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# Consumer responses to company disclosure of socially responsible efforts

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## Abstract

Since the California Transparency in Supply Chains Act (CTSCA) was enacted, many large apparel retailers are required to post a corporate social responsibility statement on their website regarding their practices. The present study applies the CTSCA to the shopping context for evaluating consumer responses. A factorial experimental study using a scenario method was designed to explore the aims of this study. Participants were randomly assigned to one of two scenarios regarding either an apparel company's website being compliant with the CTSCA, or an apparel company not have a disclosure on its website and therefore in violation of the CTSCA. A total of 716 responses were used in data analysis. The results show that there were significant effects of the presence of CTSCA on retailers' website on consumer responses, after controlling consumer characteristics of socially responsible consumption behavior. That is, respondents in the study perceived that presenting the public statement in compliance with the CTSCA on a company's website was more persuasive in decision making, promoted trust and enhanced usage and purchase intentions. The findings of the study suggest academic and marketing implications.

**Keywords:** California Transparency in Supply Chains Act, Socially responsible consumption, Consumer response, Website, Experiment

## Introduction

Since the idea that businesses have a responsibility to society beyond making profits for shareholders emerged around the 1960s, the concept of corporate social responsibility (CSR) has been growing in its importance and significance (Carroll and Shabana 2010). This has resulted in companies experiencing a great deal of pressure from investors to adopt strong codes of conduct and regular factory inspections (Welford and Frost 2006). Following this trend, the California Transparency in Supply Chains Act of 2010 (CTSCA) went into effect in 2012, requiring companies to post a visible CSR statement on their website regarding their practices concerning the prevention of slavery and/or trafficking of workers in their supply chains (CLI 2012). Since the CTSCA was formally introduced, many large apparel retailers, such as Levi's, Wal-Mart, and Gap Inc., have enhanced CSR efforts to reduce unethical labor practices by closely monitoring their supply chains (Pickes and Zhu 2013).

Consumers' growing interest in supporting responsible business practice also results in companies implementing CSR into their business (Golodner 2016; Jones

et al. 2017; Landrum 2017; Sweetin et al. 2013). Significant research has confirmed that consumers' perceived level of CSR in company practices has a significant positive effect on their attitudes and purchase intention of products and companies, indicating CSR can enhance financial performance (Bhattacharya and Sen 2004; Sen and Bhattacharya 2001; Tian et al. 2011). Furthermore, Mohr and Webb (2005) found that many consumers value CSR more strongly than the prices of the products when making purchase decisions.

Consumers are demanding more critical information regarding how companies manage social issues, such as forced labor and human trafficking, in supply chains. The government plays an important role concerning the dissemination of CSR information (Mohr and Webb 2005) and retailers' websites can be used as an effective tool for communicating with consumers regarding a company's CSR practices (Esrock and Leichty 2000). Since the CTSCA is the first legal attempt requiring public online statements regarding how manufacturers and retailers deal with social issues in their supply chains, the implementation of the CTSCA in the apparel industry is a valuable development. Considering that 89% of consumers expect companies to use both websites and social media to communicate CSR practices, and 93% want companies to provide additional CSR information through a website (Cone Communications & Echo 2012), it is critical to understand how disclosures on apparel businesses' websites influence consumer responses. However, it remains unclear how a company's CSR efforts, presented in the form of CTSCA disclosure on its website, are perceived by consumers and affect the consumers' evaluation regarding the company and purchase decisions.

Consumers' consideration of a company's CSR efforts may be affected by consumer characteristics and socially responsible consumption behavior. Consumers are not a homogenous group in terms of their socially responsible consumption behavior (Gonzalez et al. 2009) and those consumers with a higher level of awareness and concern regarding CSR respond more positively to a company's CSR practices (Tian et al. 2011). Öberseder et al. (2013) further found that consumers more positively evaluate a firm's CSR practices when there is congruency between a consumers and a firm's identity. Even though many researchers have confirmed that a firm's CSR practices can positively influence consumer responses (Mohr and Webb 2005; Sen and Bhattacharya 2001; Tian et al. 2011), no study has yet examined the relationship with the consideration of consumer characteristics of socially responsible consumption behavior. There is a clear need to understand the relationship between socially responsible consumption behavior and consumer responses, and to apply this understanding when evaluating the practical effects of the presence of CTSCA disclosure on an apparel retailer's website on consumer responses.

Companies which disclosed their CSR efforts are considered as trustworthy (Castaldo et al. 2009), and consumers' trust toward the CSR messages delivered by the companies influenced consumer positive attitudes and purchase intention (Atkinson and Rosenthal 2014). Moreover, previous studies identified that consumers had positive perceptions of companies' CSR efforts (e.g., Chang and Jai 2015; Gupta and Hodges 2012; Ha-Brookshire and Norum 2011), while they did not examine actual effects of CTSCA disclosure as firms' CSR activities. The present study seeks to investigate consumers' responses to the CTSCA implementation which is the first legal attempt requiring public online

statements of apparel retailers. Therefore, this study aims to answer the following research questions:

- RQ1: How do consumer characteristics of socially responsible consumption behavior affect their responses—(1) persuasiveness to purchase decision, (2) trust toward retailers, (3) future usage behavior, and (4) purchase intention—to the apparel retailer’s websites?
- RQ2: How does the presence of CTSCA disclosure on an apparel retailer’s website affect consumer responses in terms of (1) persuasiveness to purchase decision, (2) trust toward retailers, (3) future usage behavior, and (4) purchase intention, controlling for socially responsible consumption and product involvement?

## Literature review

### Corporate social responsibility

Over the past decades, as the importance of corporate social responsibility (CSR) has been steadily and significantly emphasized in US and overseas, CSR has received noticeable attention from companies, scholars, and consumers (Carroll and Shabana 2010; Tian et al. 2011). CSR is corporate self-regulation embracing the economic, legal, ethical, and philanthropic expectations that society has of business (Carroll 1991). Substantial evidence from the extant literature supports that companies can derive positive results from CSR by being a responsible, sustainable business (Carroll and Shabana 2010; D’Amato et al. 2009; Weber 2008). From the company’s point of view, CSR can create economic and social value, simultaneously. Weber (2008, p. 248–249) provided an overview of CSR benefits, including “*company image and reputation*”, “*employee motivation, retention, and recruitment*”, “*cost savings*”, “*revenue increases*”, and “*CSR-related risk reduction or management*”. Similarly, Carroll and Shabana (2010) described several tangible company benefits from CSR practices. Previous research has confirmed that CSR management efforts are positively associated with firms’ financial performance (Wang and Sarkis 2013), brand image and attitudes (Wu and Wang 2014), employee work motivation (Kim and Scullion 2013; Singhapakdi et al. 2015), and reduction of firm risk (Jo and Na 2012).

Compared to other industries, the apparel sector has experienced considerable criticism due to its higher risk for negative social and environmental outcomes, such as textile waste, vast amounts of natural resource consumption, chemical pollution, and labor issues (Emmelhainz and Adams 1999). A growing number of apparel and textiles companies have tried to integrate CSR into their business strategy with the belief that it will benefit their overall business performance (Gaskill-Fox et al. 2014). Several leading global apparel companies including H&M, GAP, Adidas, and Nike, have dedicated efforts to implement CSR into their business (GRI 2015). Additionally, an increase in attention to CSR has been witnessed not only in the US, but also globally. For example, in an exploratory study on the CSR practices in the Chinese textiles and apparel industry, Chi (2011) reported that various CSR-related laws, regulations, and movements have arisen in China, which represents a dominant participant in global supply chains (Appendix 1).

### **Disclosure of CSR and California Transparency in Supply Chains Act**

Effective January 1, 2012, the California Transparency in Supply Chains Act (CTSCA) is intended to ensure companies operate with a much greater level of responsibility when choosing suppliers and making supply decisions. The CTSCA applies to retailing and manufacturing companies who conduct operations in the state of California and with annual worldwide gross receipts in excess of one hundred million dollars. According to the CTSCA, qualifying companies are required to publicly provide detailed disclosures of their efforts to eradicate slavery and/or trafficking of employees, and protect basic human rights in their entire supply chains (CLI 2012). As a result of this information, the CTSCA expects that consumers will make more educated purchasing decisions regarding human rights issues.

After the CTSCA was enacted, many apparel companies provided more transparent reports about the required information through an easily accessible link on their websites. Several well-known large retailers, including H&M and Wal-Mart, re-organized and improved their website to provide their business practices and efforts under the requirements of the CTSCA. However, overall progress has been very slow. Ma et al. (2014) investigated how the apparel companies in the United States were complying with the requirement of the CTSCA in 2013, a year after the CTSCA went into effect. By examining the website disclosures of 35 apparel manufacturing and retail companies located in California and fell under the scope of the CTSCA, they found that less than half of the apparel companies (8 out of 19 manufacturers and 7 out of 17 retailers) provided disclosures concerning their efforts to eradicate slavery and/or human trafficking in their supply chains. Disclosures of all 15 companies included the required information and most were easily accessible from their homepage. Utilizing a wider scope, Ma et al. (2014) reported that 92 out of 204 apparel manufacturing and retailing companies in the US with global gross annual receipts of over \$100 million posted information meeting the requirements of the CTSCA. More recently, the Business & Human Rights Resource Centre and KnowTheChain approached the 129 companies who had not yet posted public statements in line with the CTSCA requirements in 2014. Only 44 companies responded and only 11 published a statement. A total of 85 companies were identified as not having a statement under the CTSCA (Business & Human Rights Resource Centre 2014).

Consumer perception of CSR is important because it can impact their responses to a company's social responsibility practices (Sweetin et al. 2013). To communicate with stakeholders and foster consumer awareness, many companies have presented their CSR initiatives through several channels such as annual reports, advertising, and public relations. Recently, disclosure of CSR on a company's website has been frequently used by several companies due to its advantages over the other channels (Gaskill-Fox et al. 2014; Tang et al. 2015). A company's website can be a more practical, faster, and inexpensive platform for companies to convey their CSR efforts to consumers (Mann et al. 2014). Particularly for global apparel companies, a company's website can be a useful channel to communicate with local and global consumers.

### **Socially responsible consumption**

Socially responsible consumption refers to behavior to minimize any negative/harmful impacts that can result from the consumption process—including acquisition, usage, and disposition of products—and maximize its long-term social and environmental benefits (Mohr et al. 2001). With growing public attention and government efforts, people are more knowledgeable than ever on social responsibility issues and the number of consumers concerned about the social impacts of consumption has increased globally. The Nielsen global survey of online consumers spanning 60 countries regarding corporate social responsibility showed that the proportion of consumers who are willing to pay more for products and services from a socially responsible company increased from 45% in 2011 to 55% in 2014 (Nielsen 2013, 2014). The results from a recent study from 500 randomly selected respondents also showed that more than half of today's consumers are willing to pay more for socially responsible apparel products (Ha-Brookshire and Norum 2011).

Socially responsible consumption behavior can be one of the consumer characteristics and is closely related to CSR (Carroll 1991; Mohr et al. 2001). Those consumers showing high levels of socially responsible consumption behavior recognized the obligation to make socially responsible consumption decisions and expect companies to operate responsibly to address social and environmental issues. Socially responsible consumption behavior may closely relate to consumers' motivation to consider CTSCA information and also affect their overall responses.

### **CSR and consumer responses**

Consumer trust refers to the consumer's expectation that the company will keep their promises and fulfill obligations (Dwyer et al. 1987; Hagen and Choe 1998). In order to build trust with a company, consumers need to be sure that companies will be reliable by doing what they are expected. If consumers do not trust the messages and claims provided by a company, they are less likely to have a favorable attitude toward, and intention to purchase products from, the company (Atkinson and Rosenthal 2014). Commonly, socially responsible companies that provide the disclosures of their CSR efforts are considered to be more reliable and transparent (Castaldo et al. 2009). A number of studies have also demonstrated the existence of a strong positive relationship between CSR and consumer trust and their responses to a company (e.g., Mohr and Webb 2005; Pivato et al. 2008; Stanaland et al. 2011).

As consumers often put more value on a product sold by companies that show effort in combating child labor and human right issues in their supply chains, a company's socially responsible initiatives can positively influence consumers' purchase decisions. A study by Sweetin et al. (2013) examined the differences in consumer responses—willingness-to-reward, willingness-to-punish, attitudes toward the company, and purchase intention—between socially responsible and socially irresponsible companies. Participants were exposed to one of four different scenarios of socially irresponsible, socially responsible, and environmental friendly companies with an additional scenario for the control group. The consumer group with the scenario of a socially irresponsible company revealed the highest willingness to punish and considerably lower purchase intentions than the other groups. Similarly, Chang and Jai (2015) reported that the positive

perceptions on a fashion company's CSR efforts can enhance brand equity and thereby increase consumers' purchase intentions. Diddi and Niehm (2017) investigated causal relationships of personal values, norms, attitudes, and patronage intentions concerning consumers' ethical-decision making. They revealed that consumer had greater intention to patronize the apparel retailers who are engaged in CSR activities (Diddi and Niehm 2017). Studies with consumers in developing countries have shown similar results. Gupta and Hodges (2012) explored Indian consumer's perceptions on CSR practices in the apparel industry and its impacts on consumer decision making process through in-depth interviews. Indian consumers expressed that they were willing to consider a company's CSR practices during the purchase decision making process and willing to pay more for products made by a socially responsible company.

## **Method**

### **Sample and data collection procedures**

A total of 1442 e-mail invitations were sent to online shoppers who were research panel for an independent marketing research company, using a random sample approach consistent with Dillman (2000). Respondents agreed with the institutional review board statement in the first screen and then answered a filtering question whether they had online browsing and purchasing experiences. After they responded to questions concerning socially responsible consumption behaviors, they were exposed to one of two scenarios. A factorial experimental study using a scenario method was designed to explore the aims of this study. Participants were randomly assigned to one of two scenarios developed by the authors which included a situation of purchasing an apparel product. Next, they evaluated the perceived persuasiveness of the companies' disclosure on the apparel retailer's website, followed by trust, purchase intention and future usage intention with the apparel retailer. Demographic information was also gathered.

### **Scenario**

Participants were exposed to a scenario regarding either (1) having an apparel company's disclosure in compliance with the California Transparency in Supply Chains Act (CTSCA) on the apparel retailer's website or (2) not having the disclosure on its website. The scenarios had the proposition that respondents browsed an apparel retailer's website; one of which had a public statement in compliance with the CTSCA, and the other did not. Participants were asked to answer questions pertaining to the persuasiveness of the disclosure and influence of the retailer's disclosure (either having or not having) on purchase decisions. The scenarios featuring the CTSCA disclosures included verification, internal accountability, certification, auditing, and training on combating slavery and trafficking issues in their supply chains (CLI 2012).

### **Measurements and data analysis**

Consumer trust was measured using four items borrowed from Beltramini (1982, 1988). Persuasiveness of information was measured using four items adapted from Reichert et al. (2001). To assess future usage intention and purchase intention, each of three items developed by Ma et al. (2014) were used. To evaluate socially responsible consumption behavior, twenty items using a 7-point Likert scale developed by Francois-Lecompte and



Roberts (2006) were utilized. Six items developed by Zaichkowsky (1985) were adopted to measure the level of apparel product involvement as a control variable. All items excluding socially responsible consumption behavior were measured using a 7-point semantic differential scale. Items measuring demographics included gender, age, marital status, ethnicity, education levels, income, and state where they are currently living.

Among 766 responses collected, a total of 716 responses were finally used for the data analysis, only for those who had browsed for or purchased an apparel product online. Three hundred and sixty-eight responses were from the scenario 1 which had an apparel company's disclosure on the website in compliance with the CTSCA and 348 responses were from the scenario 2 that did not have the disclosure on the website. Descriptive analysis, *t* test, exploratory factor analysis, and analysis of covariance (ANCOVA) were conducted to analyze the data using SPSS 23.0.

## Results and discussion

### Sample characteristics

Among the respondents, greater than 60% of respondents were male (62.7%) and the mean age of the participants was 39.9 years, with a range from 18 to 64. In regard to marital status, approximately 45.5% of the respondents were married and over 40% expressed that they were single and had never married. About two-third of participants were White or European American (75.7%), followed by Black or African American (10.1%), Asian American (8.0%), and Hispanic American (7.4%). About 67% of respondents had at least some college degree (66.6%) and several income ranges were reported: less than \$24,999 (20.6%), \$25,000–\$44,999 (28.8%), \$50,000–\$74,999 (22.3%), \$75,000–\$99,999 (14.7%), and more than \$100,000 (13.6%). Responses were collected from 50 US states.

### Randomization and manipulation check

The study conducted participant randomization checks. The results of the  $\chi^2$  test and *t* test indicated no significant differences for all demographics between scenarios with and without CTSCA ( $p > .2$ ). Finally, a *t* test was conducted to check the apparel product involvement level and resulted in an insignificant mean difference in both scenarios ( $p > .6$ ). The randomization of the study was successfully conducted in that respondent characteristics were demographically homogeneous in both conditions.

### Preliminary analysis

Exploratory factor analysis was conducted to verify the construct validity of the scales (Cronbach and Meehl 1955). In line with Francois-Lecompte and Roberts (2006), the results revealed five dimensions of socially responsible consumption behaviors, including firm's behavior, cause-related products, small businesses, geographic origin and consumption volume. The factor loadings ranged from .60 to .85 and two items were excluded because of the low factor loadings as shown in Table 1. Other research constructs—apparel product involvement, persuasiveness of information, consumer trust, purchase intentions and future usage intention—were considered as one dimension. Multi-items for Cronbach's *alphas* assessing internal consistency for all variables ranged from .77 to .98.

**Table 1 Factor analysis results for socially consumption behavior**

Variables	Factor items	Loading
Firm's behavior	I try not to buy products from companies that employ children	.78
	I try not to buy products from companies that don't respect their employees	.74
	I try not to buy products from companies or shops that are narrowly linked to political parties that I condemn	.72
	I try not to buy products from companies that strongly harm the environment	.74
	I pay attention to not buy products from companies that are narrowly linked with mafia or sects	.66
	Percent of variance explained = 16.55	Cronbach's $\alpha$ = .89
Cause-related products	I buy some products of which a part of the price is transferred to a humanitarian cause	.76
	I buy some products of which part of the price goes to developing countries	.75
	I buy products of which part of the price is given to a good cause.	.80
	I buy fair trade products	.67
	Percent of variance explained = 17.74	Cronbach's $\alpha$ = .87
Small businesses	I avoid doing all shopping in big businesses (large retailers)	.75
	I buy in small businesses (bakeries, butchers, book shop) as often as possible (small shopkeepers)	.70
	I help local small businesses to live through my purchases	.60
	Percent of variance explained = 12.55	Cronbach's $\alpha$ = .77
Geographic origin	When I have the choice between an American products and a non-American product, I choose the American product	.75
	I preferably buy American cars	.68
	I buy some fruits and vegetables made in the United States	.74
	I buy products made in my country	.78
	Percent of variance explained = 13.61	Cronbach's $\alpha$ = .80
Consumption volume	I try to reduce my consumption to what I really need	.83
	In a general manner, I try to reduce my consumption	.85
	Percent of variance explained = 10.96	Cronbach's $\alpha$ = .89
	Percent of total variance explained 71.41	

**Table 2 Mean values of research constructs by scenario**

	Persuasiveness		Trust		Future usage intention		Purchase intention	
	M (SD)	t value	M (SD)	t value	M (SD)	t value	M (SD)	t value
Treatment	4.97 (1.40)	3.14**	5.18 (1.17)	9.51***	5.05 (1.53)	2.79**	5.31 (1.24)	10.04***
Control	4.64 (1.50)		4.25 (1.46)		4.72 (1.60)		4.27 (1.53)	
Total	4.81 (1.45)		4.73 (1.40)		4.89 (1.58)		4.81 (1.49)	

Treatment group n = 368, control group n = 348; \*\*p < .01, \*\*\*p < .001

**Differences in consumer responses**

The results of independent *t* test are shown in Table 2. The findings showed significant mean differences in consumer responses by scenario. The respondents exposed to the scenario with CTSCA information perceived the apparel retailer's website



much greater than the one without CTSCA information in terms of the retailers' persuasiveness, their trust for the retailers, future usage intention, and purchase intention ( $t_{\text{persuasiveness}} = 3.14, p < .01$ ;  $t_{\text{trust}} = 9.51, p < .001$ ;  $t_{\text{future usage intention}} = 2.79, p < .01$ ;  $t_{\text{purchase intention}} = 10.04, p < .001$ ). That is, the participants perceived that the apparel retailer's website with CTSCA information provides greater persuasive information and is more trustworthy compared to company websites without this disclosure. They also had greater future intention to use and to purchase products from retailers providing CTSCA information.

The results of the study indicated that the effectiveness of CTSCA disclosure was found to enhance the levels of persuasiveness in purchase decisions, trust toward a firm, future usage intention, and purchase intention. Consistent with previous studies (Chang and Jai 2015; Grimmer and Bingham 2013; Ha-Brookshire and Norum 2011), this study found that many consumers consider CTSCA disclosure as a part of company's CSR performance for purchase decisions and buying intentions. This study also supports Castaldo et al. (2009) in that consumers perceive a company providing CSR disclosure as more reliable and transparent. Participants exposed to an apparel retailer's website with CTSCA disclosure revealed higher levels of trust.

#### Effects of socially responsible consumption behavior on consumer responses

To examine the influence of socially responsible consumption behavior on consumer responses (persuasiveness, trust, future usage intention and purchase intention) to the apparel retailers, multiple regression analyses were conducted, and the results are exhibited in Table 3. All four regression models were statistically significant ( $p < .001$ ).

**Table 3** Effects of socially responsible consumption on consumer responses

Dependent variables	Independent variables	Std. $\beta$	t value	Adjusted $R^2$	F value
Persuasiveness	Firm's behavior	.42	10.35***	.39	91.00***
	Cause-related products	.03	.87		
	Small businesses	.03	.84		
	Geographic origin	-.03	-.67		
	Consumption volume	.25	6.23***		
Trust	Firm's behavior	.07	1.39	.13	23.04***
	Cause-related products	.14	3.54***		
	Small businesses	.07	1.55		
	Geographic origin	.13	2.63**		
	Consumption volume	.08	1.68		
Future usage intention	Firm's behavior	.36	8.78***	.38	86.81***
	Cause-related products	.00	.01		
	Small businesses	.03	.83		
	Geographic origin	.01	-.26		
	Consumption volume	.31	7.55***		
Purchase intention	Firm's behavior	.02	.38	.09	14.65***
	Cause-related products	.06	1.50		
	Small businesses	.09	1.97		
	Geographic origin	.11	2.21*		
	Consumption volume	.11	2.14*		

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

**Table 4 Results of analysis of covariance**

Dependent variable model	Persuasiveness		Trust		Future usage intention		Purchase intention	
	F(df)	$\eta_p^2$	F(df)	$\eta_p^2$	F(df)	$\eta_p^2$	F(df)	$\eta_p^2$
Corrected model	128.45 (4710)***	.42	57.51 (4711)***	.25	119.89 (4710)***	.40	45.70 (1711)***	.21
Firm's behavior control	108.84 (1710)***	.13	–	–	78.11 (1710)***	.10	–	–
Cause-related products control	–	–	18.30 (1711)***	.03	–	–	–	–
Small businesses control	–	–	–	–	–	–	–	–
Geographic origin control	–	–	29.54 (1711)***	.04	–	–	20.84 (1711)***	.03
Consumption volume control	40.72 (1710)***	.05	–	–	61.22 (1710)***	.08	7.78 (1711)	.01
Product involvement control	27.29 (1710)***	.04	14.77 (1711)***	.02	21.47 (1710)***	.03	.99 (1711)**	.00
CTSCA scenario	9.82 (1710)*	.01	106.27 (1711)***	.13	7.04 (1710)**	.01	107.20 (1711)***	.13

\* $p < .05$ , \*\* $p < .01$ , \*\*\* $p < .001$

There were significant effects of firm's behavior and consumption volume dimensions among the socially responsible consumption behavior on persuasiveness ( $\beta = .42$ ,  $p < .001$  for firm's behavior and  $\beta = .25$ ,  $p < .001$  for consumption volume) and future intention ( $\beta = .36$ ,  $p < .001$  for firm's behavior and  $\beta = .31$ ,  $p < .001$  for consumption volume). Cause-related products and geographic origin dimensions of socially responsible consumption behavior had significant positive effects on trust ( $\beta = .14$ ,  $p < .001$ ;  $\beta = .13$ ,  $p < .01$ , respectively). Geographic origin and consumption volume dimensions had significant influence on purchase intention ( $\beta = .11$ ,  $p < .05$ ;  $\beta = .11$ ,  $p < .05$  respectively). The results of multiple regression analyses showed that some of the socially responsible consumption dimensions exhibited significant effects on consumer response variables. This indicates that consumers' socially responsible consumption behavior should be controlled to examine the true effects on consumer responses.

#### Effects of CTSCA on consumer responses

To investigate whether the presence of CTSCA disclosure on an apparel retailer's website affects consumer responses, the ANCOVAs were conducted. Socially responsible consumption behavior dimensions which were found to have significant effects on consumer responses from the regression analyses and apparel product involvement were considered as control variables (see Table 4).

Socially responsible consumption behavior had significant positive relations with all dependent variables as covariates. In addition, the results exhibited a significant covariate of apparel involvement in all consumer response variables excluding purchase intention. These results confirmed that consumer response variables are indeed sensitive to socially responsible consumption behavior and apparel product involvement.

The results of ANCOVA revealed significant effects of the presence of CTSCA information on all dependent variables. The first ANCOVA to examine the treatment

effect on persuasiveness found group effects ( $F(1, 710) = 9.82, p < .01$ , partial eta-squared = .01), and both the covariates of firm's behavior ( $F(1, 710) = 108.84, p < .001$ , partial eta-squared = .13) and consumption volume ( $F(1, 710) = 40.72, p < .05$ , partial eta-squared = .05) were significant. The strengths of covariate effects were noticeable; the effect size of firm's behavior and consumption volume were strong and modest, accounting for 13 and 5% of the variance in persuasiveness, respectively. The effect size of CTSCA information was small but significant.

The second ANCOVA to investigate the treatment effect on trust resulted in significant treatment and covariate effects as follows: group ( $F(1, 711) = 106.27, p < .001$ , partial eta-squared = .13), and covariates of cause-related products ( $F(1, 711) = 18.30, p < .001$ , partial eta-squared = .03) and geographic origin controls ( $F(1, 711) = 29.54, p < .001$ , partial eta-squared = .04). The strength of the effect of CTSCA information on consumer trust was strong, accounting for 13% of the variance in trust.

The model to examine the treatment effect on future usage intention found group effects ( $F(1, 710) = 10.49, p < .01$ , partial eta-squared = .01), and both the covariates of firm's behavior ( $F(1, 710) = 78.11, p < .001$ , partial eta-squared = .10) and consumption volume ( $F(1, 710) = 61.22, p < .001$ , partial eta-squared = .08) were significant. The strengths of effect of firm's behavior and consumption volume were modest, accounting for 10 and 8% of the variance in future usage intention, respectively. The effect size of CTSCA information was small but significant.

Lastly, the model to examine the treatment effect on purchase intention was significant: group ( $F(1, 711) = 107.20, p < .001$ , partial eta-squared = .13), and cause-related products ( $F(1, 711) = 20.84, p < .01$ , partial eta-squared = .03) and geographic origin ( $F(1, 711) = 7.78, p < .001$ , partial eta-squared = .01) as covariates. The strength of the effect of CTSCA information on purchase intention was strong, accounting for 13% of the variance. The results of the partial eta squares from ANCOVAs indicated that CTSCA disclosure had a strong effect on trust and purchase intention. Apparel retailers are able to effectively communicate their CSR efforts to consumers through the CTSCA disclosure, especially to enhance the levels of consumer trust toward retailers and consumers purchase intention. However, the effects of CTSCA disclosure on persuasiveness and future usage intention were smaller than the effects of other covariates in each ANCOVA models.

The results of ANCOVAs revealed significant positive effects of the presence of CTSCA information on all dependent variables of consumer responses, regardless of consumer characteristics of socially responsible consumption behavior and the levels of consumer involvement with the apparel product category. That is, respondents in the study perceived that presenting the public statement in compliance with the CTSCA on a company's website was more persuasive in terms of decision making, and was more trustworthy, and they had greater intention to use and purchase products in the future. In specific, the present study measured the true effects of the CTSCA on consumer responses by using socially responsible consumption behaviors as covariates. The findings from both the regression and ANCOVA analysis revealed that the importance of emphasize socially responsible consumption behavior as consumer characteristics in CSR research.

## Conclusion

The empirical findings of this study make important contributions to CSR research focusing on CTSCA practices of apparel retailers. As many apparel companies are aware of the importance of CSR practices and its positive impact on overall business performance (Gaskill-Fox et al. 2014), the present study extends aspects of CSR to the CTSCA, which represents recent legislation regarding supply chains. The present study is the first to apply the CTSCA to a shopping context in order to evaluate consumer responses. To examine the effectiveness of CTSCA disclosure, the CTSCA which requires companies to disclose information about their efforts to eradicate slavery and human trafficking along their entire supply chains (CLI 2012; Lupo et al. 2012; Pickes and Zhu 2013) was provided with structured and detailed information in this study. The findings of this study suggest that implementing the CTSCA on an apparel retailer's website was well received by consumers and had positive effects on consumer responses concerning the company and on purchase decision making. It also confirmed the importance of consumer awareness of a firm's CSR initiatives regarding responses.

This study contributes to the general body of literature on consumer perceptions and attitudes toward CSR. Consumer awareness of firms' CSR initiatives is a major antecedent associated with consumer responses to firms' CSR initiatives. A number of CSR studies have found that consumers express a greater willingness to purchase products from companies conducting business in a socially responsible manner (e.g., Grimmer & Bingham, 2013; Pickett-Baker and Ozaki 2008). The findings of this study allow for a better understanding of how a company's public statement required by the CTSCA affects consumers' evaluations of, and responses to, the company and ultimately their purchase intention. Given the significant effects of the CTSCA demonstrated in this study concerning several consumer responses, the need for complying with the CTSCA by posting the disclosure of CTSCA is clear for many apparel retailers. Accordingly, the practical implications of this study for apparel retailers are apparent.

The results of this study are particularly valuable as it examined the effects of the presence of CTSCA on retailers' website on consumer responses, after controlling for consumer characteristics of socially responsible consumption behavior. The significant findings of socially responsible consumption behavior as the predictor and covariates variables emphasize that consumer characteristics of socially responsible consumption behavior should be considered when investigating the effects of CSR practices in future studies. Although addressing CTSCA requirements on the website is not required for all retailers, the findings of the study revealed that the CTSCA disclosure on the website would provide beneficial outcomes with retailers. Thus, companies and marketers including small business owners could consider displaying CTSCA disclosures on their website to enhance consumers' positive responses, especially persuasive information, trust, future intention to use, and purchase intention.

Future studies implementing the causal relationships between trust, persuasiveness, purchase intention and brand attitudes are warranted. Although this study controlled the effect of apparel involvement, further studies focusing on other product types in various industries other than textiles and clothing will enhance our understandings of the effectiveness of CTSCA disclosure as a form of CSR practice. The involvement level with a particular product type can play a significant role in consumer behavior (Lu

et al. 2014). The previous awareness about the CTSCA may also influence consumer responses. Further studies using more control variables in the experiment are needed.

#### **Authors' contributions**

HHL and YJM planned the study, collected the data, and analyzed the data. ML also worked on data analysis. HHL, YJM, and ML participated in writing of the manuscript. All authors read and approved the final manuscript.

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#### **Competing interests**

The authors declare that they have no competing interests.

#### **Ethics approval and consent to participate**

The research was approved by the Institutional Review Board of Illinois State University. The online form of informed consent was obtained from all participants for the publication of this report. The work was carried out in compliance with the Helsinki Declaration.

## **Appendix 1**

### **Scenario A:**

You have browsed an ABC apparel company's website. You found a clothing item of your interest and were about to purchase it. Then, you realized that the ABC company did not provide any statement in compliance with the California Transparency in Supply Chains Act in their website.

### **Scenario B:**

You have browsed an ABC apparel company's website. You found a clothing item of your interest and were about to purchase it. Then, you found that the ABC company provided a public statement in compliance with the California Transparency in Supply Chains Act on their website as below.

On January 1, 2012, the California Transparency in Supply Chains Act of 2010 ("SB 657") went into effect. SB 657 requires retailers and manufactures like ABC apparel company that are doing business in California to disclose efforts and measures used to track possible slavery and human trafficking in their supply chains. This disclosure is made to provide information to our customers which in turn allow them to make better, more informed choices about the products they buy and the companies they support.

ABC apparel company makes the following disclosures in compliance with the Supply Chain Act:

1. Whether ABC apparel company makes third-party verification(s) to evaluate and address human trafficking and slavery risks in product supply chains?

Yes, ABC apparel company regularly evaluates and addresses human trafficking and slavery risks in its product supply chains internally. Our manufacturing, production, product safety and legal departments are tasked with investigating internal or third-party reports of this nature.

2. Whether ABC apparel company conducts audits of suppliers to evaluate supplier compliance with company standards for trafficking and slavery?

Yes, ABC apparel company seeks to audit its suppliers through internal and external inspections or audits to check for compliance with company standards for trafficking and slavery. Effective 2012, we will conduct both announced and unannounced audits of our suppliers in compliance with SB 657.

3. Whether ABC apparel company requires direct suppliers to certify that materials incorporated into the product comply with the laws regarding slavery and human trafficking of the country or countries in which we are doing business?

Yes, ABC apparel company requires and seeks to obtain such certification from its all of its direct suppliers on a regular basis.

4. Whether ABC apparel company maintains internal accountability standards and procedures for employees or contractors failing to meet company standards on slavery and trafficking?

Yes, ABC apparel company seeks to maintain internal accountability standards and procedures for any employees and/or contractors who fail to meet company standards in this regard. Our internal accountability standards and procedures are designed to immediately address employees or contractors failing to meet such standards.

5. Does ABC apparel company provide its company employees and management, who have direct responsibility for supply chain management, with training on mitigating the risks of slavery and trafficking in supply chains?

Yes, ABC apparel company provides internal training and education on the detection and enforcement procedures against slavery and human trafficking to employees and management who are directly responsible for supply chain management.

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