



THE EFFECTS OF CORPORATE SOCIAL RESPONSIBILITY ACTIVITY AND ITS INFLUENTIAL FACTORS

Khemmachart Meechoobot¹ and Nattharika Rittippant^{1,*}

¹ Management Technology Department, Sirindhorn International Institute of Technology,
Thammasat University, Thailand

* e-mail: natthari@siit.tu.ac.th

Abstract


Corporate Social Responsibility (CSR) refers to the concept of continuing business commitments to economic development while behaving ethically and contributing to societal welfare. Advertisements about CSR activities have been quite popular in Thailand due to the rising trend in CSR and high business competition. These advertisements were broadcasted in order to promote the company's concern about being socially responsible to the community, society and environment. Therefore, the approach that companies promote their CSR activities is crucial to their corporate image. This study investigates the influences of type of media, level of awareness, consumers' personality, and type of CSR activity on consumers' perception toward CSR activity.

Keywords: company evaluation, consumer personality, consumer perception, corporate social responsibility, purchase intention, type of CSR activity, type of media.

Introduction

Many research focused on how CSR affects company's financial performance, firm performance, relationship with stakeholders, relationship with consumers, or even an employee commitment and satisfaction. Purchase intention is one of a key factor many business owners and managers want to understand. More specifically, they are interested in whether doing CSR or engaging in CSR activities will increase the consumer's purchase intention or not and how consumers perceived or evaluated companies that engage in CSR activities. This research will investigate how personality of consumers itself affects the consumers' perception about CSR activities.


The advantage of CSR is not just making profit or better social performance. Consumers are willing to pay for the higher price for product came from ethical company which includes the company doing CSR activity (Creyer and Ross, 1997). In addition, engaging in CSR activity can also result in better in evaluations of company, and greater company image among consumers (Sen and Bhattacharya, 2001).



The purpose of CSR communication is to increase exposure of the company's CSR initiatives to the public. The companies will never fully get benefits from CSR initiatives unless the companies communicate those initiatives wisely to stakeholders and public (Maignan and Ferrell, 2004). The way corporate communicate their social initiatives is important. Reporting activities and the fact about socially responsible behavior can lead to better consumers' perception about the company (Ursa and Jennifer, 2006). Communicating CSR initiatives in form of report can bring transparency and benefits of stakeholders to corporate.

A study conducted by Jian and Vidhi (2009) found that preferred communication channel for CSR activity in consumers include company websites, corporate brochures and other publications, company Intranet, other internal corporate media, and Internet news media. Therefore, the communication channels for transmitting CSR initiatives have to be chosen carefully depending on target group because not all audiences respond the same way to the same communication channel (Rodrigo, 2010). The reason why types of media have effects on consumer and need to be considered because the source of information's communicated is important. Consumers tend to distrust any information from advertisement than other information sources (Obermiller and Spangenberg, 1998). According to Schultz and Morsing (2006) consumers prefer to accept the CSR initiative information through annual report and website rather than advertisement which is more mass release. According to the study by Madalene, Bill and James about the seat belt enforcement campaign. They discover the significant relationship between type of media and awareness level of audiences. First thing they have discovered is that initiatives via paid media do increased awareness and the most effective communication channel is televisions. This is the proof that each type of media results in different levels of awareness. (Madalene, Bill and James, 2004). Selecting types of media to communicate CSR activity is a crucial factor for successful CSR implementation and management. In this study, we want to investigate the effectiveness of social media in communicating CSR activities. Based on Stephen and Galak (2010), researchers have tried comparing traditional media and social media in driving marketing performance. Alternatively, this study will compare social media with traditional media with adaptation to CSR activity communication. The media that categorized as traditional media are newspapers, magazine, television program, and advertisement. Social media are blogs, online discussion forums, and online communities (Stephen and Galak, 2010). Social media can be categorized based on their functions. Social networking sites (e.g., Facebook, MySpace, etc.), creativity works sharing (e.g., YouTube, Flickr, etc.), company websites/blogs, and user-sponsored blogs (Mangold and Faulds, 2009)

Different types of CSR activities can affect individual consumers and their behaviors in different ways. The evidence is shown in study conducted by Lee and Shin (2009). The study found out that CSR activities on social contribution and local community affect Korean consumers' purchase intention while CSR activities on corporate environmental protection and contribution



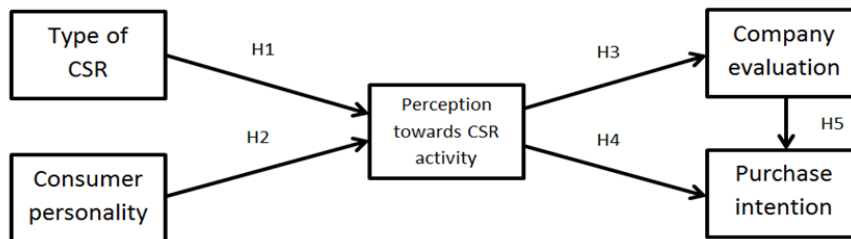
had less effect on their purchase intention. Based on Sen and Bhattacharya (2001) study about consumer reaction to CSR initiatives, not all domains or initiatives of CSR are guaranteed to have successful effects on consumers. The significant effects of CSR activity also depend on types of CSR activity and congruency between the activity and consumers (Sen and Bhattacharya, 2001).

Personality is frequently selected as one of a factor that can reflect or describe consumer individual characteristics. According to Basil and Weber (2006), authors classified personality traits into 23 traits: adventurous, ambitious, athletic, caring, competitive, creative, down-to-earth, family-oriented, generous, independent, intellectual, leader, loyal, outgoing, practical, religious, responsible, romantic, sophisticated, spiritual, stylish, trendsetter, and youthful. The study by Batson in 1998 mainly focused on how personality traits have an effect on consumer's prosocial behavior (behavior of benefit someone or something other than oneself) and how those behaviors influences consumer response toward CSR activities. Among various types of prosocial behaviors, Basil and Weber (2006) focused on two major types of behaviors which are Altruism (concern for others) and Egoism (concern for appearance). Altruism (concern for others) is desire or motivation of increase welfare of someone else (Batson, 1998). Altruism motivated will possess prosocial behavior in volunteer form and most likely to support CSR. Personality traits classified as altruism (concern for others) are caring, generous, family oriented, and loyal (Basil and Weber, 2006). Egoism (concern for appearance) is desire or motivation to increase personal welfare. Egoism motivated will possess prosocial behavior because such behavior can enhance and protect their ego, self-evaluation, and satisfies their self-esteem. Moreover, helping others is considered as normal norm. Therefore, egoism motivated people have prosocial behavior because they will not be perceived negatively by others. The result is egoism motivated will support CSR activity to create positive appearance and avoid negative perceptions from others. Personality traits that classified as egoism (concern for appearance) are stylish, trendsetter, and sophisticated. Both altruism and egoism motivation do have effects on how individual response to CSR activity and purchase intention as well (Basil and Weber, 2006).

Shelley (2008) suggested that company CSR activities affect purchase decision and the recommended that company should publicize their CSR activity. Moreover, better understanding (more knowledge) about CSR activity will definitely leads to favorable perception of company. Finally, the author have proved that awareness and understanding on CSR activity strongly leads to better perception toward corporations and stronger purchase intentions subsequently. According to Sen and Bhattacharya (2001), both Company ability and Corporate Social Responsibility have an influence on company evaluation. In author finding, CSR have a positive relationship with corporate evaluation. Consumers will evaluate corporate associated with CSR to have better image, favorable reputation and enhanced trustworthiness (Sen and Bhattacharya, 2001). Another aspect that relatively similar to company evaluation is corporate image. According to Kim et al. (2011), better perception towards CSR activity results in more favorable

corporate image and other consumer behaviors such as repurchase intention as well (Kim et.al, 2011). Figure 1 below show the framework of this study.

Figure 1 Framework



Methodology

Data collection and analysis

The data were collected by questionnaire survey of general consumers. We asked the respondents whether they have ever heard of the CSR's activity from the energy companies before, to measure the level of consumer preliminary awareness of CSR within energy industry. The respondents were asked which source of media they were received to measure awareness consumers had on each type media. The choices listed in question included two types of media which are traditional media and social media. Traditional media choices include newspapers, magazine, television program, and advertisement. Social media choices include Facebook, YouTube, and Twitter (Stephen and Galak, 2010). We also asked respondents about their perspective on CSR activities, whether the CSR activities conducted by the energy companies, in their opinions, are suitable (Xu and Yang, 2010). Next measurement is consumer personality. We listed the 23 personality traits and asked the respondents to rate on a 5-point Likert scale from "This doesn't describe me at all" to "This describes me very well" (Basil and Weber, 2006). For types of CSR activities, the respondents were asked to rate their perception on all of six types of CSR activities in order to investigate the consumer perception. The choice of CSR activities are economic responsibility, legal responsibility, environmental protection, customers related, employees related, social donation and charity. Next section is perception of consumers toward CSR and company which doing CSR. The respondents were asked about the importance of company CSR engagement and what did they consider when deciding where to purchase the gasoline. Moreover, the favorable perception of the energy companies whose doing CSR were checked by five-point Likert scale questions as well (Wang, 2011). The last section of questionnaire measured purchase intention of the product and company evaluation. The scenario of a hypothetical company which engaged in CSR was given. Respondents were asked whether they have intention to buy the product (Prendergast and Ko, 2010) and let the respondents evaluate that specific company by using context based on Kim et al (2011) research. Structural Equation Modeling (SEM) was conducted to test our proposed framework.

Results

Statistical program was used to analyze the data. Table 1 shows the descriptive statistics on demographic data and the CSR perspective among respondents. We distributed 400 surveys and there were 340 usable surveys in return. Among all respondents, 219 people (64.4%) know what CSR is, while 120 people (35.3%) do not know what CSR is. Moreover, 202 people (59.4%) are aware of CSR activities from petroleum company they used services from, but 138 (40.6%) people are not aware of those CSR activities. For any respondents who answered that they were aware of CSR activity, we further asked respondents the types of media that they have seen the announcement of CSR activities (Table 2). Table 4 shows the list of CSR perspective based on Xu and Yang (2010) context. The results show the overall CSR perspective answered by respondents with mean, standard deviation, and cronbach's alpha on each item.

Table 1 Descriptive statistics of demographic

Variable		Frequency	Percent
Gender	Male	133	39.1
	Female	201	59.1
Age	Under 22	109	32.1
	22-34	144	42.4
	35-44	51	15.0
	45-54	29	8.7
	55-64	1	0.3
Know CSR	Yes	219	64.4
	No	120	35.3
Aware of CSR activity	Yes	202	59.4
	No	138	40.6

Table 2 Type of media

Type of Media	Frequency	Percent
Traditional Media:		
TV	129	37.9
Advertisement	132	38.8
Newspaper	48	14.1
Magazine	65	19.1
Radio	20	5.9
Other	10	2.9
Social Media:		
Facebook	117	34.4
Youtube	64	18.8
Twitter	32	9.4
Other	18	5.3

We conducted the factor analysis to check the validity of factors and also conducted the regression analysis to see the relationship between those factors. Before proceed on model analysis, A confirmatory factor analysis (CFA) was performed on all 23 personality traits from original author to confirm the categorization and independence and to regroup the rest of

personality traits that original author exclude from their research. We investigated the effects from those excluded personalities on perception on CSR activities. Statistical program was used in factor reduction on all 23 personality traits by varimax rotation method, as shown in Table 3. Any coefficients smaller than 0.6 were suppressed. Statistical program performed factor reduction and factor analysis. All 23 traits were reduced to 15 traits and categorized into 5 distinct groups of personality. Two of them are similar and confirmed to what original author discovered in their research which are Altruism (group 1) and Egoism (group 2). In addition, romantic was an additional trait added to Egoism (group 2) as followed analysis' suggestion. The remaining 7 traits are regrouped into 3 new groups. Group 3 includes practical and down-to-earth. Group 4 includes responsible, intellect, and leader. Group 5 includes athletic and adventure (Table 3).

Table 3 Rotated component matrix

Personality Traits	Component				
	1	2	3	4	5
Family	0.784				
Generous	0.782				
Caring	0.768				
Loyal	0.694				
Trendsetter		0.836			
Stylish		0.818			
Sophisticated		0.763			
Romantic		0.604			
Practical			0.703		
Down-to-Earth			0.695		
Responsible				0.731	
Leader				0.661	
Intellect				0.644	
Adventure					0.711
Athletic					0.708

After all personality traits have been grouped. Regressions analysis was selected and performed on structural equation model program. The objective of the analysis is to confirm proposed conceptual framework. Table 5 contains goodness-of-fit values of proposed conceptual framework. However, the goodness-of-fit was partially met the fit conditions. Both CMIN/DF and RMSEA are satisfied at acceptable level of model goodness-of-fit. But for TLI and CFI are not satisfied the accepted level of value (TLI and CFI > 0.90). However, based on the cutoff loading principle (Hair et.al, 1995), allows the accepted values level to be shift down (> 0.8). Regarding to cutoff loading, the proposed model is acceptably fit. The analysis of path coefficient was continued regarding to acceptably fit of framework.

Table 4 Consumer's perspective on CSR

CSR Perspective	Mean	Std. Deviation	Cronbach's Alpha (α)
Create wealth and profit	3.20	.926	0.682
Provide valuable products and services to society	3.67	.839	
Economic growth and efficiency	3.65	.800	-
Ensure corporate sustainability	3.69	.766	
Operate within the bounds permitted by law	3.79	.840	0.931
Not act at the expense of environmental deterioration and ecological damage	3.81	.972	
Assume responsibility for solving environmental and ecological problems	3.82	.983	0.871
Environmental protection	3.81	.981	
Product and service quality	3.79	.868	0.918
Consumer safety in using products	3.88	.889	
Provide no false ads, make information disclosure	3.84	.925	0.897
Staff health and work safety	3.76	.833	
Staff skill development and training	3.73	.847	0.918
Physical and mental health and work satisfaction	3.74	.884	
Equal development and promotion opportunities	3.63	.908	0.897
Assurance system and stable income	3.68	.890	
Actively conduct charitable activities	3.65	.840	0.897
Actively participate in charitable causes	3.66	.857	
Pay attention to underprivileged social groups	3.74	.861	0.897
Support education, culture and arts	3.70	.816	

Table 5 Goodness-of-fit

Fit Indices	Accepted Value	Model Value
Absolute Fit Measures		
Chi-square/df (χ^2/df)	< 3	2.768
RMSEA (Root Mean Square Error of Approximation)	< 0.8	0.072
Incremental Fit Measures		
TLI (Tucker-Lewis Index)	0.8 - 0.9 *	0.803
CFI (Comparative Fit Index)	0.8 - 0.9 *	0.817
*Cutoff loading acceptable range		

Figure 2 shows the proposed framework and its results. By using Structural Equation Modeling (SEM), we calculated standardized path coefficients, standard error, critical ratio, and hypothesis results which are shown in Table 6. The level of significance (α) was set at 0.05. According to Figure 2, analysis suggests that personality 1, personality 2, personality 3, personality 4, personality 5, and type of activity can explain 53% of perception to CSR activity's variance. For both perception and company evaluation can explained 45% of purchase intention's variance ($R^2 = 45\%$) and perception alone can explained 41% of company evaluation's variance ($R^2 = 41\%$). For the results of each hypothesis are shown on Table 6. Hypothesis 1 shows that perception on CSR activity is significantly influenced by type of CSR activity ($\beta_2 = 0.682$, $p < 0.001$), therefore Hypothesis 1 is supported. Moreover, the highest regression weight among all 6 types of CSR

activities is environmental activity with weight equals to 0.873. For Hypothesis 2, the hypothesized relationship of all 5 groups of consumer's personality and perception on CSR activity are not significant. Therefore, Hypothesis 2 is not supported ($\beta_{2.1} = 0.071$, $\beta_{2.2} = 0.086$, $\beta_{2.3} = 0.185$, $\beta_{2.4} = -0.025$, $\beta_{2.5} = 0.137$, $p > 0.05$). For Hypothesis 3, there is a significant relationship from perception on CSR activity to petroleum company evaluation by consumer with high significant level ($\beta_3 = 0.642$, $p < 0.001$). For Hypothesis 4, the perception on CSR activity significantly has moderate influence on purchase intention ($\beta_4 = 0.299$, $p < 0.01$) but still supported due to its significant level. For Hypothesis 5, the company evaluation has moderate relationship with purchase intention ($\beta_5 = 0.436$, $p < 0.001$) with high significant level and therefore the hypothesis is supported.

Figure 2 Standardized path coefficients and R²

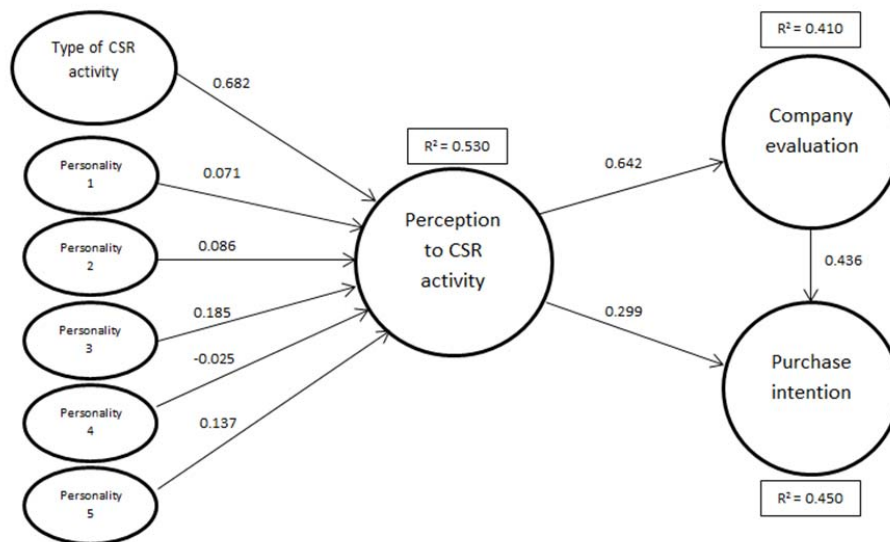


Table 6 Hypotheses testing results

Path	Estimate (β)	S.E.	C.R.	p	Results
Perception on CSR activity <--- Type of Activity	0.682**	0.060	9.309	0.000	Supported
Perception on CSR activity <--- Personality 1	0.071	0.055	1.283	0.200	Not Supported
Perception on CSR activity <--- Personality 2	0.086	0.050	1.531	0.126	Not Supported
Perception on CSR activity <--- Personality 3	0.185	0.077	2.056	0.040	Not Supported
Perception on CSR activity <--- Personality 4	-0.025	0.055	-0.461	0.645	Not Supported
Perception on CSR activity <--- Personality 5	0.137	0.072	1.575	0.115	Not Supported
Company Evalutaion <--- Perception on CSR activity	0.642**	0.086	8.603	0.000	Supported
Purchase Intention <--- Perception on CSR activity	0.299**	0.091	3.665	0.000	Supported
Purchase Intention <--- Company Evalutaion	0.436**	0.075	5.601	0.000	Supported

Note: β = standardised beta coefficients; S.E. = standard error; C.R. = critical ratio; ** $p < 0.001$, * $p < 0.01$




Discussion and Conclusion

For Hypothesis 1, the possible reason that it is not supported may be because of the context used to measure personality on each respondent is unable to determine respondent's personality effectively. For Hypothesis 2, different types of CSR activities result in slightly different in perception toward CSR activities. Moreover, we can conclude that all type of CSR activities positively influenced consumer's perception on CSR activities. For Hypothesis 3, the favorable perception consumers have towards CSR activities results in better evaluation consumers evaluate that particular company for its CSR. For Hypothesis 4, perceptions on CSR activity somehow partially influenced consumer's purchase intention. Therefore, the CSR activity and consumer's perception of those activities play some roles in consumer's purchase decisions. Lastly, Hypothesis 5 confirmed that not only perception that affected purchase intention, but company evaluation shows indirect effect to purchase intention as a mediating factor between perception and purchase intention. As Pomeroy and Dolnicar suggest that firms may need to educate consumers to be able to aware and understand the CSR initiatives communicated (Pomeroy and Dolnicar, 2009). Based on our results, consumers extremely see importance of doing CSR in energy companies and expect sustainability development within industry. However, few consumers received and were aware of the CSR information communicated by these companies. Thus, the energy companies should be aware of the ineffective CSR information communication and improve the communication about their CSR to the public.

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