

A Study of Corporate Social Responsibility Activities and Consumer Responses: Based on the Perspective of Consumers

Rong XIANG, Jian KAN* and Jing-jing WU

Zhejiang Gongshang University, Hangzhou, Zhejiang, China

*Corresponding author

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Abstract. With the deepening of consumer awareness of corporate social responsibility (CSR) movement, it's more and more significant to explore the impacts of CSR activities on the consumers from the perspective of consumers. With four hypotheses, this paper summarizes the components of CSR from the view of consumers and studies the impacts of CSR activities on consumers' purchase intention with questionnaires and experiments. Meanwhile, this paper analyses the regulatory effects of prices of products and the impact of consumers' supports on CSR activities on consumers' purchase intention.

Introduction

As social responsibility movement in China started late, most studies of social responsibility at home rely on the basis of overseas researches; only a few scholars do empirical studies of the concept of social responsibility from China's specific social and culture context. As a result, there is a deficiency of localization studies. In addition, because there is a great gap on cognition of corporate social responsibility (CSR), it is not so efficient to guide the corporate on taking its CSR in a better and more valid way. So far, most researches that analyzing social responsibility as well as the evaluation of the social responsibility standards and the importance of awareness of the components of social responsibility in China are based on the view of enterprise, which cannot fully reflect the consumers' interest demands, or highly think of the different perceptions of social responsibility between the enterprises and consumers.

From the research perspective, we find that most literatures are based on the view of enterprise which only including the components of CSR system and the empirical research on the impact, while a few studies are based on the view of consumers or the public. However, some scholars abroad have already made empirical researches from the perspective of consumers to study the relationship between CSR and its benefits.

Review of Literatures of CSR and the Hypotheses

Since the concept of corporate social responsibility (CSR) was first proposed in 1924 by the American scholar Oliver Sheldon, many scholars have studied the connotation and extension of the concept of corporate social responsibility. Bowen (1953), in his book proposed that "it is the enterprises' responsibility to make social policies, decisions and actions that combine the desired goals and values of the society"[1]. Carroll (1979), on the basis of previous researches, defined CSR as the social requires for the enterprises in the economic, legal, ethical, and other facts[2]. Chinese scholars L. Ma and S.H. Qi (2005) suggested that "CSR is the summarization and expression of the obligations beyond target which maximizing the profit"[3]. W.F. Zhang (2006) suggested that "CSR is the enterprise's obligation when maximizing the profit to maintain and promote the interests of the society"[4].

Reviewing on the existing literature on CSR system and comparing the CSR system between western and Chinese literatures, the components of CSR system can be summarized into six dimensions: the community responsibility, the employee responsibility, the consumer responsibility,

the credit responsibility, the environment-protecting responsibility, and the social welfare responsibility. Due to the different development process of the social responsibility movement and different socio-economic, cultural and institutional background, and consumers' different awareness of social responsibility, the order of importance of the six dimensions above is also different. Combined with the enterprises' reality and the social and cultural background in China, the following hypothesis is offered:

H1. The importance of the six dimensions of corporate social responsibility in a descending order in the perspective of consumer is: the consumer responsibility, the social welfare responsibility, the credit responsibility, the employee responsibility, the environment-protecting responsibility, and the community responsibility.

Bhattacharya (2003) argued that a positive image of the social responsibility of the enterprise is much easier to produce identity customers[5]. Thus, having advantages in social responsibility is a powerful tool to increase the approvals of the consumers and employees. It can also bring the corporate unexpected potential values. Further, some scholars combine CSR with the response of consumers to products. And by studying the retail industry in India, Dutta and Singh (2013) pointed out that the rising CSR awareness of consumers in this field has a positive impact on consumers' purchase intention[8]. Recent studies have shown that specific CSR information can increase the purchase intention of CSR skeptics[9]. Some scholars, such as Rim et al (2016), even found that consistency between corporations and nonprofits that work with them on social responsibility leads to a more positive word of mouth[10]. Lois and Deborah(2005) suggested that CSR is able to increase the value of the products, which means consumer approvals are expressed by their final product choice[6]. For those consumers who have stronger sense of social responsibility, they would rather pay some extra money to take the products produced by corporate that undertaking social responsibility. In return, the consumers can get extra utility from these products. Lois and Deborah(2005) in their investigation found that consumers have different sensitivities of the prices when there is different sense of social responsibilities the corporate undertake[7]. The more consumers care about CSR when making purchase decision, the more impacts it will have on the sales result, and the more the corporate will take social responsibility activities. Moreover, when the sense of CSR is too low, there is no use for the corporate to sell their products in a very low price. This leads us to our second and third hypotheses:

H2. There will be a positive effect on consumers' purchase intention if the corporate undertakes the social responsibility.

H3. The price of the product plays a regulatory role in the relationship of CSR and the purchase intention. Moreover, if the products are in high price, the corporate will be more influenced in consumers' purchase intention than the ones in low price.

H4. Consumers' supports on CSR activities play a regulatory role in their purchase intention. The more consumer support CSR, the bigger effect it will be on their purchase intention.

After reviewing on the literature, and combined with the objective of the study and the reality, the model of this study is followed, see Figure 1.

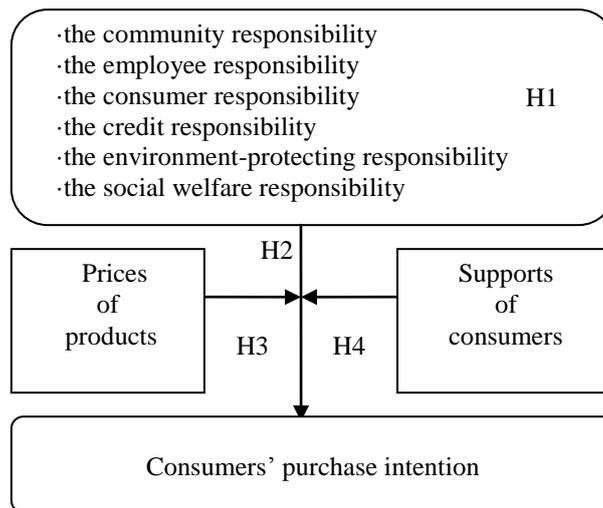


Figure 1. Model of the study.

Scale Formation and Inspection

We distributed 200 questionnaires by door-to-door investigation, delegating others, or through the internet. Our questionnaire, which included 30 items, tried to cover the six responsibilities that a corporate should undertake in the view of consumers. 142 valid questionnaires were collected. The recovery rate was 71%. After eliminating the unavailable ones, 116 valid questionnaires were finally collected. The effective questionnaire rate was 81%. We got the KMO value after testing all the items in the questionnaires through the factors fitness inspection. The result proofed that the sample was sufficient (KMO=0.822). The result of Bartlett spherical inspection ($p=0.000$, $p<<0.01$) illustrated that each item was dependent with the others. There may share the public potential factor. However, they can be used to do the factor analysis.

We used the principal component analysis to extract factors and did the varimax orthogonal rotation to illustrate the structure. All the characteristic values were greater than 1, and the iteration count to be convergent was 25. We arranged the loading of each factor from largest to smallest, and we got the initial factor loadings matrix with six factors.

After observing the initial factor loadings matrix, we deleted the nineteenth item, and the twenty-eighth item, which did little contribution to the public factor. We conducted the factor analysis again and got the second factor loadings matrix with six factors. We rearranged this load of each factor from largest to smallest, and again we got the factor loadings matrix. From the second factor loadings matrix, we could find the six responsibilities which a corporate should undertake in the view of consumers containing their respective items as followed: Factor 1 is the consumer responsibility including 4 items; Factor 2 is the social welfare responsibility including 5 items; Factor 3 is the credit responsibility including 4 items; Factor 4 is the employee responsibility including 5 items; Factor 5 is the environment-protecting responsibility including 5 items; Factor 6 is the employee responsibility including 5 items.

Due to the limitations of the objective conditions, this study could not be repeated measured. Cronbach's Alpha was used to check the reliability index associated with each dimension of the scale to make sure the scale was reliable. As can be seen in TABLE 1, the reliability indices of the scale were very good, ranging from 0.7657 to 0.8876. The scale was highly consistent. The variance contribution rate of consumer responsibility was 38.23%. The variance contribution rate of social welfare responsibility was 12.071%. The variance contribution rate of credit responsibility was 10.236%. The variance contribution rate of employee responsibility was 8.555%. The variance contribution rate of environment-protecting responsibility was 6.012%. The variance contribution rate of community responsibility was 5.411%. These six factors, which accounted for 80.52% of the total variance, revealed that our study was in good construct validity and hypothesis 1 was tested and supported.

Table 1. Alpha If Item Deleted Test.

| Items | Alpha if Item Deleted | Alpha | Items | Alpha if Item Deleted | Alpha |
|-------|-----------------------|--------|-------|-----------------------|--------|
| B7 | 0.8764 | 0.8876 | B10 | 0.7941 | 0.7884 |
| B8 | 0.8655 | | B13 | 0.7522 | |
| B6 | 0.7451 | | B12 | 0.8352 | |
| B9 | 0.7111 | | B14 | 0.8027 | |
| B27 | 0.7603 | 0.8472 | B11 | 0.7717 | 0.7657 |
| B26 | 0.8102 | | B21 | 0.7668 | |
| B29 | 0.821 | | B22 | 0.7555 | |
| B30 | 0.8246 | | B20 | 0.7338 | |
| B25 | 0.7845 | | B23 | 0.7874 | |
| B1 | 0.7746 | 0.7941 | B24 | 0.8007 | 0.7885 |
| B3 | 0.7556 | | B18 | 0.7413 | |
| B5 | 0.7535 | | B15 | 0.7558 | |
| B2 | 0.7368 | | B16 | 0.7389 | |
| B4 | 0.7525 | | B17 | 0.7775 | |

Experiment Design

Considering that CSR contains multiple dimensions, we only designed three experiments to study the effects of consumer responsibility, the social welfare responsibility, and the credit responsibility on consumers purchase intention, respectively. Every experiment was designed to be 2 (CSR activity) x2 (price) between groups; the other one was designed to be 2 (CSR activities) x2 (support) between groups. Two levels were included in CSR activities: 0= the positive CSR activity, 1= the negative CSR activity. Also two levels were included in prices of the product: 2= low grade products, 3= middle and high grade products. According to the experiment, we got four groups as followed: Group 0&2, Group 0&3, Group 1&2, Group 1&3. Meanwhile, we designed two control groups, which had nothing to do with any information of CSR, to distinguish whether the positive or negative CSR activities really affected the consumers' purchase intention. The prices of products in these two groups were respectively as the same as the two levels mentioned above.

In order to overcome the effect made by the bias of the consumers to the existing brands, a suppositional firm A producing digital camera was created in this study. Two parts were contained in our experiment: the description of the shopping scene and the description of the CSR activities. Three dimensions were contained in the CSR activities: the consumer responsibility, the social welfare responsibility, and the credit responsibility. In this experiment, we also distributed 200 questionnaires by door-to-door investigation, delegating others, or through the internet. 186 valid questionnaires were collected. The recovery rate was 93%. After eliminating 11 unavailable ones, 175 valid questionnaires were finally collected. The available questionnaire rate was 87.5%.

Results of the Experiment

ANOVA was used in our experiment to analyze the impacts of CSR activities on consumers from the perspective of consumers. That CSR activity to be considered as operating variables was found to be available through the ANOVA. Compared with the control group, the group with positive CSR activities on purchase intention got higher marks than the control group, while the group with negative CSR activities on purchase intention got lower marks than the control group. It should be stressed that the variables about CSR's supporting consumers' purchase intention was not significant different. It explained that there was nothing to do with the scene for the experimental groups, which was exactly the original intention of our study.

In order to study whether CSR activities would have impacts on consumers' purchase intention, we firstly used Homogeneity of Variances Test to checkout the precondition of the Variances Test. The result showed that $p=0.346$, and $F=1.249$. So the precondition was satisfied.

We found that when a corporate did positive society responsibility activities (no matter it was about the consumers, the social welfares, or the credit), consumers' purchase intention would be higher compared to a corporate did negative society responsibility activities (in Experiment 1, the positive mean value was 4.72, the negative mean value was 2.45; in Experiment 2, the positive mean value was 5.07, the negative mean value was 2.33). It was revealed that it would increase consumers' purchase intention when a corporate did positive society responsibility activities. However, it would decrease consumers' purchase intention when a corporate did negative society responsibility activities. Hypothesis 2 was tested and supported.

Besides, when the prices of the products were different, it was also proved that there existed interaction effects between CSR activities and the prices of the products, as well as CSR activities and the supports of the consumers, see TABLE 2. However, Castaldo and Perrini (2004) argued that there was no guarantee that consumers would always and consistently choose good corporate when purchasing products. In some cases, consumers may even fail to notice or consider the bad social activities of a corporate when making their purchase decisions. So Hypothesis 3 and 4 were supported.

Moreover, it can be seen from the interaction effects between CSR activities and the prices of the products, that in the social welfare responsibility dimension, whether the corporate would undertake the responsibility would have greater effect on consumers' purchase intention on the middle and high grade products than low grade products; in the consumer responsibility dimension, no matter it is middle and high grade products or low grade products, it would have the same great effect on consumers' purchase intention; in the credit responsibility dimension, it is the same with the situation in the social welfare responsibility dimension.

Table 2. The interaction effects test.

| | Experiment 1 | | Experiment 2 | |
|-------------------------|--------------|-------|--------------|-------|
| | F | P | F | P |
| CSR activities | 8.24 | 0.005 | 89.66 | 0.000 |
| CSR activities× prices | 4.35 | 0.042 | 9.50 | 0.003 |
| CSR activities×supports | 16.35 | 0.000 | 2.30 | 0.001 |

We also could find that consumers who positively support CSR activities would have great different purchase intention when facing different information about CSR. But for consumers who did not cares about CSR, their purchase intention was little affected no matter the corporate undertake CSR or not. Therefore, whether consumers support CSR plays an important role on their purchase intention.

Conclusions

We did the factor analysis on the 30 items which described the CSR in this study. Six factors were extracted from the perspective of the consumers, and the importance of the six dimensions of CSR in a descending order in the perspective of consumer is: the consumer responsibility, the social welfare responsibility, the credit responsibility, the employee responsibility, the environment-protecting responsibility, and the community responsibility.

According to the main existing findings presented in the CSR literature, consumers are interested in the social activities of the corporate, and these activities influence their purchase intentions. Also, it is significant positive correlate between consumers' purchase intention and positive CSR activities. When a corporate carries out positive CSR activities, the consumers purchase intention will be higher than when it carries out negative CSR activities no matter in the dimensions of consumer responsibility, the social welfare responsibility, or the credit responsibility. The price of products plays a regulatory role between CSR and the purchase intention. Moreover, if the products are in high price, the corporate will be more influenced in consumers' purchase intention than the ones in low price. Consumers support CSR plays an important role on their purchase intention. When consumers positively support CSR activities, they will have great difference in their purchase

intention when facing positive or negative information of CSR; when consumers care nothing about CSR, their purchase intention will be little affected no matter the corporate undertake CSR or not.

Innovations and Inadequacies

Even with the above limitations, this study worked from the perspective of consumers, considered the CSR as the main researching object in the field, and discussed the components of CSR and every important degree of these factors. The study also analyses the relationship between consumers' purchase intention and CSR activities, and the moderating effect of the prices of the products. Compared to the past studies, this study embodied the consumer's role of the socialization of the corporate.

However, there are limitations and weaknesses in this paper, such as the study method, the subjectivity limitations of the statement measuring method, the size and the range of samples, etc. Limited by resources, this study did not make segments in the whole industry. So, further research is yet to be studied in enlarging the quantity and range of the sample, making industry segments and considering the real marketing environment and so on.

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