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Keywords

Corporate, Social, Responsibility, CSR, Examination, Consumer, Awareness, Evaluation, Purchase, Action

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Corporate Social Responsibility (CSR): An Examination Of Consumer Awareness, Evaluation, And Purchase Action.

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Abstract

Despite marketplace polls reporting heightened consumer interest in and support for companies acting in socially-responsible ways, there remains to date little evidence of such consumer support translating into general purchase behaviour. There is a gap in our knowledge regarding which particular socially-responsible behaviours are likely to prove most influential with consumers and be rewarded with supportive purchase behaviour, and how awareness of firms' commitments to these behaviours is to be brought to consumers' attention. It appears from the marketplace success of some socially-responsible, or 'ethical' brands, such as The Body Shop and recently launched clothing brands such as American Apparel and Edun, that the reporting and marketing of CSR is gaining popularity, yet there is little extant research to guide these initiatives. The increased expectation in the community that companies should engage in CSR has resulted in organizations being called to account by anti-corporate and other activist groups, and concerned consumers, for their irresponsible behaviours. Organized consumer boycotts achieve much negative publicity resulting in organizations seeking ways to avoid such situations occurring, however, there is limited research to guide managers in the manner to best portray the organization in a positive manner. Further there is scant academic research examining how consumers perceive the CSR activities of organizations and whether there are any subsequent effects on purchase evaluations and behaviour. This paper calls for greater research into the manner in which consumers interpret the corporate social responsibility (CSR) stances of organisations and how these corporate activities form part of the brand beliefs of consumers.

Keywords: Corporate social responsibility, purchase behaviour, consumer attitudes

Introduction

Despite marketplace polls reporting heightened consumer interest in and support for companies acting in socially-responsible ways (e.g. MORI 2001) there remains to date little evidence of such consumer support translating into purchase behaviour (e.g. Dickson 2001; Griffin and Mahon, 1997). There is a gap in our knowledge regarding which particular socially-responsible behaviours are likely to prove most influential with consumers (Brammer and Pavelin 2004). It appears from the recent marketplace success of some socially-responsible, or 'ethical' brands, such as The Body Shop and American Apparel, that the reporting and marketing of CSR is gaining popularity, yet there is little extant research to guide these initiatives (Szykman, Bloom, and Blazing 2004). The increased expectation in the community that companies should engage in CSR has resulted in organizations being called to account by anti-corporate and other activist groups for their irresponsible behaviours. There can be little doubt that organized consumer boycotts achieve much publicity and often leverage, and organizations are seeking ways in which to avoid such situations occurring (Sen, Gurhan-Calli and Morwitz 2001; Klein, Smith and John 2004). To avoid these negative situations businesses are increasingly eager to be seen as socially-responsible (e.g. Maignan and Ferrell 2003). Nike, for example, has recently changed its approach to disclosing potentially damaging details of its manufacturing operations and

published the names and locations of more than 700 suppliers in an attempt to highlight its adherence to socially-responsible working practices in developing countries (Carter 2005). Wal-Mart too has stepped up talk about CSR in its marketing in the US (Carter 2005).

Just as companies are increasingly, and in the case of American Apparel and Edun, literally, wearing their social responsibility on their sleeves, consumers too are increasingly eager to be informed of companies' CSR efforts (Mohr, Webb and Harris 2001). Consumers need both awareness of both social issues (in terms of the domain areas of CSR) and firms' CSR policies, practices, and performance in order to be able to respond with either rewarding or punishing behaviour (Maignan and Ferrell (2001). Awareness may come either directly, via the firm's deliberate marketing communication efforts (including labelling and cause-related marketing programs), or indirectly via third-party information (including approval seals), through such sources as government departments, the media, non-government organisations (NGOs), or the consumer's social reference group. At times the information received may be inconsistent, prompting an evaluation of source credibility. In the face of consumer skepticism, however, the creation of this awareness is problematic (Schultz and Morsing 2003). Companies risk consumer criticism if perceived to be cynically exploiting CSR for commercial gain (Carter 2005).

Management are faced with the prospect of developing CSR policies with very little concrete evidence as to the effectiveness of their proposed actions. A starting point would be a better understanding of the consumer interpretations of CSR behaviour as the 'business case' for CSR – where both consumers (and other stakeholders) and the firm win - requires consumer engagement with and support for firms' socially responsible behaviour. Central to this engagement and support, that is, the consumer's positive consideration of CSR behaviour in purchase evaluations, is the consumer's awareness of the social issue(s) and the firm's efforts related to the issue(s) (Mohr, Webb, and Harris 2001). Without such knowledge consumers might purchase similar products without such social-responsibility attributes (McWilliams and Siegel 2001). The multifaceted nature of the CSR construct increases the challenge. This paper recommends further research to make sense of the consumer response to corporations' socially-responsible initiatives, in terms of how consumer awareness and evaluations influence purchase behaviour.

What is Corporate Social Responsibility: A Review of the Literature

The evolution and development of the CSR thesis has been traced by several authors (e.g. Andriof and Waddock 2002). Carroll (1991) is credited with giving the concept shape, identifying four key areas in which a firm may be held responsible: economic; legal; ethical; and, returning something to the community, through philanthropy, or discretionary gestures. CSR has typically been defined in terms of a philanthropic model, where companies make profits, unhindered except by fulfilling their duty to pay taxes, then donate a certain share of the profits to charitable causes (Baker 2003). The European model (Baker 2003) is much more focused on operating the core business in a socially responsible way, complemented by companies' investing in communities for clear and logical business case reasons. This has been expressed in terms of a 'Triple P' framework of profits, people, and planet (Elkington 1998). For reasons of these distinctions, it appears that there is no 'one size fits all' CSR model, and in different countries, there will be different priorities and values that shape how businesses act (Baker 2003).

While defining CSR has proved difficult, the industry organisation, World Business Council for Sustainable Development, has defined the term, offering general direction to CSR's implementation on a society-wide basis. While defining CSR has been a subject of conjecture, operationalising CSR is a question of degrees, given firms' differing strategic orientations, and market and industry contexts. Clarkson (1995) has described the firm's disposition towards CSR as occurring along a continuum. His RDAP Scale offers a range of dispositions from a minimal 'reactive' stance – where responsibility is denied - to a maximal 'proactive' stance – where responsibility is anticipated and more is done than required or expected. It is similarly along such a continuum that consumer response and propensity to factor the firm's CSR commitment into individual purchase evaluations might be expected to occur, as demonstrated in support for 'ethical brands' and punishment of irresponsible firms.

As for the specific 'social' domains that should guide CSR expression, various typologies that reflect the interests of a corporation's stakeholders have been suggested (e.g. Kinder, Lydenberg and Domini's (1999): (1) Community Support; (2) Diversity; (3) Employee Support; (4) Environment; (5) Non-domestic Operations; and (6) Product. This panoply of issues hints at the complexity of the awareness task for consumers. This task is further complicated by the necessary decomposition of heuristics such as brand and reputation, of which CSR is merely one component part. How particular firms articulate their CSR in relation to these domains will require further description. Yet it is this description that provides consumers with the awareness that might engender their purchase response.

The Knowledge Gaps

This paper now provides a brief overview of the CSR topic and what is currently known about consumer engagement with CSR, before highlighting the current gaps in our knowledge, and proposing a research agenda to help close these gaps. Of the research into CSR influences on consumer purchase behaviour, most (apart from cause-related marketing campaigns) have not taken the consumer's awareness into consideration (Mohr, Webb, and Harris 2001; Maignan 2001). Instead, past studies (e.g. Creyer and Ross 1997; Brown and Dacin 1997; Sen and Bhattacharya 2001) have either assumed awareness of CSR or created awareness by providing firm-behaviour examples, then measuring consumer response. The moderating influence of awareness of both the social issue and the firm's performance in relation to an issue is unclear. The broad domain areas of CSR that strike resonance with consumers have been investigated in different country locations (e.g. King and Mackinnon, 2002; Maignan and Ferrell, 2003; Schultz and Morsing, 2003) with varying results, but with employee care in the workplace issues a common concern. Specific initiatives cascading from these broad domain headings have undergone little examination. Eckhardt (2005), foreshadowing the publication of research by Augur et al. (2003), examining the unethical purchasing decisions of consumers in eight countries, contends that the majority of consumers experience a 'disconnect' between what they say and what they do when it comes to ethical consumption. Consumers in the study were either not conscious of firms' ethical breaches – leaving open the moderating/mediating role of awareness in purchase decision-making, simply didn't care, or expressed feelings of powerlessness in being able to change the status quo. Without pre-judging this work, the question of whether knowledge is power remains an open one, one this research would shed light on. But how is this knowledge to come about?

While some evidence has emerged as to consumers' communication preferences (e.g. Cone 2002), the effectiveness of corporate communication strategies in creating awareness of CSR

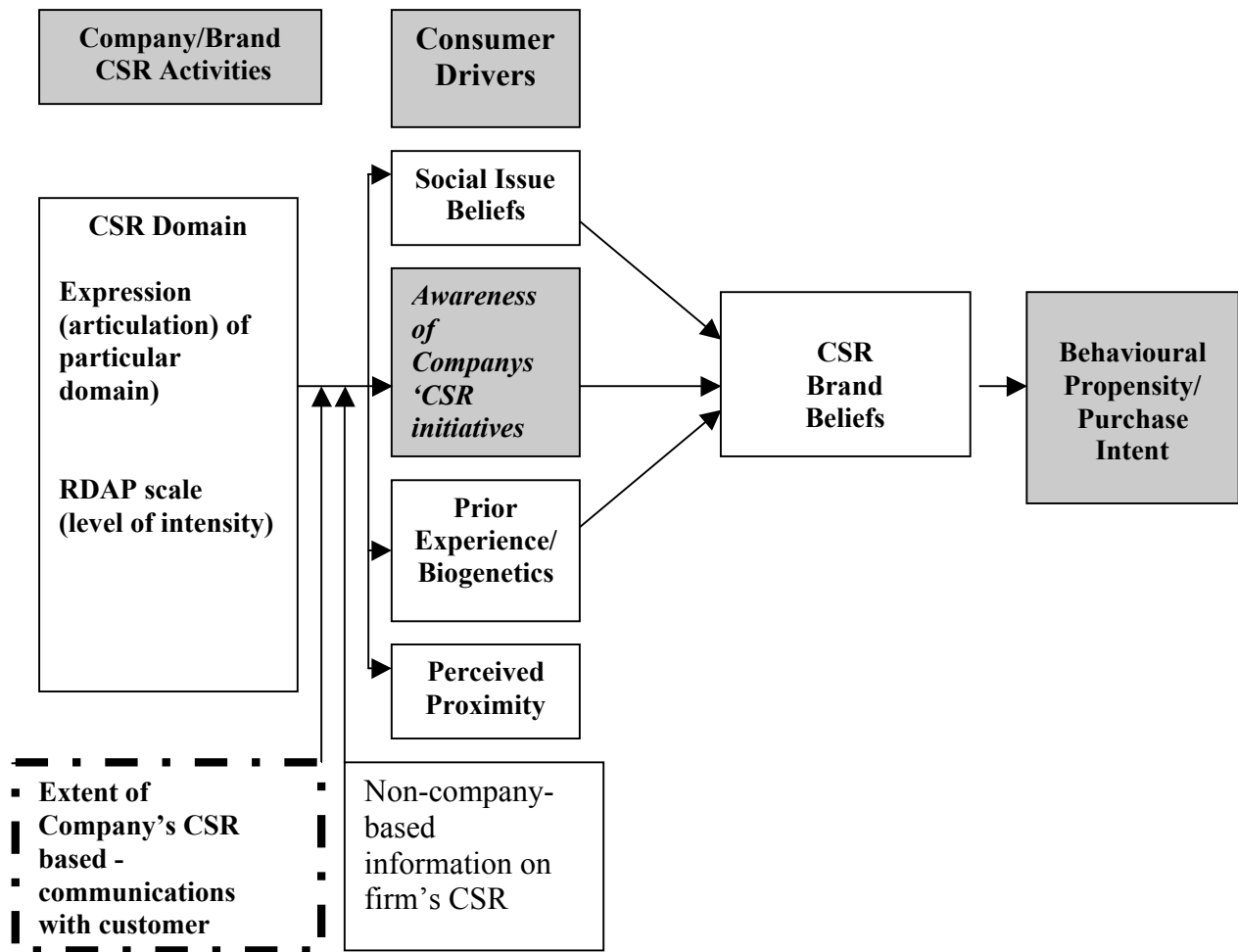
initiatives and influencing buyer behaviour is uncertain ground (e.g. Webb and Mohr 1998). Indeed, Hoeffler and Keller (2002) suggest that many firms have traditionally not published their involvement in charitable concerns, and caution that over-communicating such programs could lead to creation of ill will through charges of exploitation, citing examples of firms that have been criticised for spending more money advertising their cause programs than supporting the cause itself. Schultz and Morsing (2003) draw on the paradox literature to explore firms' marketing use of the CSR engagement being found distasteful by some consumers, while at the same time consumers do not possess any detailed knowledge about the firms' CSR activities. This uncertainty makes for a very complex situation for marketing managers, where communicating CSR is concerned. Reducing this complexity and guiding managers in the most effective CSR directions and most effective CSR communication strategies, through addressing the research question outlined above, is the purpose of this proposed research study.

A Framework for Understanding the Role of Consumer Awareness and Evaluation of Corporate CSR Communications on Purchase Behaviour.

Future research should examine under what conditions consumer evaluation of CSR influences consumer purchase behaviour. Previous research by Mohr, Webb and Harris (2001) find two major factors emerge as reasons for the lack of 'socially-responsible consumer buying-behaviour' (SRCB): (1) the consumers self-interest which is manifested in buying based on the traditional criteria of price, quality, and convenience, combined with the assumption that using CSR would compromise their choices on these criteria, and (2) the consumers low level of knowledge and degree of difficulty in obtaining information on the social responsibility records of companies. Brown and Dacin (1997) contend that when CSR formed the corporate context for associations with the consumer, positive corporate associations enhanced product evaluations, and negative corporate associations lessened product evaluations. Dawar and Klein (2003) suggest that CSR effects may be inconspicuous in the routine product-purchase and product-evaluation contexts that are the subject of most consumer behaviour research, and may be more easily detectable in a non-routine setting such as a product-harm crisis. The success of 'ethical' brands, however, and the second point from Mohr, Webb and Harris (2001), above, suggest otherwise. Firms appear to be increasingly angling for the CSR image, not just to avoid the sorts of criticism that dogged brands like Nike over the past decade, but also to appeal to consumers' social-responsibility consciousness as a new layer of competitiveness (Carter 2005). But in this largely uncharted waters, guidance is needed.

The specific research question under study is, therefore: How does consumer awareness and evaluation of firms' CSR behaviour influence consumers purchase behaviour? The proposed model (Figure 1) of how this occurs first considers the company's CSR initiatives and what is communicated about these activities to consumers. The consumer's awareness of the firm's CSR as a result of these company-initiated communications is posited an important consumer driver contributing to the consumer's CSR brand belief, and subsequently influencing purchase propensity. Further the role of intervening variables, such as social issue beliefs, prior experience with the brand, perceived proximity need further examination as they have been identified as key variables associated with consumers "black box".

Figure 1. The Role of Consumer Awareness and Evaluation of Corporate CSR Communications on Purchase Behaviour.



Theoretical and Managerial Contribution

The new conceptualization will shed light on: how consumer awareness of firms' CSR behaviour is engendered and evaluated; whether consumers evaluate different information sources differently; whether they evaluate and respond differently to different CSR domain initiatives; whether they evaluate and respond differently to different articulations of those domains by firms (that is, for example, whether the firm responds to a social issue via a corporate volunteerism program, cash donation, internal process improvement, or alliance with a cause or non-profit partner); and what variables may intervene to moderate evaluation and behavioural response. A better appreciation of the consumer interpretations of corporate CSR activities will give important guidance to senior executives who have the responsibility of developing and communicating corporate CSR activities.

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