Research on the Manageable Moderators Between CSR and Consumer Support

LIU Yi[1], FEI Xianzheng[2]
1. Business School, Jianghan University, P.R.China, 430065
2. Business School, Zhongnan University of Economics and Law, P.R.China, 430074
liuyiwh2001@126.com

Abstract: The positive effect of Corporate Social Responsibility (CSR) on consumer's support has been testified by many papers, but the researches on moderators are still not enough. Three factorial experiments were conducted in this paper to explore the manageable moderators between CSR and consumer's support in Chinese consumer goods industry. The findings are as following. Good CSR records have positive effects on consumer's support. It was testified in different industries and samples. Both information sources and issue involvement have moderator effect, but industry correlation has no moderate effect. Theoretical and managerial implications were discussed according to these findings.
Keywords: Corporate Social Responsibility, Consumer's Support, Information Sources, Issue Involvement, Industry Correlation

1. Introduction

Corporate faces the challenges from not only technical environment, which drives the firm to pursuit profit, but also institutional environment, which urges the corporate to do right things to get *legitimacy*; even they have nothing to do with the efficiency (Scott, 1995). Having good records on corporate social responsibility (CSR) issues is a good way doing well and meets these requirements. This paper aims at exploring the ways in which corporate can do better at doing well. That is, how to do CSR appropriately to earn benefit in markets as well as institutional environment.

The rest of this paper is divided into four sections. First, we reviewed extant literatures and summarized the gaps. Second, we developed out hypothesis about the moderate effect of three factors. Third, research design and data analysis were introduced. Finally, we concluded with a discussion on the theoretical implications and limitation of our research.

2. Literature review, research gaps, and the objectives of this research

According to Chahal & Sharma (2006: 205),
Corporate Social Responsibility (CSR) means firm's obligation to protect an improve welfare of the society and its organization, now as well as in future, through its various business and social actions, and ensures that it generates equitable and sustainable benefits for the various stakeholders.
Does good record on CSR be good to the corporation? Although it aroused controversies (Stanwick and Stanwick, 1998; Pava and Krausz, 1996), most researches seemed to support the positive side of CSR. Bhattacharya et al. (2004) pointed out that CSR strategy had firm level outcomes and macro outcomes, such as social welfare, quality of life, and role of corporations in society.

As far as firm level outcomes are concerned, there are plenty of proves have been provided by extant researches. Consumer's support is considered as an important outcome of CSR (Handelman and Arnold, 1999; Lichtenstein et al., 2004; Mohr and Webb, 2005; Simmons and Becker-Olsen, 2006; Du et al., 2007). Besides that, brand equity (Hoeffler and Keller, 2002; Berens et al., 2005), corporate reputation (Brown and Dacin, 1997), financial return (Luo and Bhattacharya, 2006; Orlitzky et al., 2003), competitive advantages (Chahal and Sharma, 2006), product extension (Biehal and Sheinin, 2007), and motivating work force (Drumwright, 1996) have all been discussed as subsequences of CSR.

Moderators between CSR and firm level outcomes are also discussed widely, such as consumer's characteristics (Sen and Bhattacharya, 2001), cause chosen in CSM program (Hoeffler & Keller, 2002), corporate brand dominance (Berens et al., 2005), corporate ability, including product quality and

innovativeness capability (Luo & Bhattacharya, 2006), perceived company's motives (Yoon et al., 2006), the extent to which a brand's social initiatives are integrated into its competitive positioning (Du et al., 2007).

However, the exploration on moderators is far from enough. The corporate needs to know how they can do better at doing well. That is, the controllable, endogenous, manageable factors, in stead of exogenous factors (such as the characteristic of customers), are to be discussed.

The aim of this paper is to discuss the manageable moderators which might influence the effect of CSR.

3. Hypothesis development

By conducting in-depth interview and focus group (all respondents are MBA students, who age from 24-45, mean $_{age}$ = 29; 59.8 percent are male), the researchers got three potential moderators as below:

1) Information sources, which means where the consumers get CSR information of focal corporate, or how the focal corporate communicates its good record.

Considered the role of internet in modern society and the crisis of confidence on it, how to make the positive information credible is a real question faced by corporations who are doing well. Information source play an important role on the possibility of information acceptance. It has two characteristics: credibility and attractiveness (Kelman, 1961; Petroshius and Crocker, 1989).

If the sources are credible, the consumers will be willing to believe it, and the corporate will have a higher possibility of harvesting positive outcome of consumer support. Otherwise, the good record of focal firm may be questioned by consumers, and there will be a lower possibility of getting support from them. Therefore, we have hypothesis 1 as below:

Hypothesis 1: information source will moderate the relationship between CSR and consumer support. When the information source is credible, the positive relationship between CSR and consumer support is higher than when the information source is incredible.

2) Issue involvement. It means whether or not the consumers care the issue the firm works on.

According to Zaichkowsky (1985: 342), involvement is "*a person's perceived relevance of the object based on inherent needs, values, and interests*". Here, issue involvement means the extent to which the consumer considers himself/herself being concerned about a specific CSR issues such as environmental responsibility, labor right, and charity issue. Issue involvement has much influence on attitude change (Sheriff et. al., 1965; Petty & Cacioppo, 1979; Maheswaran & Meyers-Levy, 1990).

When the consumers care CSR issues, the CSR information may have a high possibility of being noticed by them, and may have much more influence on them, which means it may result in positive outcomes, such as more purchase, willing to pay more for the product, word of mouth and so on. Therefore, we have hypothesis 2 as below:

Hypothesis 2: Issue involvement will moderate the relationship between CSR and consumer support. When the firm works on CSR issues which the consumer have higher involvement, the positive relationship between CSR and consumer support is higher than when the firm works on CSR issue which the consumer have lower involvement.

3) Industry correlation. When the firm works on issues which are close to its industry, the following mechanisms will help the firm get positive outcome. First, it may help the potential consumer perceive, understand, and remember what the firm has done. Second, the consumer may consider that the firm is doing what it can to do well, and it is sincere and credible. Therefore, we have hypothesis 3 as below:

Hypothesis 3: Industry correlation will moderate the relationship between CSR and consumer support. When the firm works on CSR issues which have higher correlation with the industry it belongs to, the positive relationship between CSR and consumer support is higher than when the firm works on CSR issues which have lower correlation with the industry it belongs to.

4. Research design and data analysis

Three factorial design experiments were conducted to testify the hypotheses respectively. The subjects were asked to participate in a consumer response study. Participation was voluntary and they were given

a small gift for their participation. During the experiment, the subjects were given a package of information (some vignettes) and instructed to assume the role of a potential consumer for a company. At the end of the session, participants were asked to complete additional surveys that contained the main constructs of the study, which include dependent variables, independent variables, and control variables. No identification number was collected and the subjects were assured anonymity. We will introduce these studies in below.

4.1 Study 1

In this study, an imaginary Company A from fast food industry was chosen to testify hypothesis 1.

Seventy-two subjects from mall interception were randomly assigned to one of four experimental conditions formed by crossing two levels of CSR record (high vs. low) with two levels of information source (credible vs. not credible). All cells had more subjects than 15. To control the influence of marketing efforts, we manipulated the level of marketing effort (such as product, price, convenience, and advertisement). They are identical in all scenarios.

In scenarios of high CSR level, Company A was described as a good employer, generous donators in charity, and performing well in the industry, in contrast with the opposite image in scenarios of low CSR level.

In scenarios of credible information source, the record of Company A was communicated in a decent and respectable TV program, in contrast with a local unknown media.

The Cronbach Alpha of consumer support, CSR level, information source, and marketing effect are 0.89, 0.80, 0.76, and 0.72 respectively.

Control check. Two one-way ANOVA was conducted to make sure this experiment have good internal validity (see table 1).

Table 1 Control check of study 1

Variables	Between Groups	Within Groups	Total	F	Sig
Marketing effects	4.36	30.22	34.58	.27	.026
CSR level	294.03	90.41	384.44	27.65	.000

We can conclude from table 1 as following. 1) As far as marketing effects was concerned, there is no significant difference (at the level of .01) in all scenarios. That is, the variance of dependant variable (consumer support) did not result from marketing effects. 2) The treatment of CSR level did work. That is, the subject did perceive different CSR level in this study.

In order to testify the moderation effect of information source, two-way ANOVA test that crossed two levels of CSR record and with two levels of information source was conducted. Consumer support was the dependent variables. Results from university ANOVA tests are reported in Table 2. As far as main effect is concerned, both of independent variables: CSR level and information source have significant influence on consumer support. The interaction effect is significant too. It is obvious that information source moderate the relationship between CSR and consumer support. When the information source is credible, the positive relationship between CSR and consumer support is higher than when the information source is not credible (see Figure 1). Hypothesis 1 was supported.

Table 2 Moderation effect of study 1

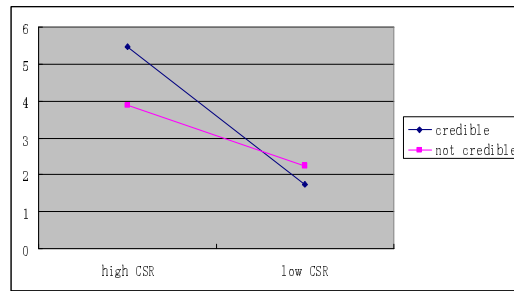|	Sum of Squares	df	F	Sig.
Main effect：CSR	127.99	1	183.00	.000
Information source	5.10	1	7.29	.009
Interaction effect	19.14	1	27.37	.000
Error	47.56	68		
Sum	195.70	71		

Figure 1 Moderation effect of information source

4.2 Study 2

In this study, an imaginary Company B from fast moving consumer good industry was chosen to testify hypothesis 2.

Sixty-eight subjects were randomly assigned to one of four experimental conditions formed by crossing two levels of CSR record (high vs. low) with two levels of issue involvement (high vs. low) to do role-play as a consumer X. Considering that the subjects were needed to act as an imaginary consumer, we select subjects from MBA classes, because they were supposed to understand and play the role much better than ordinary people.

The level of CSR record was manipulated by the description of Company B's behavior in environment protection.

To manipulate the level of issue involvement, vignette was used to describe consumer X's characteristic and habits in daily life, which may imply him / her to be highly or lowly involved in environment protection issue.

All cells had more subjects than 15. To control the influence of marketing efforts, we manipulated the level of marketing effort (such as product, price, convenience, and advertisement). They are identical in all scenarios.

The Cronbach Alpha of consumer support, CSR level, issue involvement, and marketing effect are 0.91, 0.79, 0.70, and 0.73 respectively.

Control check. Three one-way ANOVA was conducted to make sure this experiment have good internal validity (see table 3).

Table 3 Control check of study 2

Variables	Between Groups	Within Groups	Total	F	Sig.
Marketing effects	3.690	33.968	37.658	2.317	.084
CSR level	110.278	22.913	133.191	317.652	.000
Issue involvement	141.386	21.243	162.629	439.271	.000

We can conclude from table 3 as following. 1) As far as marketing effects was concerned, there is no significant difference (at the level of .01) in all scenarios. That is, the variance of dependant variable (consumer support) did not result from marketing effects. 2) The treatment of CSR level did work. That is, the subject did perceive different CSR level in this study. 3) The treatment of issue involvement did work. That is, the subject did act as different involvement consumers.

In order to testify the moderation effect of issue involvement, two-way ANOVA test that crossed two levels of CSR record and with two levels of issue involvement was conducted. Consumer support was the dependent variables. Results from university ANOVA tests are reported in Table 4. As far as main effect is concerned, both of independent variables: CSR level, and issue involvement have significant influence on consumer support. The interaction effect is significant too. It is obvious that issue involvement moderate the relationship between CSR and consumer support. When the firm works on CSR issues which the consumer have higher involvement, the positive relationship between CSR and consumer support is higher than when the firm works on CSR issue which the consumer have lower involvement (see Figure 2). Hypothesis 2 was supported.

Table 4 Moderation effect of study 2

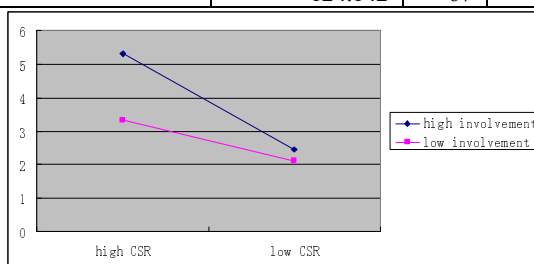|	Sum of Squares	df	F	Sig.
Main effect：CSR	86.698	1	208.129	.000
Issue involvement	4.107	1	9.859	.003
Interaction effect	8.782	1	21.082	.000
Error	26.660	64		
Sum	124.142	67		

Figure 2 Moderation effect of issue involvement

4.3 Study 3

In this study, an imaginary Company C – a sportswear manufacturer was chosen to testify hypothesis 3. Sixty-nine subjects were randomly assigned to one of four experimental conditions formed by crossing two levels of CSR record (high vs. low) with two levels of industry correlation (high vs. low). University students' samples were used in this experiment, because most of them are familiar with sportswear industry and they are important customer groups in this industry. All cells had more subjects than 15.

The level of CSR record was manipulated by the description of Company C's donation and other support actions in specific CSR issues.

To manipulate the level of industry correlation, two charities were selected: supporting nationwide fitness campaign as high level of industry correlation; donation to fight floods and provide disaster relief as low level industry correlation.

To control the influence of marketing efforts, we manipulated the level of marketing effort (such as product, price, convenience, and advertisement). They are identical in all scenarios.

The Cronbach Alpha of consumer support, CSR level, industry correlation, and marketing effect are 0.90, 0.78, 0.69, and 0.71 respectively.

Control check. Three one-way ANOVA was conducted to make sure this experiment have good internal validity (see table 5).

Table 5 Control check of study 3

Variables	Between Groups	Within Groups	Total	F	Sig.
Marketing effects	4.035	31.182	35.217	2.804	.047
CSR level	73.017	38.925	111.942	125.682	.000
Industry correlation	126.403	35.539	161.942	238.298	.000

We can conclude from table 3 as following. 1) As far as marketing effects was concerned, there is no significant difference (at the level of .01) in all scenarios. That is, the variance of dependant variable (consumer support) did not result from marketing effects. 2) The treatment of CSR level did work. That is, the subject did perceive different CSR level in this study. 3) The treatment of industry correlation did work. That is, the subject did perceive different level of industry correlation.

In order to testify the moderation effect of industry correlation, two-way ANOVA test that crossed two levels of CSR record and with two levels of industry correlation was conducted. Consumer support was the dependent variables. Results from university ANOVA tests are reported in Table 6. As far as main effect is concerned, both of independent variables: CSR level and industry correlation have significant

influence on consumer support. However, the interaction effect is not significant (see Figure 3). Hypothesis 3 was not supported.

Table 6 Moderation effect of study 3

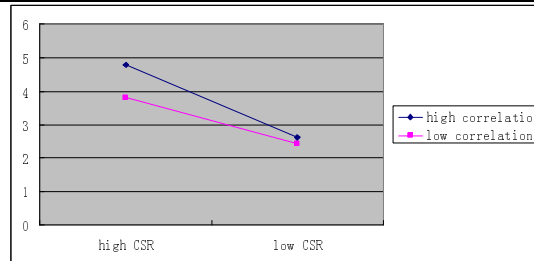|	Sum of Squares	df	F	Sig.
Main effect：CSR	53.246	1	65.716	.000
Industry correlation	6.059	1	7.478	.008
Interaction effect	2.843	1	3.508	.066
Error	52.666	65		
Sum	114.567	68		

Figure 3 Moderation effect of industry correlation

5. Implications and limitation

This study set out to examine the manageable factors which may affect the positive relationship between CSR and consumer support. Our results found that information source and issue involvement had moderate effect.

The implications lie in the following aspects. First, the company can do better at doing well. Yet the way how the company does well does matter. Second, to improve the output of CSR action, the company can choose the issues for which its target consumers or stakeholders may care very much. Moreover, communication of CSR information is important too. Credible channel may help the target people to accept the information and arouse their subsequent support.

Although this study contributes to the extent CSR literature, a few limitations should be noted. The main limitation that should be discussed pertains to the samples used in this research. Although different samples were used in 3 studies to improve the external validity, most of samples are first line city consumers. Consumer from rural area and small towns, who make up the majority of the public, may have different way of considering CSR issues. We need more researches conducted in other samples to gain more confidence in our conclusion.

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