Can CSR Drive Consumer Behaviour?
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2.1. Introduction

Companies are found to yield greater financial performance if they have a better corporate reputation (Fombrun, 2005). Such a corporate reputation has been known to be driven by consumer acceptance of corporate social responsibility. Corporate social responsibility (CSR) is a crucial intangible resource, as it can provide several benefits that immediately improve the organisation’s overall competitive advantage (Brammer & Pavelin, 2006). Considering this view, CSR holds great importance and is possibly a fundamental feature that can precisely add to the firm’s performance (Du, Bhattacharya, & Sen, 2010). Nonetheless, a considerably difficult and pertinent responsibility of the top management in an organisation is to understand how CSR can be implemented, communicated and engaged at the consumer level. Raithel and Schwaiger (2015) concluded that CSR should be addressed at both internal and external stakeholder levels, including local communities, investors, employees, suppliers and buyers. The focus of this research is on one stakeholder: consumers. The research will address the importance of corporate social responsibility and its role in influencing overall consumer decision-making, along with potential challenges that consumers face regarding enhancing such decision-making.

Empirical studies have offered conflicting evidences with regard to the direct effect that CSR has on organisational performance. For example, Tracey and French (2017) conclude that a circular relationship was seen between CSR-driven corporate reputation and financial and market performance. On the other hand, Öberseder, Schlegelmilch, and Gruber (2011) argue that consumer expectation of ethical performance and ethical consumerism has driven overall acceptance of CSR. The general thesis of this research is that an improvement in CSR-driven corporate reputation can improve consumer acceptance and therefore better financial performance. Such an improvement in financial performance can lead to better market performance. This review of literature argues that such perceived evidences provide a business case for the analysis of how buyers or customers are influenced by overall CSR. CSR research requires understanding different dimensions of corporate reputation which can help adhere to overall acceptance. This essay will discuss potential definitions of CSR, the theories
which underlie overall decision-making, the choice of CSR activity and focus on charities, as well as the overall theoretical framework.

2.2. The CSR Concept

The purpose of this section is to define CSR and identify its underlying goals. According to the definition given by the European Commission (2001), CSR is a concept in which companies decide consciously to give back something good to the society and ensure a cleaner place to live in. There are four correlated dimensions of CSR, which are law, ethics, economics and philanthropy. These factors permit an organisation to generate profits, obey the legal laws, to be ethically inclined and finally to be a good citizen. Khan et al. (2012), on the other hand, argue that CSR adoption by an organisation must be driven by activities. These activities should be such that they reflect the relevant needs and values after recognising its stakeholder groups such as employees, investors, suppliers and customers within its limits of strategic and operational processes. It is understood that when firms follow CSR, they should be concerned more about achieving two major goals, being profitability and aligning the company with the social goals laid by CSR. Öberseder, Schlegelmilch, and Murphy (2013) indicate that this will identify the talent of the organisation to attain economic objectives in a socially acceptable way. Janssen, Vanhamme, and Leblanc (2015) further identify that when a CSR strategy is implemented, the organisation needs to know how the consumers view the CSR action and how people respond to adoption of the CSR strategy. However, achieving both economic and non-economic goals is vital for the success and survival of the organisation.

Apparel retailers are eager to advance their CSR focus by focusing on social and environmental implications. Three crucial implications can be arrived at by the current research on consumer consumption behaviour and environmental attitude. Firstly, it was argued by Khan, Rodrigues, and Balasubramanian (2017) that several buyers remain uninformed of the probable economic and social effects that the production of non-ethical goods can have. Secondly, considering the advancement in throw-away
consumption, the increase in production and consumption has begun a culture of mass consumption wherein ethical production or consumerism is not given importance by buyers (Lam, Yurchisin, & Cook, 2016). Finally, there are buyers that are informed of probable ethical problems and effects but are not able to view the substitutes due to restrictions of access, quality and price (Lam, Yurchisin, & Cook, 2016). It is possible in such situations that there exists a wide range of consumer attitude and behavioural intent with regard to CSR activities of fashion retailers. To be able to properly comprehend these elements, this research argues that ethical consumerism and its definition need to be revisited.

Ethical consumers are people that enquire about the ethics of the product or service before making a purchase (Freestone & McGoldrick, 2008). They make the purchase decision only if they are sure that it can add value to their needs and to those of the society. Evidences were presented by James (2015) on ethical consumption in the UK in 2016. An 8.6 per cent increase in ethical purchases and consumption was observed even with zero inflation. The ethical market overall was valued at about £38 billion. Nevertheless, it was argued by McLaren and Goworek (2017) that there remains a divide in ethical consumerism, as behavioural intent and actual behaviour might not be equal due to added effects of factors like quality, price and immediate accessibility. Such ethical consumerism-related decisions go beyond the simple environmental to include social elements, such as child labour, offerings to the local community and beliefs on tax avoidance practices (Shen, 2014).

2.3. Theoretical Notions: ELM Theory

Nan and Heo (2007) contend that consumers are more likely to buy products based on conventional attributes such as price, quality and convenience or availability over products manufactured by companies that follow CSR. On the other hand, other researchers (Parguel, Benoît-Moreau, & Larceneux, 2011) found that the information about the environmental performance of an organisation is not clear enough to the customers and many of them only adopt spurious CSR activities. Another set of
researchers (Tian, Wang, & Yang, 2011; Pomering & Dolnicar, 2009) claim that other moderators of attitude—namely knowledge of the environment, concern about the environment and commitment—were significant determinants. All of these studies are based on the same theoretical notion of attitude management. Most of the research in this aspect adheres to the theory put across by Ajzen and Fishbein (1980) known as the theory of reasoned action or the extended version known as the theory of planned behaviour. This theory places the intentions of customers as the primary intercept between the former attitudes and the real behaviour and as the most precise indicator of human behaviour.

Irrespective of the global concern for environment-based issues, Manaktola and Jauhari (2007) have identified that there is an association between the attitudes of consumers and their implementation of environmentally favourable behaviours. Vermeir and Verbeke (2006) further recommended that a positive association prevails between the expressed intent of individuals to take up an eco-friendly work culture and their behaviour, and this can extend to buying behaviour. The disparity in findings is mainly due to the variations in the responsiveness of consumers to different CSR initiatives. The level to which the company’s CSR is significant to the consumers can be compared directly to the level of involvement with the environment (EI). It is easy to differentiate between the high and low EI consumers as the former have a purchase behaviour that is impacted by CSR, while the behaviour intent of the latter is affected minimally by CSR factors (Montano & Kasprzyk, 2015).

The elaboration likelihood model (ELM) states that the level of personal importance and the relevance of the attitude object are referred to as involvement. A higher level of involvement leads to a fundamental attitude formation and change in attitude (Petty & Cacioppo, 1986). This results in a higher level of cognition in which consumers knowingly consider the elements that are pertinent to their requirements and evaluate the attitude objects in a logical manner. On the other hand, a low degree of involvement leads to a peripheral route to a change in attitude (Petty & Cacioppo, 1986). This leads to a lower level of cognition in which the consumers tend to form ideas based on their exposure to information that is easily available to them and which is easy to understand.
These consumers are identified to be least impacted by the attitude object (Petty, Cacioppo, & Kasmer, 2015).

Consumers who have a higher degree of involvement are consumers who view attitude objects as important entities and relate to them on a personal level. In the present context, high EI consumers will probably be aware of information pertinent to the environmental performance as it is more important to them. It is also likely that the attitudes of such high EI consumers will be stable in this respect for a longer time and can be easily remembered from the consumption context: both can predict future attitudes accurately (Tian, Wang, & Yang, 2011). Hence, these high EI consumers are expected to show higher purchase intention towards companies that exhibit strong environmental performance as there is a higher degree of consistency between their behaviours and their planned and real behaviour (O'Keefe, 2013).

Conversely, Kitchen et al. (20014) assert that low EI consumers are less interested to relate their purchase intent to the environmental performance of a company, but instead prefer companies that have better value products. Previous research studies generally strengthen the proposal that EI will positively impact the purchase intent of the consumers towards companies that have strong environmental performance (Schemltz, 2012). For instance, Schemltz (2012) argues that consumers with high EI most probably involve themselves with environmental behaviours such as recycling and collection of funds for charities when compared to low EI consumers. Petty and Brinol (2014) assert that high EI consumers show more favourable attitudes towards green advertisements and promotions when compared to low EI consumers. Furthermore, Öberseder et al. (2013) indicate that the purchase intentions of high CSR-oriented consumers are impacted by the CSR record of the company only when the quality of the product sold is high.

These findings show that there could be a relationship between the overall attitude of the customer towards CSR and environmental friendliness or acceptance and their overall purchase intent. However, as Morsing and Schultz (2006) argued, a key element which sets such behaviour apart from others is the need to communicate overall CSR
activities to the customer. This makes CSR communication an essential element which is discussed as part of this research.

2.4. Signalling Theory

Apart from ELM, another theory that should be addressed is the acceptance of CSR by stakeholders and the potential impact that it can have on operations. This requires addressing the signalling framework. A signalling-based framework was put forth by Costa and Menichini (2013), wherein the corporate reputation greatly influences the investor’s decision-making process. Hence, as identified by Costa and Menichini (2013), reputation is a signal which can be used by consumers to create a more socially acceptable brand.

Tingchi Liu et al. (2014) recognises that CSR is indirectly connected to shareholder value through the support of customers to purchase or boycott the product. The signal function of CSR is that it provides a positive reaction amongst customers which then signals overall agents in the industry. Customers who are content constantly improve the loyal base of the organisation. It has been suggested by researchers (Chan, Watson, & Woodliff, 2014; Mejri & Bhatli, 2014) that CSR is linked to quality and can, in turn, improve overall customer satisfaction. For example, Peloza, Ye, and Montford (2015) argue that competition in the form of better pricing as well as overall bundling is decreased by high loyalty on the part of the customer. This signal can, in turn, increase overall acceptance of the product. This signal indicates higher cash flows and reduces uncertainties. Hence, it can be assumed that customer loyalty and satisfaction assists in bettering the overall reputation of the organisation (Michelon, Pilonato, & Ricceri, 2015).

Presumed quality that sustains the depth of the stakeholder’s positive assessment of a specific feature like capability to create quality products is an important factor for the reputation of the firm. Tingchi Liu et al. (2014) lay emphasis on prestige or competence, which decides the superiority of the firm and is anticipated to be impressive to potential customers who can then emerge as other stakeholders. For example, it was argued by Loussaïef et al. (2014) that the name of a reputable company might make the rest think...
about how one could possibly find a job there or it might create products that may look advanced, classy or upmarket as a core dimension of reputation.

2.5. Determinants of CSR Activity

According to Gupta and Sharma (2009), there are various factors that drive organisational engagement with CSR activities. For example, Sacconi (2007) contends that most companies are found to adopt to specific CSR activities which are driven towards environmental responsibility. These are driven by both government (local and national) and international body guidelines. This can be considered as a coercive adoption of CSR activities, where the goal is to meet set guidelines. Secondly, Brønn and Vrioni (2001) argued that companies look to social opportunities as they can provide cause-driven marketing options. This is because there are many consumers who are driven by cause-driven marketing and, as Bhattacharya (2016) argues, this is largely linked to the consumer age and gender. This can be an opportunity-driven venture. Additionally, as the author argues, some companies look at the congruence between their customer expectation, their own values and a potential venture. In this case, values like consumer hedonism and company altruism are considered. This can influence overall consumer purchasing behaviour (Hwang & Kandampully, 2015). As Kiessling, Isaksson, and Yasar (2016) contend, consumers look to support specific causes and if the company is able to show support for such a cause then they tend to purchase from them. This research intends to determine the potential impact that the organisational decision to donate to the National Society for the Prevention of Cruelty to Children (NSPCC) can have on overall consumer decision-making. This charity is one whose focus is on child protection and child welfare promotion. The goal of this research is to understand if the consumer focus on specific charities can lead to overall support.

2.6. CSR and Corporate Communication

To understand the concept of consumer attitude and views on CSR, one needs to observe how retailers communicate the CSR activities. Most researchers accept that there are several barriers and restrictions with regard to CSR communications (Du,
Bhattacharya, & Sen, 2010). On a common note, companies generally fail in communicating about CSR to their customers, leading to a poor response from the latter. According to Kim (2014), the companies should take on responsibility for low awareness of CSR among their consumers and this poses a hurdle for companies to produce conscious associations between their CSR activities and corporate image. Irrespective of this situation, consumers are involved in knowing more about the CSR actions of the firm and are favourable towards the firms that follow them. It is mandatory for the consumers to know more about such actions and this encourages the storage of CSR-based information in a database (Schemltz, 2012). When consumers are less acquainted with the issues associated with CSR policies, it is more significant to implement the role of an educator to impart knowledge on social issues to generate the necessary impact on the consumers. Marketing communications based on CSR are chances for companies to mould consumers’ perceptions of the organisation image and their brand values (Nielsen & Thomsen, 2009).

Elving et al. (2015) argue that retailers have the capacity to mould a suitable market-distinguishing strategy that constructs the brand equity and results in high customer loyalty and other positive results. The retailer brand equity, according to research literature, states that retailers should not promote CSR actions as they push their products, brands or services. The critical nature of CSR interactions acts as a challenge to marketers, as the trust and confidentiality of the information source is vital for a fruitful communication. Tench, Sun, and Jones (2014) discovered that consumers tend to prefer CSR-based information in minimal channels such as annual reports and web portals as opposed to conventional channels of communication. The consumers are mostly critical towards advertising and react in a negative manner if firms try to convince them.

Moreover, as Golob et al. (2013) contend, consumers may assume that the CSR actions are used only marginally to enhance the corporate image and do not clearly project the real intent and values of the firm. Hence the companies need to analyse several promotions to justify their actions. It is significant to understand the degree to which the impact of CSR is observed when the companies choose their channel of
communication. For instance, in the case of consumers, three main levels could be impacted, being the consumer-retailer association, the relationship with the retailer brand and the image of the retailer brand.

### 2.7. Theoretical Framework of the Study

Influences on consumer decision making are many and these can be broadly divided into needs, wants and problems. A unique customer decision-making model was recognised by Solomon (2014) that can assist in comprehending the underlying method leading to consumer behavioural intention. As deliberated in the previous sections, a firm’s marketing method and its portrayal of the product can behave as factors affecting the decision-making process of a consumer. Internal processes follow this, wherein consumers often judge their needs by making use of a mix of utilitarian and non-utilitarian elements containing psychological influences. This leads to the result—that is, the decision to make the purchase and then the actual purchase.

It was argued by Lysonski and Durvasula (2013) that generally there are two separate divisions regarded as psychological factors within the framework of decision making. These comprise environmental and social level elements. Considering the environment, several responsibilities are regarded by the consumers—for example, decline in emissions, waste and consumption of energy. The aim of the supplier domain relies on integrity in problems like interview, selection of supplier, and employment terms and conditions. Another important sub-area is the duty of the organisation towards the local community (Vitell, 2015). The emphasis here is on the economic offering to the advancement of a region, local sourcing and the formation of jobs for people in the society. The problems acknowledged by the social domain involve the backing of social projects, hiring of people with disabilities and contributions towards social causes (Caruana & Chatzidakis, 2014). These findings show the need to address some specific elements of consumer decision-making which can impact the overall framework of the research.

According to Chaudary and Ali (2016), the CSR image does have a positive influence on consumers’ purchase intention. Quintão and Isabella (2015) added that the
contribution of CSR and the local community impacts the purchase intention of the consumers. Nyilasy, Gangadharbatla, and Paladino (2014) argue that consumers show a higher intent to purchase from companies that have implemented CSR than from socially irresponsible companies. Conversely, the research by Rahman and Norman (2016) identified that even if the consumers have a positive attitude towards a company that is socially responsible, it does not impact their real purchase attitude. The impact of the CSR image thus remains confusing. This identifies the need to better understand two separate elements: the first is the actual CSR disclosure across different elements and the second is determining how CSR is perceived at a symbolic level.

2.8. CSR Disclosure and Consumer Intent

Bobby Banerjee (2014) and Lin-Hi and Müller (2013) contend that a CSR record consists of the entire information on corporate relationships and is different from information available on the products at the attribute level. The legal responsibility of the corporation is to strictly follow the rules that the legal system describes to safeguard the interests of the stockholders, employees, suppliers and consumers. The legal responsibility may impact the product quality as perceived by the consumer. According to Puppim de Oliveira and Jabbour (2017), the purchasing decision of the consumer relies on the perceived risks and benefits. In terms of anticipated negative utility related to the purchase of a specific brand, the risk may also come from minimal knowledge about the product. This asymmetry of information prevails between a firm and its consumers that need to use certain languages to translate the features of the products and its related activities.

O’Riordan and Fairbrass (2014) describe that the information on a brand that follows the law may send positive signals to consumers that instil confidence in them. For instance, the brand will include components as per the laws when the products are being designed and will use suitable raw materials when products are being generated, rather than useless components or low quality ingredients. The legal accountability here plays the role of an insurance policy in the assessment of product quality by the
consumer. However, when the consumers buy a brand that satisfies the concept of legal responsibilities, they may perceive that the advantage obtained will be safeguarded by the law and they will be treated well as the brand cannot now omit its responsibilities. Therefore, the following hypothesis is proposed:

H1: Consumer positive perception of CSR disclosure of an organisation can influence their purchase intent.

2.9. Ethical Consumer (Person-Organisation Fit) and CSR

He and Lai (2014) assert that decisions on consumption are mostly symbolic representations as people use them predominantly to express something about who they actually are and what exactly they want to be. Support for this claim comes from the theory on person-organisation (P-O) fit which affirms that the overlap of the self-concept of a person and the perceived organisational identity is considered because it offers easy options for self-expression. However, in the marketing sector, one of the components resulting in the identification of the customer with any brand is simply the identity of the brand. Wu and Wang (2014) argue that CSR information mostly comprises a comprehensive basis for consumers to evaluate the brand identity. While consumers tend to view some sort of mismatch between their own attitudes and their reactions towards the brand’s CSR initiatives, these initiatives can even degrade the intentions of customers to purchase the brand. Therefore, it is argued that:

H2: Consumer perceived congruence between personal and organisational identity and values influences their purchase intent.

2.10. Conclusion

The aim of this review of literature was to identify if CSR can drive consumer purchase behaviour. Two important theories, signalling theory and ELM theory, were used to address this perspective. The findings of this review show that consumer decision-
making is driven by perception of company activities as well as congruence between consumer and organisational interests. These elements need to be discussed as part of this study.
References


