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The Effects of Corporate Social Responsibility of Fast-food Restaurants on Corporate Reputation

Canon Tong[1], Anthony Wong[2]

[1]canon.tong@canberra.edu.au
Business, Government and Law
University of Canberra, Australia

[2]awong@cihe.edu.hk
School of Business and Hospitality Management,
Caritas Institute of Higher Education, Hong Kong, China

Abstract

In order to accommodate the fast-paced and sophisticated lifestyle of increasingly affluent urban populations, the fast-food industry is growing rapidly in most major cities around the world, including Hong Kong. As such, fast-foods chains face severe competition and aim to differentiate their organisations by encompassing non-traditional, contemporary elements of demarcation. One such element is corporate social responsibility (CSR) as an initiative aimed at enhancing corporate image and reputation. However, there is a dearth of studies on how CSR and the concept of reduce, reuse, and recycle (3R) contribute to corporate reputation and the direct consequence of this on fast-food marketing. To fill this gap in the body of knowledge, this research examined the relationship between CSR activities and 3R, and subsequently their relationship with corporate reputation in Hong Kong's fast-food industry. Data was collected from 350 such customers by using a fully structured and close-ended questionnaire to measure four constructs with a 7-point Likert scale. The questionnaire encompassing 21 items in measuring the three constructs in this research model. The research reveals that there is a positive correlation between CSR and 3R, indicating that consumers of fast-food restaurants opine that CSR and 3R are interrelated. CSR provides a competitive advantage for fast-food restaurants as it plays a big role in enhancing positive corporate image and reputation. Fast-food operators need to identify CSR activities that best reflect their particular industry, making it easier for customers to comprehend and evaluate.

Key words: Corporate reputation, corporate social responsibility, fast-food, 3R

1. Introduction

The fast-food industry is growing rapidly in most major cities around the world, accommodating the fast-paced lifestyle of urban populations (Xu, 2014; Schroder and McEachern, 2005). The food retail industry in Asian countries is now evolving by introducing contemporary retail concepts such as self-service and mobile food vans. With an improving economy in

2013, growing 1.5% from 2012, Hong Kong has become a buying centre of food products for many countries while bringing in shipments of them from China and South East Asia (Euromonitor, 2014).

However, the fast-food sector faces rigorous competition from both internal and external environments as people travel around the world more often assimilating other cultures and lifestyles. This has changed people's perception of food retail and the concepts of service and hygiene (Massa and Testa, 2012; Qin, Prybutok and Zhao, 2010; Schroder and McEachern, 2005). Hence, fast-food restaurants are forced to use a variety of tactics to remain competitive. In recent years, companies are embarking on corporate social responsibility (CSR) to gain competitive advantage (Abratt and Kleyn, 2012; Lai, Chiu, Yang and Pai, 2010). This study therefore examined CSR's impact on corporate reputation and image as well as the role played by the 'reduce, reuse and recycle' (3R) concept in the relationship between CSR and corporate reputation and image.

A broad spectrum of literature was critically analysed to delineate the constructs for this study and identify the gap within the service, marketing, and management disciplines. The theoretical framework reviewed for this study suggested positive linear relationships between CSR and corporate reputation (Abratt and Kleyn, 2012; Mattila, 2009; Sen, Bhattacharya and Korschun, 2006). Both seminal and current studies show that corporate reputation is enhanced through various other determinants such as trust amongst customers, public relations, and quality of both product and service (McDonald and Rundle-Thiele, 2008; Wigley, 2008). Amongst these, CSR has been very contentious with varied scope and understanding. Meanwhile, CSR's effect on customers is due to vague delineations, which is more so in a convoluted industry such as the food service retail industry. While organisations may be clear about what they want and do with regards to CSR, customers have a huge variant of perceptions covering all quadrants of CSR: economic, ethics, environment, and legal (Schwartz and Carroll, 2003; Carroll, 1999; Pinkston and Carroll, 1996). However, some recent studies indicate that customers are more inclined to build positive perceptions when the CSR activities carried out by organisations directly affect them or are related to causes they support (Tong and Wong, 2014; Tong, Wong and Leung, 2013; Devinney, Auger, Eckhardt and Birtchnell 2006; Lafferty and Goldsmith, 2005). As such, the application of the 3R notion, which customers come into contact with daily, could be a viable concept to practice (Tong et al., 2013). The service retail industry that has goods to offer, such as fast-food retailers, is inundated with various competitive advantage tools to increase product quality and service quality.

This research examines the relationship between CSR activities and 3R, and subsequently their relationship with corporate reputation. The complex nature of service and the food retail business, and the use of CSR and 3R to increase corporate reputation to remain competitive.

1. Literature Review and Hypotheses Development

1.1 Corporate Reputation

Reputation is broadly defined as how desirable an organisation is in an individual's mind (Skallerud, 2011; Jin, Park and Kim, 2008; Firestein, 2006; Bromley, 2001; Caruana, 1997) and is mainly sculpted by an organisation's efforts to effectively use the impetus of the brand (Abratt and Kleyn, 2012). Studies support the notion that positive corporate reputation is an effective and strategic advantage for organisations (Loureiro and Kastenholz, 2011, Cretu and Brodie, 2009, De Chernatony, 2006; Fombrun, Gardberg and Barnett, 2000; Fombrun and Shanley, 1990). Furthermore, research has shown that the customers in the twenty-first century are pessimistic so that a single dimension of reputation is insufficient to entice and satisfy them (Alsop, 2004).

Some studies suggest ethical business conduct and social responsibilities of organisations may be suitable indicators of corporate reputation (Tang, Hull and Rothenberg, 2012; Yang and Crowther, 2012; Alsop, 2004; Ma, 1999). These

measurements have become more prolific in the recent years, as concerns over environmental degradation increase (Kremer and Viot, 2012; Lai, et al., 2010; Polonsky and Jevons, 2009). Similarly, demands for ethical business conduct and sterner corporate governance have stirred multiple interests from the public as financial scandals such as Enron and Parmalat were witnessed in recent years (Fetscherin and Usunier, 2012; Silberhorn and Warren, 2007). A number of studies assert that the damage caused by unethical business practices on the corporate reputation of a company is colossal (Clemes, Gan and Zhang, 2010; Lai et al., 2010; Abela and Murphy, 2008, Davies, Chun, Silva and Roper, 2003). Hence, companies need to be aware of the determinants of their corporate reputation. A plethora of studies used other means such as financial records, product quality and quality customer care, corporate governance, and ethical business conduct to recognise and measure corporate reputation (Barnett, Jermier and Lafferty, 2006, Bruwer and Johnson, 2010; Walsh, Beatty and Shiu, 2009, Alsop, 2004). Ultimately, reputation of an organisation is managed using a myriad of tools and is eventually assessed by external stakeholders.

As theoretical interpretations of reputation is vast and convoluting, the present research defines reputation as quality of product prepared by the fast-food restaurant, service provided by the front liners and other employees of the organisation, quality of work environment provided for employees and social responsibility activities the organisation in involved in, adapting measurement scales from Bartikowski and Walsh (2011) and Chomvilailuk and Butcher (2010)

1.2 Corporate Social Responsibility

The twenty-first century is witnessing increasing competitiveness in the business world, and in the past decade there have been a myriad of business frauds and unethical business practices affecting customers, society at large, and the natural environment (Freeman, Harrison, Wicks, Parmar and Colle, 2010; Wigley, 2008). In recent years, CSR has received the attention of people from various walks of life, thus describing it as various activities undertaken by a business that seriously considers the environment and society as much as the employee and their morale and welfare (Hutchinson, Singh and Walker, 2012; Kim, Lee, Lee and Kim, 2010; Enquist, Johnson and Skalen, 2006; Maignan, Ferrell and Hult, 1999).

Research shows that CSR initiatives lead to customers' trust in the organisation, developing a positive attitude in customers and building loyalty (McDonald and Rundle-Thiele, 2008; Sen and Bhattacharya, 2001). Concurring with this, Wigley (2008) found that customers of organisations practicing CSR have more intention to purchase, thus satisfying the Agency theory. Therefore, CSR practices that satisfy Stakeholder theory and Legitimacy theory subsequently comply with Agency theory that was introduced alongside the CSR dimensions (Brown and Forster, 2013; Lafferty and Goldsmith, 2005). Moreover, trust is recognized as an essential impetus to build corporate image (Kremer and Viot, 2012; Kantsperger and Kunz, 2010).

1.3 The Mediating role of Recycle, Reduce, and Reuse (3R)

The acronym 3R stands for the three concepts of recycle, reduce, and reuse and is widely used by households and businesses. The relevant literature asserts the benefits of better environmental regulations and stricter enforcment of CSR and 3R practices (Denasiewicz and McCarty, 2011; Hornik and Cherian, 1995). Besides being philanthropic and socially responsible, businesses are looking into what matters to their customers and the environment in the hope to better connect with their customers.

The many dimensions of CSR that benefit organisations are generally undervalued by customers (Lacey et al., 2010). This is mainly due to the organisation's ineffective communication, so that customers are not made aware of its benefit to them and misjudge the business' good intentions (Basaran, 2012; Wigley, 2008; Butler, 2008). Hence 3R activities intervene the

relationship between CSR and corporate reputation (Namkung and Jang, 2013). In stating this relationship, studies concerning 3R point to environmental pressures as the reason behind 3R practices (Koenig-Lewis, Palmer, Dermody and Urbye, 2014; Samiha, 2013). Researchers use Institutional theory to show the benefit of innovative 3R to the business and environment (Lee, Wahid and Goh, 2013; Mohindra, 2008) and that they make sense if they are relevant to the business and when they are visible and practiced by customers. As such, food retailers are capable of showing their green practices using food packaging and utensils that can be reused and recycled, gaining greater effect than CSR practices as they directly affect customers.

Most research studies embark on CSR from the broad perspective introduced by Carroll (1999), paying little attention to green marketing or practices that concentrate on environmental aspects, reducing carbon foot prints, and environmental dilapidation. In the recent years, a new generation of customers and managers in Hong Kong are more receptive and are seeking opportunities to develop CSR projects (Xu, 2014; Tsai, Tsang and Cheng, 2012; Valax, 2012; Watson, 1997). Contemporary businesses in Hong Kong are seriously considering the sustainability of their business, thus initiating endeavours that could increase their reputation and image (Yoon, Giirhan-Canli and Schwarz, 2006). The fast-food retailing industry is booming in Hong Kong, however, the exact nature of customers' interest in patronising these fast-food restaurants has yet to attract the interest of researchers. Furthermore, though many international retailers are practicing CSR and 3R (Koenig-Lewis et al., 2014; Wagner, Bicen and Hall, 2008), the discernment of these concepts amongst Hong Kong fast-food customers and their impact on corporate reputation and image has yet to be determined.

The 3R concept is an important and creative idea which satisfies end users with safe and quality products and services. So 3R could be effective CSR activities to induce and enhance corporate reputation and is worth to study their mediating effect between CSR and corporate reputation.

1.4   Development of Hypotheses

The CSR concept lacks clear delineation and is confusing, while the 3R concept is relatively direct and understood as a move to save the environment and provide healthier alternatives that involve society on a daily basis. However, there is a dearth of studies in relation to 3R projects and its relationship with CSR. CSR is a tool that is used in different ways to garner appreciation from various parties. CSR that involve environmental concerns are carried out with activities such as those involved with the 3R concept. Similarly, the 3R concept is part of CSR and interpreted as CSR showing an association as postulated in hypothesis one below:

H1:   There is a significant and positive correlation between CSR and 3R in Hong Kong's fast-food restaurants

CSR activities are inclined to propagate positive word of mouth about the organisation that carries them out (Wagner et al., 2008; Becker-Olsen, Cudmore and Hill, 2006). These build trust and transform into reputation. Meanwhile, CSR activities that are experienced by customers build reputation. Hence, the four hypotheses below were postulated in the belief that 3R activities promote corporate reputation as much as CSR, specifically if the activities concern customers' direct interests.

H2:   There is a significant and positive relationship between 3R activities and corporate reputation in Hong Kong's fast-food restaurants

H3:   There is a significant and position relationship between CSR and corporate reputation in Hong Kong's fast-food restaurants

It is argued that the ambiguously delineated CSR activities an organisation carries out ought to be clearly acceptable, visible and can be experienced directly by customers (Fetscherin and Usunier, 2012; Jose, Rugimban and Gatfield, 2012; Cretu and Brodie, 2009; Pomering and Dolnicar 2006; Devinney, Auger, Eckhardt and Birtchnell, 2006). As 3R is clear and directly experienced by customers (Koenig-Lewis et al., 2014; Mario and Chew, 2012, Basaran, 2012; Bezzina and Dimech, 2011, Aung and Arias, 2006), it is postulated as a mediator of the relationship between CSR and corporate reputation of fast-food restaurants. The hypotheses below are posited to portray the mediating relationships of 3R.

H4:   The 3R activities of food utensils and packaging mediates the relationship between CSR initiatives and corporate reputation in Hong Kong's fast-food restaurants

1.5   Conceptual Model

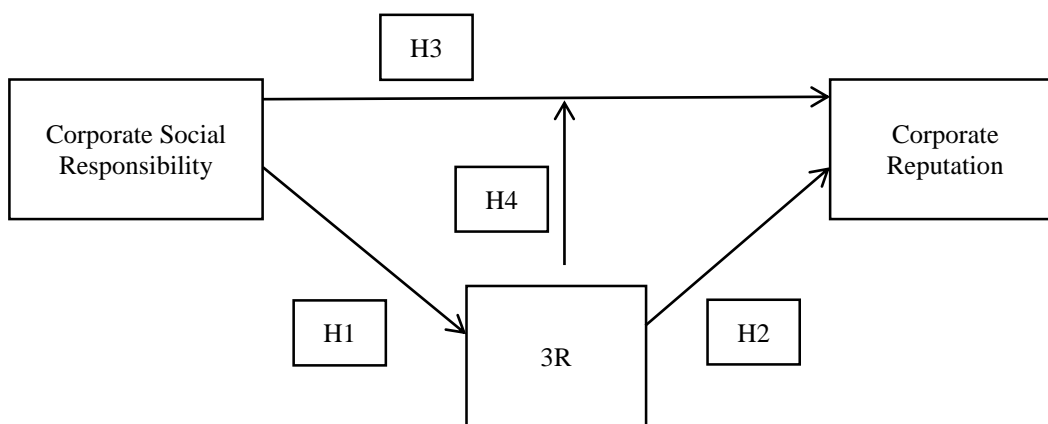Figure 1 below show the conceptual model of this research.

Figure 1. Conceptual Model

2.   Research Method

2.1   Sample and Data Collection

This research collected responses from a sample size of 350 questionnaires that were distributed near 15 fast-food outlets in Hong Kong. The sampling frame was ascertained from a list of fast-food outlets available in Hong Kong's Business Directory, a public domain available for business researchers. The outlets were selected based on their business traffic and they were listed as hotspots in the business directory. In accordance with research ethics, individuals were not identified with any personal details linking the questionnaire to the respondent; as such, the respondents remained anonymous. The questionnaires were distributed with an information statement and consent form to ensure that participation as voluntary and well informed. Returns of the completed questionnaires by the respondents constituted implied consent. Furthermore with no identification needed on the questionnaire, the participants were assured of confidentiality.

2.2   Measurement Items

This research used a structured questionnaire that was designed using items adapted from the previous studies. The three constructs of this study are corporate social responsibility, 3R activities and corporate reputation. This research adapted items from established studies for its single dimensional constructs. The six items for corporate social responsibility were adapted from Lacey, Close and Finney (2010) and Ramasamy and Yeung (2008), the eight items for 3R activities were

adapted from Samiha (2013), and the five items for corporate reputation were and modified from Bartikowski and Walsh (2011), and Chomvilailuk and Butcher (2010). Modifications were made to several wordings in order to ensure it could be translated to local language and understood by Hong Kong's fast-food customers. Table 1 below shows the questions used in the measurement items.

Corporate Social Responsibility	Measuring Items
CSR1	The fast-food restaurant provides a safe dining environment for customers.
CSR2	The fast-food restaurant provides a healthy working condition for employees.
CSR3	The fast-food restaurant is very active in supporting the disadvantaged.
CSR4	The fast-food restaurant is committed to using a substantial portion of its profits to support communities where it does its business
CSR5	The fast-food restaurant puts charity into its business activities.
CSR6	The fast-food restaurant shows concern over environmental degradation.
Reduce, Reuse and Recycle (3R)	Measuring Items
3R1	The fast-food restaurant provides food utensils and packaging that can be reused.
3R2	The fast-food restaurant reduced the use of non-biodegradable utensils and packaging.
3R3	The fast-food restaurant uses packaging made from recycled paper.
3R4	The fast-food restaurant encourages customers to bring their own tiffin carriers or containers.
3R5	The fast-food restaurant does not use plastic utensils.
3R6	The fast-food restaurant asks customers to bring their own bag.
Corporate Reputation	Measuring Items
CR1	The fast-food restaurant has employees who serve customers courteously.
CR2	The fast-food restaurant treats its employees well.
CR3	The fast-food restaurant is reputable for its socially responsible behaviour.
CR4	The fast-food restaurant offers high quality food.
CR5	The fast-food restaurant is highly regarded by many people.

Table 1. Measurement Items of this Research

2.3   Data Analysis

The research questionnaire was designed to capture customers' perception of CSR activities, 3R activities and their opinion of corporate reputation using borrowed items.

The returned questionnaires were checked for tainted questionnaires before the data was keyed into a template prepared in a SPSS version 22 data file. The keyed-in data was eyeballed to identify wrongly keyed in values. Simple analyses, such as frequency and maximum and minimum values were calculated to identify other abnormalities in the data. The data underwent several stages of analysis to ensure all assumptions were met. This began with descriptive analysis, which provided an overview of the data characteristics. Next, measurement analyses, using both Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA), were used to confirm the validity and reliability of the data. Finally, Structural Equation Modelling (SEM) was used to test the significant roles played by the constructs presented in the research framework.

3. Analysis of Results

3.1 Characteristics of Samples

One of the questionnaires had to be removed, as many of the questions in it had not been answered. Hence only 349 questionnaires with valid responses were used for descriptive and inference analyses. The following Table 2 shows the characteristics of the samples collected.

Demographics	Frequency	Percentage (%)
Gender		
Male	135	38.7
Female	214	61.3
Age		
20 or below	136	39.0
21-40	179	51.3
41-60	31	8.9
61 or above	3	0.9
Marital status		
Single	293	84.0
Married	56	16.0
Education level		
Primary	2	0.6
Secondary	108	30.9
Tertiary	205	58.7
Post-graduate	34	9.7

Salary level per month		
HK$10,000 or below	210	60.2
HK$10,001-20,000	70	20.1
HK$20,001-40,000	46	13.2
Above HK$40,000	23	6.6

Table 2. Characteristics of Sample

3.2 Findings from Analysis of Measurements

Despite the adaptation of items from established research on the various phenomenon (Ramasamy and Yeung, 2008; Lacey et al., 2010; Samiha, 2013; Maxham III, 2001; Arendt and Brettel, 2010; Lemmink, Schuijf and Streukens, 2003; Bartikowski and Walsh, 2011; Chomvilailuk and Butcher, 2010), reliability and validity tests were carried out on the items for the data set collected, to ensure that reliability and validity were not distorted in the environment of Hong Kong fast-food restaurant customers. The validity test was carried out with exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). These enabled the convergence and discriminant validity of the data set collected, subsequently preparing the data for hypotheses testing.

The assessment of items used for this research resulted in 3R items that significantly loaded except for the item: "The fast-food restaurant provides food utensils and packaging that can be reused". CSR, which was measured using six items, was only associated with three items: "The fast-food restaurant is very active in supporting the disadvantaged", "The fast-food restaurant is committed to using a substantial portion of its profits to support communities where it does its business", and "The fast-food restaurant puts charity into its business activities". It is interesting to note that the customers of fast-food restaurants in Hong Kong who responded to the survey are clearly aware of what 3R and CSR are. The 3R item that was removed has little or no association because the fast-food restaurant those respondents patronize most probably use utensils that are biodegradable but not re-useable. Therefore, customers are aware and appreciative of the 3R concept.

The three CSR items that were not associated to CSR are items regarding safe dining environment, healthy work conditions, and restaurants concerned over environmental degradation. These may not be CSR activities that are carried out by most fast-food restaurants, and as such are not recognized. Furthermore, some of these CSR activities may not be directly recognised as CSR by customers, and some customers may not be aware that these activities are carried out, as they are not visible to them. The 4 items on 3R and the 3 items on CSR clearly converge and discriminate. Amongst the five corporate reputation items that survived the assessment are items relating to the restaurants being highly regarded by people and serving high quality food. Thus, these restaurant customers are concerned over what people say about the restaurant they patronize and the quality of food in order to assess the reputation of the fast-food restaurant. The items for corporate image that were positively associated are people's positive comments and recommendation to eat at that restaurant, indicating that fast-food customers build images based on reviews and recommendations from friends and family.

The validated data was then tested for its reliability using Cronbach's alpha (α) test to ensure that the items measured what they were intended to measure (Nunnally, 1978). The reduction of items using validity and reliability tests provided a data set that strongly represented the constructs of the study and was easier to manage (Coakes, 2012; Field, 2009; Bogue, Coleman and Sorenson, 2005).

3.3   Direct Effects

Table 3 below indicates that the relationships listed in the first column are all significant. As CR for the relationship between 3R and CSR is 8.322, p-value = 0.0001, p-value < 0.05 where the null hypothesis stipulating an insignificant relationship is rejected. Furthermore the positive value of standardised estimates = 0.521 indicating a positive relationship between CSR and 3R. Table 4 below is a correlation table whereby TCSR is a summated score of items representing corporate social responsibility or the total score of CSR3, CSR4 and CSR5 and TTR is the summated score of the 3R items of TR2, TR3, TR4, TR5 and TR6.

Relationship			Estimate	S.E.	C.R.	P	Standardised Estimates
3R	<---	CSR	0.634	0.076	8.322	***	0.521
CI	<---	CSR	0.406	0.077	5.300	***	0.327
CR	<---	CSR	0.237	0.056	4.241	***	0.300
CI	<---	3R	0.517	0.063	8.228	***	0.507
CR	<---	3R	0.356	0.053	6.727	***	0.549
CSR5	<---	CSR	1.000				0.738
CSR4	<---	CSR	1.167	0.080	14.598	***	0.872
CSR3	<---	CSR	1.091	0.079	13.744	***	0.784
TR6	<---	3R	1.000				0.858
TR5	<---	3R	0.960	0.061	15.631	***	0.735
TR4	<---	3R	1.142	0.059	19.283	***	0.849
TR3	<---	3R	0.781	0.064	12.228	***	0.612
TR2	<---	3R	0.930	0.064	14.599	***	0.700
CI4	<---	CI	1.000				0.853
CI3	<---	CI	0.844	0.055	15.404	***	0.768
CI2	<---	CI	0.944	0.059	15.889	***	0.790
CR5	<---	CR	1.000				0.599
CR4	<---	CR	1.568	0.172	9.118	***	0.850

*** shows p-value < 0.05

Table 3. Regression Weights for Structural Model

Table 4 shows the correlation coefficient (r) between TCSR and TTR = 0.454, with a p-value = 0.0001 as p < 0.05, indicating a significant correlation between TCSR and TTR. This means that "H1: There is a significant and positive correlation between CSR and 3R" is supported. Beside these, the correlation coefficient between TCSR and TCI = 0.489, p-value = 0.0001, show a significant correlation between CSR and CI. Similarly, correlation coefficient between TCSR and TCR = 0.460, p-value = 0.0001, indicating significant correlation between CSR and CR. In the meantime, 3R's correlation with CR is significant with r = 0.524, p-value = 0.0001.

		TCSR	TTR	TCR
TCSR	Pearson Correlation	1	0.454**	0.460**
	Sig. (2-tailed)		0.000	0.000
	N	349	349	349
TTR	Pearson Correlation	0.454**	1	0.524**
	Sig. (2-tailed)	0.000		0.000
	N	349	349	349
TCR	Pearson Correlation	0.460**	0.524**	1
	Sig. (2-tailed)	0.000	0.000	
	N	349	349	349

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4. Correlation Coefficient between CSR and 3R

The relationship between 3R and CR has C.R = 6.727 with p-value = 0.0001. Therefore, as p-value < 0.05, the relationship is proven to be significant and the standardised estimate of 0.549 shows a positive relationship asserting "H2: There is a significant and positive relationship between 3R activities and corporate reputation" is supported.

Finally, the relationship between CSR and CR is confirmed with a CR value of 4.241, p-value = 0.0001 and with p-value being less than 0.05, this relationship is deemed significant. Meanwhile a positive standardised estimate of 0.300, confirms the positive relationship. Thus "H3: There is a significant and positive relationship between CSR and corporate reputation" is supported.

3.4   Mediating Effect

As the recommended direct relationships are significant and supported, the rule to evaluate mediating role is satisfied (Baron and Kenny, 1986). Thus the intervening relationships were observed based on the standardised total, direct and indirect relationships. The summarised Table 5 below shows the effect of 3R and CSR on CR.

Constructs	Standardised Total Effect		Standardised Direct Effect		Standardised Indirect Effect	
	CSR	3R	CSR	3R	CSR	3R
CR	0.586	0.549	0.300	0.549	0.286	0.000
3R	0.521	0.000	0.521	0.000	0.000	0.000

Table 5. Standardised Estimates of Total, Direct and Indirect Relationships

The estimates of Standardised Total Effect, Standardised Direct Effect and Standardised Indirect Effect produced by SEM was utilised to assess the intervening effect of 3R on the relationship between CSR and CR and CS. However, the decision rule in this assessment is reliant on the existence of several direct relationships between the relevant constructs (Hair, Black, Babin and Anderson, 2010; Little, Card, Bovaird, Preacher and Crandall, 2007; Preacher and Hayes, 2004; MacKinnon, Lockwood, Hoffman, West and Sheets, 2002; Baron and Kenny, 1986). As observed in Table 4, CSR is directly related to 3R (direct relationship between exogenous and mediating variable) is confirmed as Direct Effect of CSR on 3R is estimated as 0.521. CSR is directly related to CR (direct relationship between exogenous and endogenous variable) is confirmed as Direct Effect of CSR on CR is estimated as 0.300 whilst 3R is directly related to CR (direct relationship between mediating variable and endogenous variable) is confirmed as the Direct Effect of 3R on CR is 0.549.

Table 4 was used to conclude the decision rules suggested by Hair et al. (2010) for the mediating role of 3R on the relationship between CSR and CR that the direct relationship between CSR and 3R and CSR and CR are significant and the Indirect Effect (IE) of CSR on CR = 0.286 (> 0.085) and Direct Effect (DE) = 0.300, thus IE $\cong$ DE, thus 3R is a partial mediator in the relationship between CSR and CR.

Accordingly, "H4: The 3R activities of food utensils and packaging mediate the relationship between CSR initiatives and corporate reputation" is also partially supported.

4. Discussion

Some researchers have argued over what constitutes genuine CSR practices of CSR (Brown and Forster, 2013; Valax, 2012), whereas this research suggests that CSR practices require visible tools to enable recognition of their genuineness. An analysis of the literature for this study revealed that both CSR and 3R develop reputation and image, which led this research to draw a conceptual framework with 3R as a mediator. The fast-food retailing context within which this research has been positioned is inherently perishable, intangible, heterogeneous, and inseparable where CSR activities such as ethical business conduct, efforts placed on reviving the environment and fair employment are lacking in visibility and customer experience. As such, 3R is allegedly connected to CSR while being visible and capable of providing customers with first-hand experience; this offers a theoretically emanated mediating relationship between CSR and reputation and image for this study. This relationship provided essential knowledge and ideas on how specifically designed CSR could enhance the sustainability of corporate reputation. Hence the current research verified several strongly developed relationships, combined with the intervening relationship of 3R, providing managerial, theoretical and methodological contributions.

The primary stream of theories for this research has been drawn from service marketing literature where customer behaviour upon encountering CSR and 3R has been studied. This research has been theoretically grounded, enhancing the theories behind service marketing where the use of CSR and 3R to form reputation and image have been empirically

analysed. This has added valuable understanding to the roles played by CSR and 3R in changes that takes place in customer behaviour, which leads to the reputation and image of the organisation.

The effect of CSR on reputation is well established (Tewari, 2011; Teimouri, Jamehshooran and Heydari, 2011; Wagner et al., 2008). However, there has been little research on CSR's correlation with 3R. The present research augments the knowledge on CSR, its correlation with 3R and the role of both in strengthening reputation and image of a service organisation assisting in building theories of service marketing. The research deliberates on the ability of CSR to enhance customer's perception of the organisation and positively communicate the organisation, as such introducing a new variable 3R that is relevant to food services, suggesting CSR must have 3R or other relevant elements to form positive perceptions and word of mouth to create reputation. The positive correlation between CSR and 3R found in this research indicates these are inter-related variables. Though findings on CSR's influence on corporate reputation and image are significant, and the direct influence of 3R and reputation show positive and significant relationships, 3R seems to remain as a major player in this relationship confirming previous studies that indicate only selective CSR activities gain customer attention (Bourdeau, Graf and Turcotte, 2013; Sen et al., 2006; Mohr and Webb, 2001). Therefore, the present research theoretically proves that visible and experiential CSR activities are necessary to form and strengthen reputation and image

This research contributes to theories on the association between CSR and 3R. Studies of the 3R notion generally refer to green marketing or green practices, which can be particularly confusing in the context of fast-food restaurants. Moreover, studies on 3R have primarily been management studies that emphasise production costs and cost savings. Hence the studies on 3R are ambiguous and lacking in underpinning theories that relate to customer perception. This research adds value by suggesting to managers that CSR practices that are visible and that can be experienced by customers are essential for positioning perceptions, which are essential for reputation and image building. In addition, managers of an organisation are more likely to benefit in practising relevant 3R activities rather than CSR activities that are not visible. However, managers need to ensure the relevance of these practices to their service or product.

5.   Limitations and Future Development

This study had limited literature to work with in relation to CSR, 3R, corporate reputation and image, hence restricting the literature review to addressing the research questions and verifying existing theories. The generalizability of this study is also limited as the context of this study is customers of fast-food restaurants in Hong Kong, thus the consumption behaviour, demographics and culture are limited to this location, product and service, and the findings may not therefore be generalizable to other locations, products and services. Moreover, the cross sectional study undertaken may have limited the understanding of a pattern, such as the perception before and after the implementation of 3R or CSR by the organisation, as well as the understanding of customers' long term behaviour. The common method bias, though not apparent in the analysis, could have taken place causing a further limitation of the generalizability as this bias may have emerged due to social desirability.

6.   Conclusion

As previously stated, Hong Kong fast-food customers are rapidly becoming CSR conscious. The positive correlation between CSR and 3R indicates consumers of fast-food restaurants believe CSR and 3R are interrelated. As CSR is broad in relation to what constitutes CSR activities and projects, 3R plays a better long-term role rather than CSR activities such as philanthropic acts that help the community and support charities. A CSR parameter included in this research relates to environmentally friendly movements, which is the use of reusable and recycled packaging and utensils (Samiha, 2013,

Jahdi, 2007a; Jahdi, 2007b). Reducing the use of plastics and banning Styrofoam food boxes allows for the use of biodegradable packaging that is environmentally friendly. Hence the 3R activities carried out by fast-food restaurants are activities of which customers of fast-food restaurants are well aware. All direct relationships between CSR and corporate reputation and similarly between 3R and corporate reputation were found significant and positive. The research verifies that CSR and 3R practices are competitive advantage tools to enhance corporate reputation. As reputation is built through the experience one has with the retailer's product or at the retail outlet, the 3R practices of a fast-food restaurant seem to be acceptable and have a valuable impact on reputation (Abratt and Kleyn, 2012; Argenti and Drucknmiller, 2004). CSR activities that are closely related to a cause that customers might be fighting for or are interested in have the tendency to lure customers to form positive perceptions (Vlachos, 2012; Tewari, 2011).

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