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A Conceptual Model of Relationships between Corporate Social Responsibility (CSR) and Consumer Behaviors

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ABSTRACT

This paper is to present a conceptual model examining the relationships among corporate social responsibility (CSR) and consumer behaviors (here referring to image perception and brand loyalty), and to propose several propositions based on the literature, the author's observations and reflections of real-world events, and the exploratory findings from empirical research of the tourists of China. The major theoretical contribution of the framework is the introduction of four moderators, namely consumers' knowledge of CSR, CSR communication, comparison with competitors' CSR, and consumers' characteristics, that would have an effect on the relationships between CSR and perceived brand image which affects brand loyalty.

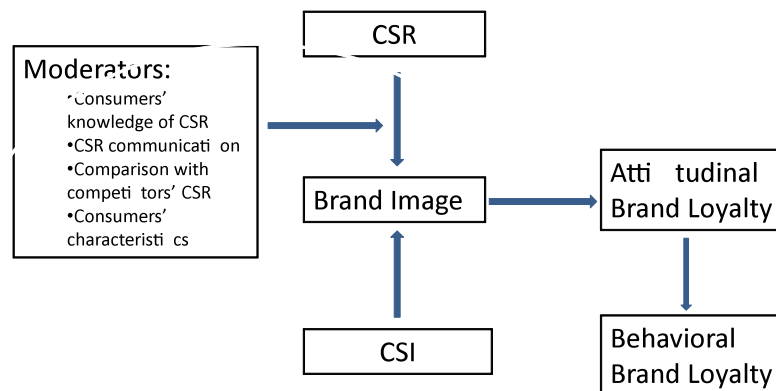
Keywords: *conceptual model, CSR, China.*

INTRODUCTION

The study of corporate social responsibility (CSR) has been receiving widespread interest in recent years, both within and outside the tourism industry, and many meaningful findings have been established regarding the topic. With the stakeholder theory (Freeman, 1984), CSR could be understood as 'corporate social responsiveness' to the expectations and demands various parts of the society had on companies. (Federick, 1994; Arvidsson, 2010). To any marketing-oriented companies, the stakeholder of consumers is indisputably one of the most important, if not the No.1 important, 'societal parts', to whose expectations and demands companies would respond actively and appropriately. Empirical evidence by previous researchers shows conflicting results with regards to the effects of CSR on consumer behaviors including consumers' evaluation of a company and their purchase intention of the company's product/service. Possible explanations of the discrepancy in research findings could be samples selection, industry difference, or measurement of CSR. This paper is to present a conceptual model examining the relationships among corporate social responsibility (CSR) and consumer behaviors (here referring to image perception and brand loyalty), with the introduction of four moderators, namely consumers' knowledge of CSR, CSR communication, comparison with competitors' CSR, and consumers' characteristics. Propositions are developed from the model on the basis of the literature, the author's observations and reflections of real-world happenings, and the exploratory findings from empirical research. The major theoretical contribution of the framework is the affecting the relationships between CSR and perceived brand

image (Figure 1).

Figure1: Model of Relationships between CSR and Consumer Behaviors



CSR: Company's responsible activities that would have positive consequences on its stakeholders

CSI (Corporate Social Irresponsibility): Company's irresponsible activities that would have negative consequences on its stakeholders

THEORETICAL DEVELOPMENT AND THE PROPOSITIONS

In the U.S. and worldwide, studies have shown that substantial percentages of consumers are concerned about corporate social responsibility (e.g. Hein, 2007; Fliess, Hyung-Jong, Dubreuil, & Agatiello, 2007; Bhattacharya & Sen, 2004). Research results have also provided evidences that the CSR strategies and a positive CSR image will have impacts on consumer attitudes and behaviors (e.g. Du, Bhaattacharya, & Sen, 2007; Manaktola & Jauhari, 2007; Nicolau, 2008; Reich, Xu, & McCleary 2010); businesses with a reputation for being socially responsible created goodwill that would help minimize the impact of the crisis (Goll & Rasheed, 2004; Klein & Dawar, 2004; and Schnietz & Epstein, 2005); and so creating a positive brand image is one important motivation for companies to take on social responsibility strategies (Lynes & Andrachuk's, 2008). However, the effects of CSR on consumer behaviors (brand loyalty, purchase likelihood, and customer satisfaction, etc.) are still controversial. From the extant studies of relationships between CSR and consumers behaviors, no agreed-upon conclusion has been achieved. Although Du, Bhaattacharya, and Sen (2007) found that social responsibility image had a positive effect both on purchase likelihood and on long-term brand loyalty, Allen et al. (2010) found that compared to product quality, the CSR image contributed only marginally to consumer's brand loyalty. Kasim (2004) found that CSR was not at all a significant predictor of consumer preference for a hotel, and the consumers value price, quality, and physical attributes more than CSR. The discrepancy in empirical findings on the relationships among CSR, brand image, and consumer behaviors suggests a need for deeper research on CSR from different perspectives. In the current study, the author believes that CSR does not necessarily have positive effects on consumer behaviors.

Rather, the effects of CSR will depend on a few situations, as illustrated below.

In most of the extant studies of CSR, an important assumption has been made: All consumers have enough knowledge about the CSR programs/strategies/policies of the companies that they are evaluating. No research ever tried to find out how much knowledge consumers really have of the company's CSR activities before they rate the company. But in reality, a large proportion of consumers have no idea what the companies have done in terms of CSR. Findings from Xu's (2011) study on McDonald's in China show that nearly half of the respondents didn't know about the company's certain CSR activities, such as employee involvement in charities (48% of 318 respondents indicated 'don't know') and corporate volunteer programs (47% of 318 respondents indicated 'don't know'). It is logical to argue that, if consumers don't really know about the CSR activities of a company, their perceptions of CSR and CSR related brand image will be biased. Then the effects of CSR on brand image and other consumer behaviors are questionable. To gain more empirical evidences, a further research was carried out in summer of 2011 on the consumers staying in high-end hotels in a well-know expensive resort destination, where the concept of sustainable tourism (corporate social responsibility is often linked with sustainability) is well accepted. Eighty-five semi-structured interviews were conducted to the customers of several five-star international hotels in Sanya, the most famous resort destination in China. The exploratory findings provide similar results in terms of consumers' CSR knowledge: 60% of the 85 respondents didn't know whether the hotel they stayed in is a 'green hotel' or not and only 21% replied with a definite answer of 'Yes, I know it is'. Around 73% of them had no idea which hotel brand is good in CSR (See Table 1 for more details). How can hotel companies' CSR contribute to the brand image if their customers don't even know about their CSR? The first proposition is therefore developed:

Proposition 1: The effects of CSR on brand image are moderated by consumers' knowledge of CSR.

Table 1: Selected results from the exploratory research of Chinese tourists in 2011

Selected Interview questions (Valid N)	Answers	Count	Percentage
Is the hotel you're staying with a green hotel? (N=81)	Don't know	51	63.0%
	Guess it is or not.	12	14.8%
	Yes.	18	22.2%
In your opinion, which hotel is good in CSR? (N=83)	No idea	62	72.9%
Did you pay attention to the hotel's CSR after you check-in? (N=83)	NO	59	71.1%
Do you mind your stay-in hotel doesn't do any CSR activities? (N=82)	Yes	44	53.7%
	NO	25	30.5%
	Not sure	13	15.9%
What do you think is the motive of hotel doing CSR activities?(N=81)	For betterment for society	12	14.8%
	Self-serving: advertising, image building	35	43.2%
	For betterment for both self and society	14	17.3%
	Others(pressure from government, corporate group's strategies)	7	8.6%
Do you think hotels should promote their CSR activities? (N=81)	Yes	59	72.8%
	Yes, but to a reasonable extent	3	3.7%
	NO	11	13.6%
	Not sure. Don't mind	8	9.9%

One of the major reasons of consumers' ignorance about companies' CSR activities may be that companies don't have enough and/or effective communication. Many hotel companies don't even post CSR information on their website – the information may be found on the corporate website where consumers rarely visit. Although more and more companies are disclosing their CSR information in the financial reports to attract investor's interest (Arvidsson, 2010), ordinary consumers would not pay attention to the financial reports. So consumers have no access to companies' CSR. On the other hand, how to communicate with consumer on CSR is a delicate issue to management. Management don't want to fall into the 'self promoter's paradox' defined by Ashforth and Gidbbs (2006), meaning a company communicating too much about CSR might hurt its credibility because people will perceive it as 'mere window dressing or some sort of PR invention' (Arvidsson, 2010). Bronn and Vrioni (2001) addressed the paradox in cause-related marketing from the skepticism of

consumers on corporate CSR motivation. The skepticism made communication of CSR complex and sensitive. As O'Sullivan (1997) stated, if you say too much, consumers think you make use of it (charity); if you don't say enough, consumers don't even know about your involvement. But still, however delicate and complex, companies need to tackle the issue of CSR communication if they want to build a favorable brand image:

Proposition 2: The effects of CSR on brand image are moderated by companies' CSR communication.

In 2008, during the Sichuan earthquake in China, a soft drink company, Wong LoKat, donated 100 million RMB to the victims. As the first company giving 100 million RMB for charities in China, Wong Lo Kat instantly gained vast praises from Chinese consumers, and of course their sales soared. Comparatively, Wan Ke, a real estate company, donated only 2 million RMB and what the company got from consumers were just blames for its stinginess. At one lecture on CSR, the college students were asked which company was good at CSR and most of them named Wong Lo Kat. Coming back to the hotel industry, it could be imagined that when every hotel is involving with CSR, only the companies with best performances can gain acknowledge from consumers, and those who also do good may not get positive responses from consumers. And hence the fourth proposition was raised:

Proposition 3: The effects of CSR on brand image are moderated by comparison of CSR between competitors.

Perception theory tells us that different consumers perceive companies' strategies/policies differently because of their motivation, personality, and their demographic characteristics. Hence, the 4th proposition is developed:

Proposition 4: The effects of CSR on brand image are moderated by consumers' characteristics.

Previous research didn't find unanimous results about the effects of CSR on brand loyalty, probably because of the global measurement of brand loyalty. Brand loyalty is in fact composed of attitudinal brand loyalty and behavioral brand loyalty. Theory of planned behavior (Ajzen, 1988) shows that from attitude to behavior, control believes such as control of situational limits will intervene. Consumers having a favorable attitude towards a company with a positive CSR may not choose the company because they cannot afford it. Therefore, the following proposition is developed:

Proposition 5: Brand image built through CSR affects only attitudinal brand loyalty, but not necessarily behavioral brand loyalty.

Meanwhile, although corporate social responsibility activities do not necessarily have a positive effect on the brand image perception, the corporate irresponsible activities will surely have a negative effect on consumer's response. There should be a bottom line below which consumers would consider a company to be irresponsible and

unacceptable in terms of social responsibility. For example, within just one year in 2010, twelve employees of Foxconn, an electronics company assembling products such as iPads and iPhones in China, jumped from high buildings to die (Huanqiu Times, 2012). People blame Foxconn for keeping its employees work very long hours and putting them under too much pressures, and call for attention to the psychological health of the employees. It is predicted that companies like Foxconn will have a negative brand image due to their failure in CSR, or the CSI (corporate social irresponsibility). Hence the following propositions were raised:

Proposition 6: CSI will have negative effects on brand image.

CONCLUSIONS

CSR activities are those going beyond the laws and regulations. But encouragement from the market for companies' involvement with CSR is decreasing. Financial returns from CSR investments are diminishing (Arvidsson, 2010). Consumers do not seem to care much whether companies get involved with CSR. Under these situations, should we, and how we should, educate consumers about the significance of CSR? Or should policy makers put more pressure on regulations for CSR? Can CSR really create competitive advantages to companies, esp. when everyone is doing CSR? Or will companies only make minimal CSR endeavor to avoid 'value destruction' (Arvidsson, 2010) rather than trying to 'create value' via CSR? These questions all require further research.

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