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The effects of Corporate Social Responsibility on consumer behavior and buyer attitudes

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The effects of Corporate Social Responsibility on consumer behavior and buyer attitudes

by

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Contents

1. Abstract

With the size and scope of Corporate Social Responsibility's (CSR's) presence in corporate America and beyond, this thesis dives into the history, composition, and application of a CSR framework within an organization. This thesis also reports the results of a survey of students to apprehend the framework's external impacts on consumers, including brand perceptions and purchase decisions. Most individuals have experienced some degree of exposure to CSR in their professional lives. Levels of awareness and liking towards both the CSR framework and its application demonstrate a direct impact on consumers' buying processes and company judgements.

2. Introduction

Corporate Social Responsibility (CSR) is defined as "the managerial obligation to take action to protect and improve both the welfare of society as a whole and the interest of organizations" (Bhattacharya & Sen, 2001). As a moderately new framework introduced into corporate structures and strategic planning practices, the characterization, quality, and implementation of the CSR model has experienced a substantial evolution throughout the duration of its short existence. This research discusses the role of CSR in the context of modern business. Numerous preceding literatures and analyses on the subject focus solely on theories/principles and/or the relationship to financial performance rather than the direct effects of such initiatives on stakeholders' (e.g., customers, employees) perceived behaviors and attitudes. This analysis aims to fill this research gap by encapsulating the comprehensive sequence of events from the beginning to end of CSR application in order to more effectively produce a holistic and simplified overview of a complicated and rich framework.

The principal objective in this study is to test the significance of this model against the brand perceptions and purchase decisions of consumers. The direct information and insight from shopper perspectives will allow firms to measure CSR's conscious influence on buyers in contrast with their own reports on projected effects from their various social responsibility channels (e.g., financial performance measures), as well as levels of achievement within each realm. This distinction may enhance a company's data collection methods and analysis to ensure more accurate and revealing results, which in turn will help firms to serve and support their CSR practices more lucratively to stakeholders. In order to appreciate the significance of the model's influence on such factors, it is necessary to first examine more in-depth what this model means, as well as its internal impressions on corporations. This framework has progressively become more present in firms on a global scale, as well as has set a higher standard of corporate behavior that is expected from stakeholders and the general public. A successful understanding, implementation, and maintenance of such a model may serve as a competitive advantage for any corporation. Therefore, possessing a considerable comprehension on its entirety could result in successful executions and increased benefits for businesses. This knowledge may also serve as an instrument for consumers to be more informed in their purchase decisions, as well as be better suited and prepared for advocation of a firm's framework if they observe an area of leverage or fault requiring remediation that could be favored to their own advantages.

3. Theme 1: High-level Overview of the Framework

3.1. Significant Historic Events

The evolutionary origin of this model may arguably date back to the theories of Charles Darwin himself[1], with a company's ability to survive supported by the continued growth and stability of the entity within a given environment (i.e., industry, market, etc.) (Kuna-Marszałek & Kłysik-Uryszek, 2020). With numerous testaments to the true genesis of this framework in America, many accepted emergences and critical events of this model take place in the twentieth century. Many historians and economists view the *1920's* as a precursor to the framework, with the maturity and command of contemporary corporate entities and the development of managerial autonomy in enterprises (Stutz, 2018). Marens' findings (2010; 2012; 2013) add the impact from the fall of the labor movements and resulting evolution of U.S. companies as a source that strengthened this model; American business leaders' ability to maintain a robust authority over their employees and to manage their interests and welfares during a time of advocation asserted a strong corporate stance in the political realm, which allowed companies to better balance their own needs with those of their subordinates (Stutz, 2018).

The *30's* and *40's* is when literature began to circulate and acknowledge the position of senior leadership in company's social practices, as well as the particular social obligations to expect from firms as a whole (Carroll, 1999, as cited in Agudelo et al., 2019). As such ideals dispersed and became more familiar to both businesses and consumers, more and more companies began to adopt this framework and mold it to fit their own organizational values, practices, and communications. As CSR initiatives continued to progress rapidly beyond the 50's, Patrick Murphy established four eras to represent the following context of history (University of Michigan Business Review, 1978, as cited in Carroll, 2008):

1. The *philanthropic era* (period up to the 1950's) is when corporations began to allocate the majority of their donations to more charitable efforts
2. The *awareness era* (1953 – 1967) consisted of the rising acknowledgement of general professional obligations and its relevance and accountability to community activities outside the scope of normal business operations
3. The *issue era* (1968 – 1973) is when companies began to apportion resources and attention to public concerns, such as pollution and discrimination
4. The *responsive era* (1974 – 1978) is when the appropriate measures were increasingly applied by organizations and their management to approach CSR matters, such as observing corporate ethics and changing the board of directors when necessary

William C. Fredrick, an early adopter of the model, recapped the *50's* as a period with emerging identifications of managerial positions as public trustees, distributing corporate resources in the context of competitive declarations, and (most importantly) budding interpretation of philanthropy as a demonstration of corporate support for important foundations (Frederick, 2006, as cited in Carroll, 2008). During this period, Howard Bowen coined the term "Corporate Social Responsibility," earning the title as a founding father of CSR (Acquier et al., 2011). This propelled the *60's* to more clearly define the framework's definition, purpose, and

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[1] Charles Darwin theorized that natural selection determines a species' success in a given environment, with biology's "survival of the fittest" adapting, evolving, and prevailing (Bardziński, 2014).

implications, as well as focus on its implementation in health and human service groups, employee enhancements, consumer interactions, and stockholder associations (Murihead, 1999: 15; Heald, 1970: 276, as cited in Carroll, 2008).

As the last decade of the four-era classification, the *70's* began by the Committee for Economic Development (CED) attempting to strengthen the social contract between companies and societies, across both economic and non-economic dimensions, by introducing the "three concentric circles": The *inner circle* "includes the clear-cut basic responsibilities for the efficient execution of the economic function – products, jobs, and economic growth;" The *intermediate* circle "encompasses a responsibility to exercise this economic function with a sensitive awareness of changing social values and priorities: for example, with respect to environmental conservation, hiring, and relations with employee;" The *outer circle* "outlines newly emerging and still amorphous responsibilities that business should assume to become more broadly involved in actively improving the social environment" (Committee for Economic Development, 1971, p. 15, as cited in Carroll, 1979). This release was in response to the public's resilient social advocations at the time (e.g., environmental concerns, worker's safety management, customer protection/satisfaction, employees' rights), which propelled the shift from these aspects being areas of interest to being official governmental regulations (Carroll, 2008).

The 70's also provides many more scholars to offer their interpretations of the framework. One noteworthy concept introduced was that of the *managerial approach*, which suggested that businesses "forecast and plan for CSR, organize for CSR, assess social performance, and institutionalize corporate social policy and strategy" (Carroll, 2008). Response to CSR grew more common during this era, as well as introductions to strategies and systems that could maintain and manage such responses as CSR regulations, expectations, and goals evolve (i.e., measures such as corporate social performance (CSP) and corporate social sensitivity (CSS)) (Farcane & Bureana, 2015).

The Reagan and Thatcher administrations in the *80's* aimed to condense government intervention in corporate action, so business management was tasked with satisfying needs of the several interest groups (e.g., customers, workers, stockholders) who maintained social expectations (Pillay, 2015, as cited in Agudelo et al., 2019). Many international events during this time (e.g., founding of the World Commission on Environment and Development, *Our Common Future* publication which offered insight into sustainable development) raised mindfulness of the global societies and gave way to the operational approach within ethics and stakeholder administration (Carroll, 2008, as cited in Agudelo et al., 2019).

The *90's* continued to experience increased globalization with the founding of new global entities (e.g., United Nations Framework Convention on Climate Change (UNFCCC) and transnational agreements, which set a higher degree of excellence for countries), disbursed CSR business models worldwide, and indirectly impacted their CSR (Union of Concerned Scientists, 2017, as cited in Agudelo et al., 2019). Brands began to adopt more distinct statuses for their CSR initiates during this period as well, as such practices were made more aware and appreciated to consumers, employees, and companies (Carroll, 2008). Many supplementary concepts (e.g., stakeholders' theory[2], global corporate citizenship) became sources of widespread

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[2] Stakeholders' theory is based on the principle that organizational value is equally dependent on the resources, expertise, skills, and commitments of employees as it is with external stakeholders (e.g., customers and financial contributors) (Wheeler & Sillanpää, 1997, as cited in Lee et al., 2013).

discussion to further define and understand these additives within an organization setting (Farcane & Bureana, 2015).

Ideas of sustainable developments in the *2000's* became more prevalent in media and manifested themselves within business operations more and more (Madrakhimova, 2013). Continued empirical research and published writing on the additional concepts to CSR (e.g., the relationship between the general public's awareness of a company's social performance and the same company's performance to stakeholders) was conducted to learn the most effective methods of implementation, rather than just possess a sharp understanding of the principle (Jones & Murrell, 2001, as cited in Carroll, 2008). Such findings include the New Concept[3] and the Triple Bottom Line (TBL)[4] (Jhawar & Gupta, 2017). Various corporate scandals were brought to light in the early twenty first century, such as with Enron[5] and WorldCom[6], that caused U.S. legislature to involve themselves with enhanced legal measures to ensure that a high standard of business ethics was maintained (e.g., Sarbanes-Oxley Act[7]) (Rockness & Rockness, 2005). Currently, companies continue to syndicate CSR into the touchpoints of their value chains with both domestic and international considerations in mind (Jhawar & Gupta, 2017).

While this is not an exhaustive list of every contribution to CSR, the above highlights significant events and movements that supported and shaped the framework observed in modern business practices.

3.2. Model's Composition

As business relations on an international scale grew exponentially, so did the extension of CSR through multinational corporations (MNCs), their affiliates, and transnational standardization (Jamali & El Safadi, 2019). The labors of CSR are more commonly identified in developed nations, such as Western Europe and the States, so the diffusion across borders was modified from its original western format to fit the political climate, cultural norms, economic stability, and institutional criteria of each region it settled into (Jamali & Mirshak, 2007, as cited in Jamali & El Safadi, 2019). Globalization crafted a framework that is distinguishable across all organizations, which makes it impossible to capture a composition that matches the identity of all CSR instances exactly. However, there are basic principles that establish the foundation from which professional entities derive their differentiated practices.

Deterring from the free market view, CSR reallocates their attention to consider more external factors (i.e., society) in their business pursuits. While prioritizing citizens' welfare does appear to be a noble cause and generous contribution to the industry, firms do stand to gain a tremendous amount if their CSR practices are employed according to plan. Such an execution

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[3] The New Concept is a method to assimilate human rights, customer worries, social issues, environmental concerns and ethical standards into the foundation of company practices, business decisions and strategies, while also collaborating with stakeholders during such processes (European Commission, 2011, as cited in Jhawar & Gupta, 2017).

[4] TBL is a focus on the "3 P's": People (social bottom line), profit (economical bottom line), and planet (ecological bottom line (Jhawar & Gupta, 2017).

[5] Enron, an energy company, engaged in fraudulent action with false financial reports and other corrupt behaviors that ended in bankruptcy and legal penalties (Rockness & Rockness, 2005).

[6] WorldCom, a telecommunications company, "cooked the books" and committed accounting deceptions to enhance revenues and lessen costs to mislead stakeholders (Rockness & Rockness, 2005).

[7] Sarbanes-Oxley Act is a legal means to require ethical action from companies who are publicly traded, as well as their auditing partners (Rockness & Rockness, 2005).

(that meets shareholder approval) may constitute enhanced brand equity, operational productivity, market share, bottom line, customer loyalty, availability of additional capital, and several other benefits (Rasche et al., 2017; Costa & Menichini, 2013). These motivations are the backbone of CSR's widespread presence, as well as a prospective support function for reinvesting in the framework to improve its structure and performance. As with anything, there are risks involved: vulnerability to negative feedback, ulterior motives backfiring, financial strain, detraction from core strategy productivity, wasted resources if designed and/or maintained inadequately, more public pressures, loss of a market segment that does not align with your projected CSR values, stakeholder conflict, and several other potential blind spots for organizations.

There are countless different acknowledged dimensions, approaches, theories, and concepts composed by scholars to better grasp CSR. One widely accepted analysis is the three overarching spheres that encompass all the relevant governance and sustainability actions performed by corporations and their management, which include (1) economic stimulation, (2) social movement, and (3) environmental consciousness (Barile et al., 2018). The target is to maximize involvement and attainment in each classification in order to reach an equilibrium, which indicates a firm's proficiency and achievement of the implemented framework. Within these spheres are six necessary categories to examine that are representative of the CSR model. These narrowed domains are comprised of (Sen & Bhattacharya, 2001):

1. *Community outreach* (e.g., philanthropic works and endorsements, human rights activism, support of education and literature programs, advocacy for health and safety initiatives)
2. *Diversity* (e.g., practices and initiatives, both inside the firm (e.g., employees) and beyond the firm (e.g., consumers), that are accommodating and inclusive towards varying genders, disabilities, sexual preferences, ages, religious beliefs, ethnicities, races, nationalities, cultures, family statuses, etc.)
3. *Employee treatment* (e.g., job protection, employee participation, working conditions that adhere to appropriate safety and health standards, labor union associations, profit sharing selections)
4. *Environment* (e.g., goods that aim to reduce the company's carbon footprint and foster sustainability, firm's usage of natural resources, waste disposal methods, product testing on animals)
5. *Non-Domestic operations* (e.g., working conditions overseas, such as sweatshops, treatment towards employees and consumers in these countries, such as the status of child labor laws)
6. *Product* (e.g., product safety, product quality, brand differentiation, advertising and communication channels, R&D)

The choice of which domain to apply (or to not apply), as well as the style of execution, is dependent upon the organization's industry sector, size of business, competitive landscape, current economic/social/environmental conditions, overall market performance, and the company's history, values, and objectives.

3.3. Enterprise Implementation

Any company that adopts and performs CSR practices effectively (e.g., Patagonia[8]) may acquire a distinct source of competitive advantage, financial gain, and brand equity. By contrast, this framework's improper implementation (e.g., Starbucks[9]) may detract from a firm's tangible and intangible assets (Morsing & Schultz, 2006). Companies must practice caution in the strategic planning phase because an overexposure of a firm's opinions and determinations may result in poor stakeholder perceptions (Morsing & Schultz, 2006).

Considering the complexities and communications of an organization's corporate identity (CI) is a practical vantage point of preparing CSR integration into a particular structure. Employees often discern this framework as an activity detached and irrelevant from the company's core goals and values and for the prime purpose of achieving short-term profits (Ligeti & Oravecz, 2009, as cited in Tourky et al., 2020), so it is common to experience unenthusiastic and inconsistent internal attitudes that transcend into external responses. Ensuring that a company has a stable and defined CI that aligns and supports various CSR initiatives is a crucial initial groundwork to the realization of the framework. The CI *behavioral features* for CSR application are the senior leadership's conduct and exemplification of proposed practices, as well as employee's alignment with various aspects of firm beliefs and values (Tourky et al., 2020). During the hiring and training process, it is imperative for Human Resources to bring on team members that appear to possess complimentary values to the company's, as well as candidates who appear passionate about the firm's mission and direction. In the training process, such objectives must also be communicated clearly and assertively to new hires to guarantee an organizational structure that is consistent, coherent, and confident in their beliefs. The external communications are expected to provide an accurate and holistic depiction of the firm's CI and corporate behavior; the internal communications disseminated from management (e.g., strategies and goals) may augment stakeholder motivation, affiliation, and engagement, which is argued to meaningfully impact actions of CSR participation and corporate citizenship (De Roeck & Maon, 2016; Newman et al., 2016, as cited in Tourky et al., 2020). Both categories of communications may be expressed through 'push channels'[10] (e.g., distributed internal company newsletters and external advertisements/marketing efforts) and/or 'pull channels'[11] (internal company blog/review centers and external search engine optimization[12] competencies) (Tourky et al., 2020).

While fashioning and sharing the latest CSR mechanisms to others is crucial, an equally important venture is the observation, maintenance, and adaptation of such activities. Management control systems[13] (MCSs) are fundamental structures in business strategy and value creation (Mundy, 2021; Henri, 2006; Marginson, 2002; Simons, 2000; Otley, 1999, as cited in

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[8] Patagonia is an industry leader in sustainability, with various environmental initiatives and agendas (e.g., including recycled materials in their product offering).

[9] Starbucks communicates their values of fair employee treatment, and it was found that many employees had to endure poor working conditions under the company.

[10] A 'push' channel is where entities *push* products, services, or ideas toward their target audience (e.g., employees and consumers) (Brocato, 2010).

[11] A 'pull' channel is where an audience *pulls* products, services, or ideas from an entity (i.e., company) (Brocato, 2010).

[12] The purpose of search engine optimization (SEO) is to achieve maximized traffic, engagement, and other measurable goals through creating website content that is favorable to search engine preferences (Das, 2021).

[13] MCSs are the holistic "systems, rules, practices, values and other activities management put in place in order to direct employee behavior" (Malmi & Brown, 2008, as cited in Laguir, 2019).

Laguir, 2019), comprised of both formal[14] and informal control mechanisms. It should be noted that strong drivers of CSR reporting tactics are the company's corporate governance instruments, financial yield, industry segment, and the firm's scale, while strong drivers of CSR disclosure tactics are political, cultural, and social dynamics (Ali et al., 2017). The MCS taxonomy is comprised of five major facets which may be executed by senior executives in their CSR management, and these devices incorporate (Abernethy & Vagnoni, 2004; Falkenberg & Herremans, 1995, as cited in Laguir, 2019):

1. *Formal belief systems* in the integrations of CSR principles that reflect stakeholders' commitments to assorted CSR regulations, while communicating and reinforcing the company's values, purpose, and trajectory (e.g., mission statements, seminars, workshops, training and continuing education, CSR strategies and tactics, organization intranet)
2. *Formal boundary systems* in defining firm limitations, as well as risks and liabilities to be mitigated in order to accomplish organizational aims (e.g., audits, environmental/social/economic procedures, code of ethics and conduct)
3. *Formal diagnostic control systems* in supervising, measuring, and calculating results, leading corrective courses of behavior, executing firm strategy, managing employee direction towards company objectives (e.g., reporting, environmental/social/economic indicators, environmental/social/economic management systems)
4. *Formal interactive processes* in collaborating with subordinates' CSR judgements and choices (e.g., collaboration with external *and* internal stakeholders, council meetings)
5. *Informal control processes* promote a company's structural climate with shared values, attitudes, and customs that serve to lead and guide the actions of associates (e.g., environmental/social/economic identifications and certifications, sustainable buying and diversity charters)

CSR sustainability reporting, surveying, or recruiting third-party inspectors may also serve as a means to collect and track relevant information (Tourky et al., 2020). The "last" step of a continuous cycle is to institutionalize CSR practices into CI, ambitions, company culture, actions, communications, and strategies, while applying a "stakeholder-inclusive mission" to stipulate credibility and support to the entity's implementation (Werther & Chandler, 2005:322, as cited in Tourky et al., 2020). Such implementations have continued to be detected amongst the global pandemic (i.e., COVID-19), despite the many reasons that skeptics would have predicted the contrary. Manufacturing plants transfigured into health and safety production lines for charitable contributions to the public; grocery stores designated times exclusively for those at higher risk of catching the virus (e.g., senior citizens and National Health Service employees) to shop with reduced fear of infection; enterprises are collaborating with philanthropies such as Re-engage, which phones elderly residents to mitigate the impact of social seclusion during their quarantine experience (He & Harris, 2020). The strains on social and financial factors in the market have been taxing on most companies (e.g., lack of motivation in the workforce, lost revenues from physical location shutdowns, time and money spent on the transition to remote

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[14] Formal controls are deliberately communicated actions and instructions that calculate and measure performance, incentivize established standards, and budget systems to manage outcomes delivered through feed-forward and feedback circulations (Norris and O'Dwyer, 2004; Langfield-Smith, 1997, as cited in Laguir, 2019).

operations), however, this societal need has offered firms an ample opportunity to seek more active involvement with this framework.

While all of the above discussions are extremely important considerations when constituting and maintaining fruitful CSR functions, it is imperative to note that this concept does not mold to the "one size fits all" philosophy. There are many characteristics unique to each firm that need to be accounted for when designing a framework adapted and personalized for each company (e.g., for-profit vs. not-for-profit companies, e-commerce vs. brick-and-mortar styles, B2B vs. B2C, agriculture vs. technology industry, small business vs. Fortune 500). Each existence of CSR is an extension and variety of the models discussed above.

4. Theme 2: Framework's Internal Impacts

4.1. Stakeholder Attitudes

"An ethical work climate leads to more trust in the company, stronger attachment from employees, lower absenteeism and turnover rate, higher productivity, a more positive attitude toward work, and good conduct from employees" (Sims & Keon, 1997, as cited in Lee et al., 2013). This may be stimulated because the adoption of CSR has been demonstrated to strengthen an environment of transparency, dependability, and mutuality transpiring in the workplace (Barnett and Salomon, 2012; Barnett, 2007, as cited in Franco et al., 2020). This is under the assumption that stakeholders' theory is adequately embraced and sustained throughout an enterprise. A CSR standing that is respected by the general public may also improve job satisfaction and turnover rates because of the expressed positive feedback from external sources, such as peers and acquaintances (Riordan et al., 1997, as cited in Lee et al., 2013). Employees tend to seek employment from socially responsible companies, and this positive outlook on an organization's CSR practices regularly transcends into their attitudes about other company operations (e.g., brand equity, relationship with senior executives) (Viswesvaran & Ones, 2002; Riordan et al., 1997; Sims & Keon, 1997, as cited in Lee et al., 2013).

There are often differing opinions among stakeholders to pursue different courses of action while concerning varying levels of CSR, which can distract management from the firm's core business strategy when considering the input from several sources (Porter & Kramer, 2006; Kapstein, 2001; Berman et al., 1999; Donaldson and Preston, 1995, as cited in Lee et al., 2013). For example, stockholders may be advocating for decreased spending on social programs in order to realize more gains, while the public would likely be arguing for the contrary. There are conflicting voices which make the decision-making process for management nearly impossible if the objective is to appease all parties. Depending on stakeholders' attitudes towards senior leadership's choices, there may be a diminishment or subtraction of the previously listed CSR benefits. There are additional factors that also stand to jeopardize the employees' attitudes towards the framework: alignment of activities with their own values, amount of extra work initiatives would add to one's workload, management's quality of communication and collaboration with subordinates in the decision-making process, and the potential of negative feedback received from external sources.

There are four elements of CSR activities that are especially impactful on stakeholder perceptions: accountability, transparency, competitiveness, and responsibility (Chen, 2011, as cited in Tai & Chuang, 2014). Firms who may exhibit stern accountable and transparent behavior are expected to reap the benefits of a competitive advantage, as well as prepare the responsible

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actions that may evolve into applicable CSR practices (Chen, 2011, as cited in Tai & Chuang, 2014). Indeed, research has supported the notion that individuals do not anticipate perfection from corporations, but they do expect ownership and honesty when mistakes or shortcomings occur (Crowder, 2008).

4.2. Financial Performance

Studies' findings of the *financial performance measures'* relationship with CSR implementation are across the board (Wang & Sarkis, 2017). Some research supports a positive relationship with Return on Assets (ROA) and Return on Equity (ROE); some research supports a negative relationship with ROA and ROE; and other research support insignificant results with other accounting performance measures (Galbreadth, 2006; Seifert et al., 2003; Turban & Greening, 1996; Dooley & Lerner, 1994; Cowen et al., 1987, as cited in Wang & Sarkis, 2017). Studies also indicate inconsistent relationship results between CSR implementation and *market-based financial performance* (Luo & Bhattacharya, 2006; Seifert et al., 2003, as cited in Wang & Sarkis, 2017). Some research supports a positive relationship with stock valuation, and some research supports a negative relationship with stock valuation (Becchetti & Ciciretti, 2009; Brammer et al., 2006; Karpoff et al., 2005; Seifert et al., 2003; Brown, 1998, as cited in Wang & Sarkis, 2017). There are several potential explanations for the reporting discrepancy, such as applying different data sources for CSR outcomes and governance, as well as the conflicting mediation and moderation values (Orlitzky et al., 2003, as cited in Wang & Sarkis, 2017). CSR looks different in the heart of every organization, so it is not entirely nonsensical that a study's results would appear to be inconclusive when referenced against another account.

A company's ability to engage in CSR initiatives is often indicative of their wealth and financial security (Eccles et al., 2014, as cited in Franco et al., 2020), so this appearance may indirectly support the growth and/or expansion of a company if they can afford to implement this framework *effectively*. However, this may prove difficult for certain firms because CSR implementation conventionally does not come cheap. Therefore, firms with minimal resources have been known to engage in "greenwashing"[15] in attempts to boost reputation and company resources without sacrificing too much corporate expenditures on CSR executions and/or functions (Wang & Sarkis, 2017). These firms are expected to produce questionable credibility due to insufficient CSR results and to earn inconsequential profits in the shot-run *and* long-run, while companies who expense more resources for the common good of society are expected to attain social credibility and improved organizational outcomes (Wang & Sarkis, 2017). These positive outcomes may present themselves in the form of financial gain (e.g., increased sales) or non-financial gains (e.g., increased company website traffic) (Reverte et al., 2016, as cited in Wang & Sarkis, 2017).

Correspondingly, there is also a reasonably positive relationship (when testing 36 sectors as a *whole*) between CSP and Corporate Financial Performance (CFP), but still observing considerable variation when examining each segment's relationship on an individual basis (Waworuntu et al., 2014). It is also necessary to remember that non-financial gains may indirectly turn into financial gains (e.g., increased brand awareness from CSR activities may make a consumer more likely to engage with or purchase from that brand the next time they

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[15] Greenwashing is when an entity engages in communications relating to environmental/social values or initiatives that are misrepresentations or deceptions from the brand's true identity or offering (Bazillier & Vauday, 2009).

come into contact with their products or services). Thus, the true financial gain would be impossible to calculate with 100% accuracy and reliability.

5. Theme 3: Framework's External Impacts

5.1. Methods

Following an exhaustive review of relevant research, a questionnaire was fashioned through Qualtrics software to answer a series of questions based on the literature review. The survey was administered via email to University of Arkansas students in the Walton College, in which there was an exchange of course credit and entry into a prize drawing for the completion of its entirety. The survey was uploaded on social media as well. The questionnaire remained open for 8 days and generated 277 complete responses. Participants were 60.87% female (n = 168) and 38.04% male (n = 105), with the remaining identifying as other (n = 1) or preferring not to answer (n = 2). 27.94% were ages 18-20 (n = 76), 64.71% were ages 21-23 (n = 176), and 7.35% were 24+ (n = 20). Participants were led through a sequence of questions to determine demographics, consumer behaviors, and brand perceptions resulting from several CSR initiatives.

Channels of CSR. To measure the influence and expectations of the six domains of the framework introduced earlier (community outreach, diversity, employee treatment, environment, non-domestic operations, and product), I asked two Likert matrix type questions. Participants were asked on a scale from 1 to 5, with 1 meaning *not at all influential* and 5 meaning *extremely influential*, "*To what extent do you believe companies' activities in each CSR domain influence your buying behavior?*" Respondents were then asked on a scale from 1 to 5, with 1 meaning *not at all involved* and 5 meaning *extremely involved*, "*How involved do you believe companies should be in each CSR domain?*" I ran two separate repeated measures ANOVA tests, with the first test focusing on the expected involvement from companies and the second test focusing on the influence to individual buying behavior. The repeated factor for both tests was the six listed domains. Post hoc tests using Tukey adjustments were utilized after to examine where the differences lie within the domain relationships.

CSR Experience Levels. Next, I measured how varying concentrations of work force exposure to the model could potentially impact perceptions of brand and/or buying behavior. The multiple-choice survey question was presented to participants, "*Have you ever worked in an organization that follows the CSR model to some degree?*" Choice counts from the answers of *no*, *somewhat*, and *yes* were studied to apprehend how prevalent this framework is in companies and employee awareness of such initiatives. If the answer was *somewhat* or *yes*, respondents were then queried on a scale from -2 to 2, with -2 meaning *extremely negative* and 2 meaning *extremely positive*, "*If so, what is your attitude towards your history with the CSR's implementation in that organization?*" This data was compared with that of seven other Likert-scale questions: (1) On a scale from 1 to 5, with 1 meaning *not at all important* and 5 meaning *extremely important*, "*In general, how important to you are a company's CSR practices when deciding whether or not to buy that company's product(s)?*" (2) On a scale from 1 to 5, with 1 meaning *not at all important* and 5 meaning *extremely important*, "*Considering [a product that you purchase frequently], how important to you are a company's CSR practices when deciding*

whether or not to buy from this brand?" (3) On a scale from 1 to 5, with 1 meaning *not at all important* and 5 meaning *extremely important*, *"Considering [a product that you purchase infrequently], how important to you are a company's CSR practices when deciding whether or not to buy from this brand?"* (4) On a scale from -2 to 2, with -2 meaning *lowers quality a lot* and 2 meaning *increase quality a lot*, *"In general, how do you think practicing CSR affects a company's product quality?"* (5) On a scale from -2 to 2, with -2 meaning *much less willing* and 2 meaning *much more willing*, *"In general, do you think a company practicing CSR affects your willingness to forgive their involvement in controversy?"* (6) On a scale from 1 to 5, with 1 meaning *definitely motivated by benevolence* and *5 meaning definitely motivated by self-interest*, *"Do you consider a company's CSR practices to be more motivated by a company's benevolence or self-interest?"* (7) On a scale from -2 to 2, with -2 meaning *much less likely* and 2 meaning *much more likely*, *"To what extent would [a company's brand identity appearing disingenuous] make you more or less likely to purchase a brand?"* Between-subjects ANOVAs were run to understand the relationship of experience levels with these seven subjects. Post hoc tests using Tukey adjustments were also applied to test mean differences across certain pairs of groups.

Purchase Frequency. Next, I tested if the number of times a product is bought would be relevant to consideration of the CSR model in consumer purchase choices. Participants were asked in a free response text entry to list a product they purchased *frequently* and also asked in another free response text entry to list a product they purchased *infrequently*. This will enable comparisons of various product categories within the two frequency levels. Respondents were then asked (for their answers to both *frequently* purchased products and *infrequently* purchased products) on a scale from 1 to 5, with 1 meaning *not at all important* and 5 meaning *extremely important*, *"Considering this product, how important to you are a company's CSR practices when deciding whether or not to buy from this brand?"* A paired samples t-test was used to determine if the frequency of a purchase impacts the importance of the CSR model when forming a buying decision.

Perceived Company Motive. Next, I took a closer look at the perception from consumers of a company's incentive for executing this framework. As mentioned previously, participants were asked to determine if they believed businesses employed CSR initiatives out of *self-interest* or *benevolence*. A between-subjects ANOVA tested the relationship between the perceived company motive and the aforementioned (1) willingness to forgive a brand who experienced controversy, (2) the importance of CSR in the purchase decision process, and (3) the likelihood of purchase when a consumer perceives a brand to be disingenuous.

Congruency with Brand Identities and Marketing Efforts. Next, I evaluated if there was a relationship between a company's character versus their communications with the public in relation to the consumers' willingness to buy. Participants were asked to answer the following question to the five below statements on a scale from -2 to 2, with -2 meaning *much less likely* and 2 meaning *much more likely*, *"To what extent would each of the following make you more or less likely to purchase a brand?"* (1) *A company has a brand identity that is congruent with your own beliefs or values.* (2) *A company has a brand identity that is not congruent with your own beliefs or values.* (3) *A company releases communications/advertising that are different from your own beliefs or values.* (4) *A company releases communications/advertising that are the same as your own beliefs or values.* (5) A *company that you were once brand loyal to creates a*

new persona that is not congruent with your own beliefs or values. A paired samples t-test was used, with the mean of *incongruency* (across both company communications and brand identity) and the mean of *congruency* (across both company communications and brand identity), to determine if consumers were more impacted by their perceived similarities or differences with a company when forming purchase decisions. Means across both domains' variables (company communications vs. brand identity) were also tested to determine if one had a significantly larger impact on buying behavior than the other. The mean of question 5 was observed as well to conclude if a shift in company (ones which participants were once brand loyal) authenticity would influence their shopping patterns with that same firm.

      The following is a summary of the results (see Appendix A for a more comprehensive overview of all the questions asked to participants in the survey).
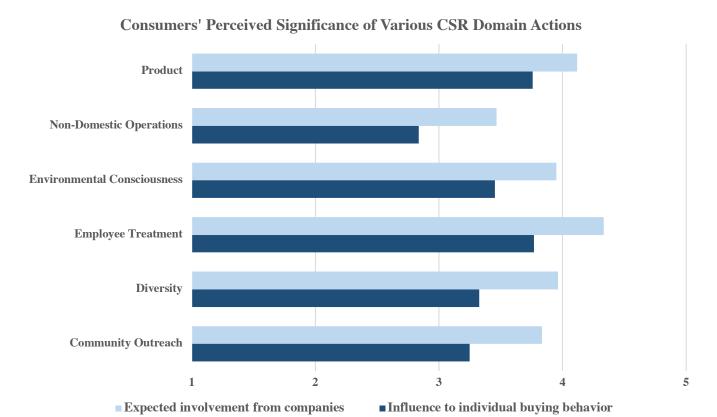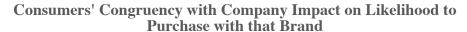
5.2. Results

Figure 1

      Figure 1 represents the consumers' perceived significance of the six CSR domain actions in regard to expected involvement from companies and influence on individual buying behavior. It is evident that participants seem to believe that companies should be involved with each domain to some capacity, with a significant relationship across the domains ($F (5, 1375) = 50.80$, $p < .001$). The post hoc tests were mostly significant, with 10 out of the 15 pairwise comparisons being statistically significant (p's $< .003$). The highest expected domain from companies is employee treatment ($M = 4.33$), and the lowest expected domain from companies is non-

domestic operations (M = 3.45). It also appears that respondents considered these CSR initiatives in their purchase decisions, with a significant relationship across group means (F (5, 1375) = 48.00, $p < .001$). The post hoc tests were mostly significant, with 11 out of the 15 pairwise comparisons being statistically significant (p's < .001). Again, the most influential domain is employee treatment (M = 3.76), and the least influential domain is non-domestic operations (M = 2.85). Based on the above figure, it is apparent that consumers perceive CSR initiatives (across all domains) to be of more importance to the involvement from companies (M = 3.94) than it is to their individual buying behavior (M = 3.41).

It was also discovered that respondents were across the board with CSR exposure in their professional lives, with 37.68% of participants having no experience (n = 104), 37.68% of participants having limited experience (n = 104), and 24.64% having considerable experience (n = 68). A majority of those who have participated to some degree reported having a relatively positive experience with the framework within their own companies (M = .84). The individuals who have participated more actively in this framework tend to find this practice more important in determining the brands from which they purchase (F (2, 273) = 6.07, $p = .003$). The post hoc test indicates a significant difference between those who have *no* CSR experience with those who have *some* experience ($p = .007$) and *considerable* experience ($p = .012$); the difference between those with *some* experience and those with *considerable* experience was not significant ($p = .985$). By the same token, it appears that experience levels impact shopper patterns for both *frequent* purchases (F (2, 273) = 4.51, $p = .012$) and *infrequent* purchases (F (2, 273) = 4.07, $p = .018$). CSR experience also appears to bear a significant relationship with willingness to buy from companies with perceived disingenuous brand identities (F (2, 273) = 3.21, $p = .042$). However, the post hoc tests using Tukey adjustments found no significant relationship between any of the individual experience levels (p's>.063). Nevertheless, CSR experience levels have no significant relationship with consumers' willingness to forgive companies involved in controversies (F (2, 273) = .60, $p = .547$), perceived influence from CSR initiatives on the quality of a company's product (F (2, 273) = 2.41, $p = .091$), and perceived motive (benevolence vs. self-interest) for a business' execution of the framework (F (2, 273) = .08, $p = .924$).

When respondents were asked to list a product that they purchased *frequently*, the five main product categories showed 31.29% for food/drink (e.g., alcohol, grocery produce, fast food), 26.26% for apparel (e.g., running shoes, jewelry, sweaters), 23.02% for cosmetics (e.g., toiletries, personal hygiene offerings, beauty products), 5.76% for technology (e.g., iPhones, chargers), and 3.24% for household cleaning products (e.g., paper towels, laundry detergent). When respondents were asked to list a product that they purchased *infrequently*, the five main product categories showed 24.82% for apparel, 22.66% for food/drink, 15.83% for technology, 12.59% for cosmetics, and 5.40% for automotive (e.g., vehicles, tires). There was a lot of product overlap across both domains. With a significant relationship between both frequencies (paired t (275) = 3.85, $p < .001$), CSR was viewed as more important to *frequent* purchases (M = 2.75) than to *infrequent* purchases (M = 2.41).

The majority of respondents believe there is a certain amount of self-interest involved for companies to adopt the CSR model (M = 3.43). Consumers' perceived benevolence for this model's execution bears a significant relationship to a higher importance of CSR consideration in their purchases (F (4, 271) = 2.54, $p = .040$). With that being said, consumers' perceived motive for this model bears no significant relationship with their willingness to forgive a brand involved in controversy (F (4, 271) = 1.74, $p = .141$) or willingness to buy from a company that emits a disingenuous brand identity (F (4, 271) = .22, $p = .925$).

15

Consumers' Congruency with Company Impact on Likelihood to Purchase with that Brand
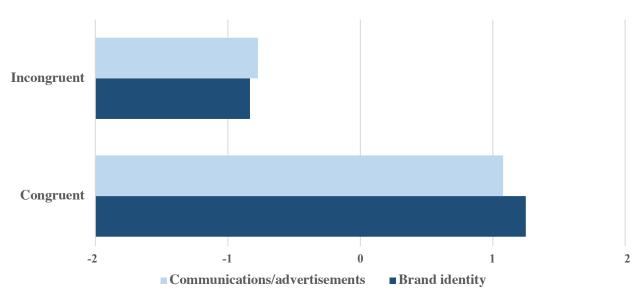

Figure 2

Figure 2 displays the impact of consumers' congruency with a company (with both brand identity and company/advertisements) on their likelihood to purchase a product/service with that associated brand. Participants perceived a similar impact on their likelihood to purchase from *incongruent* company communications (M = -.77) and brand identities (M = -.83). Participants also perceived a similar impact on their likelihood to purchase from *congruent* company communications (M = 1.08) and brand identities (M = 1.25). Respondents believed both congruency and incongruency to impact their likelihood to purchase with a brand, but this relationship is observed to occur in opposite directions for both congruency levels (paired t (551) = 35.00, $p < .001$). While consumers may carry existing similarities or differences with a company, it is common for companies over a period of time to reinvent themselves and/or release new marketing campaign(s) that strays from their traditional voice. This could be to acquire a new target market, to account for the evolving expectations accompanied with company growth and expansion, to accommodate for an area of weakness in their business strategy, or serval other reasons. Most participants report that they would be less likely to purchase a product or service from a company that they were once brand loyal to if their new persona appears to be disingenuous (M = -.69).

5.3. Discussion

Fundamental findings from these results lead with the consumers believing CSR initiatives (across all domains) to be of more importance to the involvement from companies than it is to their individual buying behavior, placing the importance of the framework in a corporate business setting rather than in retail shopping. Participants did seem to favor some domains more than others.

It was also discovered that most participants have experienced some degree of exposure to CSR, which supports the prevalence, awareness, and involvement of this framework in the lives of a typical consumer. Those with CSR experience reported mostly positive personal experiences, which supports the notion that most companies are able to implement this framework successfully, or at least to the liking of their employees. As discussed earlier, internal attitudes can bear a great impact on external organizational benefits (financial *and* non-financial characteristics), so it may be true that these positive reactions have contributed to their employing company's financial performance to some degree. Those with experience in CSR also considered such initiatives more extensively in their buying behavior, supporting that notion that employment with the framework enhanced their perceived importance and/or relevance of the model in relation to purchase decisions and perhaps led respondents to be more prone to support other companies who engage in similar behavior to which they had experienced. Individuals typically believe there is some degree of self-interest in this model, which may support the public's knowledge of perceived benefits of CSR to companies (or unfavorable views of corporate America) and likely means individuals are perceiving communications and brand identities different than how the company may have been intending. Lastly, consumers are extremely influenced in their buying behavior by brand activity that *is* congruent with themselves, as well as brand activity that is *not* congruent with themselves.

6. Conclusion

The objective of this study was to fill the gap between consumers' perceived choices/outlooks and a corporation's involvement with the framework. The better the buyer responses are understood, measured, and engaged for strategic modification, the better companies can meet the demands of their customers and/or satisfy prospective buyers. A holistic synopsis of the framework provides consumers with a broader and deepened comprehension of CSR, which will offer more insight in creating informed purchase decisions if they find this model to be important and/or relevant in their retail spending. It also puts more power in the hands of the buyer since this model is designed for companies to adhere to the needs of the societal welfare. If there are any values or objectives that many buyers hold in high regards, they could command an advocation or movement to create meaningful change in the firms they are engaging with. While the internal and external intricacies are important findings discussed, the relationship between CSR participation with consumers' purchase decisions and buyer perceptions is particularly fascinating. These elements have been achieved by completing an extensive literature review, generating a survey based on the assessed research, distributing the questionnaire to target participants, and analyzing their results to build off of past findings. CSR was found to be implemented differently in every organization, which may have contributed to the extreme variability in the reporting of CSR's relationship with a firm's financial performance and stakeholder attitudes. Degrees of exposure, mindfulness, and attitudes towards CSR's framework as a whole and its implementation supported the perceived impact on consumers' shopping patterns and judgements of companies.

It is often an indirect intention of a firm to publicize their CSR initiatives to consumers, so considering that buyers tend to credit the value of the framework more to business operations rather than their own purchase decisions may be reason for firms to revise existing tactics and/or begin anew. This data serves as a base zero to test against the introduction of new specific initiative(s) and/or existing CSR practices unknown to the average shopper. Comparing such

results with these will serve as a reliable metric for the true influence of such activities in contrast with participants' preexisting attitudes toward the framework as a whole. It would also be interesting to refer to this analysis in future research in determining how the pervasiveness and importance of CSR, to both companies and customers, has transformed over time. Another informative potential study would be to gather participants in a retail shopping simulation to test actual behavior against their perceived influence from CSR on their purchase decisions, which would both determine how close the two findings are and verify the validity of these results to that which has been gathered by company analytics teams.

Appendix A – Fall Survey 2020

Survey responses accounted for a substantial portion of my thesis findings. The contents of this questionnaire are aimed at the influence of a company's value and actions on buying behaviors and attitudes of consumers. Below are the questions to which participants responded:

Q1. In general, how important to you are a company's CSR practices when deciding whether or not to buy that company's product(s)?

Q2. Do you consider a company's CSR practices to be more motivated by a company's benevolence or self-interest?

Q3. In general, how do you think practicing CSR affects a company's product quality?

Q4. In general, do you think a company practicing CSR affects your willingness to forgive their involvement in controversy?

Q5. To what extent do you believe companies' activities in each CSR domain influence your buying behavior?

- Community outreach

- Diversity

- Employee treatment

- Environmental consciousness

- Non-domestic operations

- Product

Q6. How involved do you believe companies should be in each CSR domain?

- Community outreach

- Diversity

- Employee treatment

- Environmental consciousness

- Non-domestic operations

- Product

Q7. Think of a product or brand that you purchase **<u>frequently</u>**, please write it below:

Q8. Considering this product, how important to you are a company's CSR practices when deciding whether or not to buy from this brand?

Q9. Think of a product that you purchase **<u>infrequently</u>**, please write it below:

Q10. Considering this product, how important to you are a company's CSR practices when deciding whether or not to buy from this brand?

Q11. To what extent would each of the following make you more or less likely to purchase a brand?

- A company has a brand identity that is congruent with your own beliefs or values

- A company has a brand identity that is **<u>not</u>** congruent with your own beliefs or values

- A company releases communications/advertising that are different from your own beliefs or values

- A company releases communications/advertising that are the same as your own beliefs or values

- A company that you were once brand loyal to creates a new persona that is not congruent with your own beliefs or values

- A company's brand identity appears disingenuous

Q12. Have you ever worked in an organization that follows the CSR model to some degree?

- If so, what is your attitude towards your history with the CSR's implementation in that organization?

Q14. Age

Q15. Gender

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