre-existing brands. For example, if we were to call upon Nike as an example company as the focus of the scenarios, respondents have pre-existing thoughts, beliefs and attitudes towards the Nike brand, its past unethical behaviours and so on and so forth that could confound the results or at least affect their decision process in the simulation. This would make it difficult to then extrapolate the true intention behind their choices of answers. The negative side of using a fictitious company is of course the issue that real-life situations will be affected by one's constructed beliefs regarding

brands. We accept this limitation but believe that the element of control added by focusing on a fictitious brand was worth it.

- Moreover, although the scenarios describing the company's philanthropic activity reflected real social practices, and also facilitated the elimination of pre-existing beliefs about a well-known brand, future studies examining the effect of real CSR initiatives would be essential for augmenting the external validity of the current study's results.
- This research only assesses the effect of consumer perceptions of brand morality on their behavioural intentions, as opposed to actual (real world) behaviour. Again, this is something sacrificed to retain control over research design. We could of course have allowed respondents to choose whether or not to actually purchase the tea at that moment in the scenario if an 'in person' simulation design was used, but this was not possible due to the volume of respondents required.
- Methodologically, in this study respondents were exposed to only one type of CSR initiatives (i.e. philanthropy) directed to the support of one single social cause (children in need) at one point in time. Moreover, the model in this study was tested in a single product class, tea. Extending the research to different CSR contexts (e.g. CRM, or environmental concerns), using various social causes (animal protection, supporting research on cancer), and product classes (or even services) would be interesting directions for further research. By extension, many companies implement multiple CSR

initiatives over the course of a year. It may be that different initiatives or combinations of initiatives elicit different responses from consumers in terms of behavioural intent. This is an avenue for future research to consider.

- The majority of constructs were assessed with seven-point Likert scales. The use of common-scale anchors can increase common method variance (CMV) bias. Whilst both data-based and analytical solutions were employed to help reduce CMV, the use of different scales would have helped to further control for this bias.
- The degree of consumer involvement in the focal product, tea, is quite low, as is the context (philanthropic investment). Varying the degree of involvement of the consumer in the product or cause could influence decisions and again is worthy of future research.
- Finally, further work should look to replicate the findings of this study to add to the generalizability of this study.

5.6 Concluding remarks

In this chapter, we reflected on the results of the study in light of literature and the meaning of the results for managers. Study limitations were then indicated, and future research directions were suggested.

In summary, this study makes several contributions to both theory and practice. In using a simulation-based approach, the study builds on extant CSR literature by advancing and providing insights into the prominent role of perceived brand ethicality in shaping consumer responses to corporate philanthropic activity. By doing so, this investigation suggests an alternative mechanism (i.e. perceived brand ethicality) that consumers use to evaluate firms' philanthropic initiatives. The empirical evidence provides support for the significant positive effect of perceived brand morality on both consumers' positive WOM intentions, and their willingness to pay more. This finding complements previous research indicating the positive effect of perceived brand ethicality and consumers' cognitive (brand trust) and emotional (brand affect) responses (Sierra et al., 2015; Singh et al., 2012). Moreover, the study contributes to extant research by identifying specific implementation-related aspects of corporate philanthropy as strategic tools marketers can use to improve their brands' ethical images. In this respect, both the geographic focus, and the size of the donation have been shown to have a significant effect on perceived brand ethicality. Specifically, it is found that when a company devotes large donation amounts in philanthropic initiatives with an international scope, it signals to people that through its social engagement the company aims to rectify major institutional injustices, which in turn increases people's perceptions of the company's moral character. Furthermore,

drawn from attribution theory (Heider, 1958), and in line with current knowledge, consumers' causal inferences regarding a firm's underlying motives for engaging in philanthropic activity have been shown to play a key role in explaining their perceptions of brand morality. When people consider the company to be involved in philanthropy out of sincere concern and altruistic intentions to contribute to society, enhanced perceptions of brand morality are yielded. Finally, in an attempt to respond to previous research calling for the incorporation of individual differences variables when evaluating consumer responses to companies' CSR (Vlachos, 2012), this study examines whether specific psychographic factors and personality traits impact upon the effectiveness of corporate social initiatives.

To conclude, this doctoral thesis has shown that CSR, and specifically, corporate philanthropy is not simply about supporting some random social cause, but rather it has evolved as a key strategic tool which, if successfully managed, can improve an organization's performance. By establishing a clear understanding of consumers' ethical considerations of the organization's activities and how these shape their behaviour, the organization would be better placed to estimate the potential gap, or lack of fit, between its positioning encompassing an ethical dimension, and the actual consumer perceptions, and undertake the necessary adjustments to its strategy according to its customers' requirements. In this regard, and taking into consideration the above discussed limitations, this study should be considered a preliminary research on the potential antecedents and outcomes of perceived brand morality that could incite further work in this highly important area of research.

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APPENDIX

A copy of the questionnaire in English is presented below.

This project focuses on how the general public perceives corporate philanthropic activity.

By participating in this survey, you are indicating that you understand that your responses are strictly confidential and anonymous and will not be identified with you in any way. Most importantly, there are no correct or incorrect answers, but it is vitally important that you read everything carefully, and answer all of the questions as honestly as you possibly can.

Thank you very much for your help and support. Your cooperation is very much appreciated.

To begin please read carefully the scenario below.

"The Hildegard Tea Company was founded by the family Rupertsberg in the small village of Bingen back in 1878 and has since produced a collection of teas, which are mixed according to the traditional recipes of Hildegard of Bingen. The raw tea ingredients are obtained from Indonesia. During the last year, the company donated 1.000.000€ to social causes supporting children in need. The entire 1,000,000€ have been transferred to a child aid organization in Germany."

Now please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
I would recommend Hildegard Tea Company to friends who seek my advice.							
I would speak favorably about Hildegard Tea Company in social situations.							
I would encourage friends and relatives to buy Hildegard Tea Company.							
I would be likely to purchase this brand.							
I would likely make this brand one of my first choices in this product category.							
I would exert a great deal of effort to purchase this brand.							

For each pair of adjectives please highlight the point between them that better reflects your opinion.

My overall impression of Hildegard Tea Company is..

	Extremely 1	Quite 2	Slightly 3	Neutral 4	Slightly 5	Quite 6	Extremely 7	
Bad								Good
Unfavourable								Favourable

Using the scales below, please indicate your agreement or disagreement with the following statements.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
I would be willing-to-pay more for the products of the Hildegard Tea Company than for the products of other tea companies.							
I would rather buy my tea at the Hildegard Tea Company, even if other suppliers were cheaper.							
Given the benefits that I would have as a customer of the Hildegard Tea Company, I would be willing-to-pay more than for tea offered by other suppliers.							

I am now interested in your perception of the Hildegard Tea Company.

Please indicate the extent to which the following characteristics describe the Hildegard Tea Company.

(1 = not at all, 7 = very)

	Not at all 1	2	3	Neutral 4	5	6	Very 7
Caring							
Compassionate							
Fair							
Friendly							
Generous							

These questions are now concerned with your thoughts about the potential reasons why Hildegard Tea Company supports children in need.

Using the scales below, please indicate your agreement or disagreement with the following statements.

(1 = Strongly Disagree, 7 = Strongly Agree)

In my opinion, Hildegard Tea Company engages in social projects because..

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
They have an ethical responsibility to help society.							
They feel morally obligated to help society.							
They are trying to give something back to the society.							
They feel their customers expect it.							
They feel society in general expects it.							
They feel their stakeholders expect it.							
They want to get new customers.							
They hope to increase their profits.							
They hope to increase their competitiveness.							

For each pair of statements please highlight the point between them that better reflects your opinion.

In my opinion, Hildegard Tea Company..

	Extremely 1	Quite 2	Slightly 3	Neutral 4	Slightly 5	Quite 6	Extremely 7	
Supports foreign								Supports German

people's interests								people's interests
Favours foreign people	1	2	3	4	5	6	7	Favours German people

Please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
It is doubtful that Hildegard Tea Company is a socially responsible retailer.							
It is uncertain that Hildegard Tea Company is concerned with improving the wellbeing of society.							
It is questionable that Hildegard Tea Company acts in a socially responsible way.							

For each pair of statements please highlight the point between them that better reflects your opinion.

Helping children in need..

	Extremely 1	Quite 2	Slightly 3	Neutral 4	Slightly 5	Quite 6	Extremely 7	
Is an unimportant cause to me								Is an important cause to me
Means nothing to me								Means a lot to me

Please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
I strongly believe that companies should donate some of their profits to children's charities.							
Corporations have a responsibility to help children in need.							
Businesses should stand up for the rights of children in need.							
I think one should support brands that contribute to the standard of living of people in developing countries, even when these brands are somewhat more expensive.							
I feel that everyone should purchase products that help reduce the gap between the very poor and the rich in the world.							
I can depend on certain brands to help make the world a fairer place for everyone.							
I am confident that by purchasing certain brands I can contribute toward restoring fair and just outcomes for people in foreign countries.							
There is very little we, as consumers,							

can do to solve the world's problems.							
It is difficult for consumers to have much control over the world's events.							
This world is run by the few people in power, and there is not much the little guy can do about it.							

Below is a list of statements dealing with your general personality characteristics of yours. Please indicate your agreement or disagreement with each statement.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
I enjoy being with people from other countries to learn about their views and approaches.							
I enjoy exchanging ideas with people from other cultures or countries.							
I am interested in learning more about people who live in other countries.							

Please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
I feel that people get what they are entitled to have.							
I feel that people get what they deserve.							
I basically feel that the world is a fair place.							
I feel that people who meet with misfortune have brought it on themselves.							
I feel that rewards and punishments are fairly given.							
What is ethical varies from one situation and society to another.							
Whether an act is judged to be moral or immoral depends upon the circumstances surrounding the action.							
It is never necessary to sacrifice the welfare of others.							
If an action could harm an innocent other, then it should not be done.							
I often have tender, concerned feelings for people less fortunate than me.							
When I see someone being taken advantage of, I feel kind of protective towards them.							
I am often quite touched by things that I see happen.							
Before criticizing somebody, I try to imagine how I would feel if I were in their place.							
When I'm upset at someone, I							

usually try to "put myself in his shoes" for a while.							
I sometimes try to understand my friends better by imagining how things look from their perspective.							

Everyone has hobbies. Nevertheless, we would like you to skip this question to show that you are reading carefully. Do not click any of the following buttons. It sometimes happens that participants are less attentive towards the end of a questionnaire. We can test for this by using attention checks like this one. This helps us to control whether our results are biased due to participants who are less attentive. Thank you very much!

Biking	Tennis/ Squash/ Badminton
Fitness/Gymnastics	Soccer
Hiking	Athletic sports
Swimming	Basketball/Volleyball
Running	Dancing

Using the scales below, please indicate your agreement or disagreement with each statement.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
In most circumstances it is not right and natural to favor members from one's own cultural or ethnic group over strangers or foreigners.							
In most cases, I do not like people from my culture more than I like others.							
I think I do not have a particular preference for my own cultural or ethnic group over others.							
It is absolutely not right to take advantage of other cultures and ethnic groups to our advantage.							
We must stop doing what is best for our own people and begin to think about the effect that our actions have on other people.							
It would not be right if my cultural group were becoming wealthier at the expense of other cultures.							

Please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
Germans should not buy foreign products, because this hurts Germany's businesses and causes unemployment.							
It is not right to purchase foreign products, because it puts German people out of jobs.							
We should purchase products manufactured in Germany instead of letting other countries get rich off of us.							

Please indicate your agreement or disagreement with the following statements on the scales below.

(1 = Strongly Disagree, 7 = Strongly Agree)

	Strongly Disagree 1	Disagree 2	Slightly Disagree 3	Neutral 4	Slightly Agree 5	Agree 6	Strongly Agree 7
Under no circumstances is it morally acceptable for German brands to look to the interests of German people over foreigner customers and stakeholders.							
German brands do not always need to do what's best for German people, if it is at the expense of people in other countries.							
When German companies are putting the interests of German people first, they should also be concerned about how their activities might affect people in other countries.							

Thank you so much for your time in answering these questions.

I would now really appreciate it if you could answer some questions about yourself.

Please indicate your gender.

Male

Female

Using numbers, please enter your age:

Please enter your nationality:

Please indicate your total household income per month.

< 500€

501-1000€

1001-1500€

1501-2000€

2001-2500€

2501-3000€

3001-3500€

> 3500€