DO CUSTOMERS CARE ABOUT FIRMS' MOTIVATIONS FOR ACTING SOCIALLY RESPONSIBLE? A MULTILEVEL ANALYSIS

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ABSTRACT

CSR is a popular strategy for improving corporate associations and helping firms to differentiate from their competitors (Barone et al. 2000). Existing literature finds that CSR is a driver of customer loyalty (Ellen et al. 2006; Bhattacharya 2001). Today firms engage in all kinds of CSR activities, but it is uncertain which kind of CSR engagement is best to improve customer loyalty. However, in existing research CSR has been analyzed only as a composite measure. Additionally, it has not been researched in detail yet, if firm motivations and congruence of the firm with the supported cause might influence effectiveness of CSR engagement as driver of loyalty. Against this background, the present paper contributes to literature in four different ways. First, it assesses the relative effects of different areas of CSR activities on customer loyalty, which is conceptualized as purchase intention and word-of-mouth. Moreover in contrast to earlier research this study examines whether the effect of motives and congruence is mediated by customers perception of CSR instead of effecting loyalty directly. A further contribution is the testing of company characteristics as influencing factors of CSR perception as well as the relationship between this perception and customer loyalty. A direct influence of CSR activities on loyalty can be assumed based on the social exchange theory (Thibaut, Kelley 1959). Customers perceive interactions with a socially responsible company as fair, as they act morally right having the company as a bearer. CSR strengthens the relationship of customers with a firm (Becker-Olsen 2003). Assuming that overall CSR activities have a positive effect on customers' loyalty, it remains unclear, if customers differentiate between social, employee-related and environmental CSR. The perception of CSR activities might be effected by the consumers perception of firm motives, as they might care more about reasons to firm activities than about what they are doing (Gilbert, Malone 1995). According to Vlachos et al. (2009) and Ellen (2006), four different motivation categories exist: egoistic- and strategic-driven motives, which are self-centered, and stakeholder- and value-driven, as other-centered motives. For the latter category, a positive effect on the perception of CSR activities is anticipated, while the remaining three might be proposed to show a negative impact. In accordance with previous studies, positive effect of congruence between company and CSR activity on the evaluation of CSR is expected (e.g. Simmons, Becker-Olsen 2006). In a second study we focus on the fact that besides determinants of CSR engagements that are perceived differently by each customers, characteristics of the engaging firms are proposed to affect the perception of CSR activities.

The sample of our empirical study consists of 1514 residents being. Data were collected with reference to 31 companies of various industries. About 30 respondents answered with respect to each company. To test whether certain company and branch characteristics have a significant influence either on the intercept or on the slope of the relation of CSR perception and loyalty, we further improve our model by a second level. Thus, the customer data is "nested" in the company level data, with each customer belonging to one particular company and evaluating the respective CSR engagement. Results of study one on individual level showed significant direct effects of the customers' perception of all three types of engagement on purchase intention as well as word of mouth intention. The strongest positive influence was detected for the perception of environmental actions. Unexpectedly the customer's perception of social engagement showed a negative impact on loyalty. The idea that value driven motivation positively effects CSR perception can be proven by the study for all three types of CSR activities. Value-oriented motives had the strongest positive effect of all types of motives on both CSR perception and loyalty directly. In the second study focusing on firm characteristics slope effects were proven in case of environmental and social CSR activities. So we concentrated on the effects of company characteristics on those two relationships. The strongest impact is proven in case of customer-employee-interaction. Regarding the intercept effects in case of employee focused activities it was found out that the customers perception was effected by the extend of customer-employee interaction, involvement and especially the perceived relevance of the price. Involvement surprisingly shows negative impact on employee focused engagements. The positive effects of environmental and employee related CSR suggest that firms should move away from the classic societal engagement to more environmental or employee focused activities. As the results concerning the value-driven motives reveal, a deliberate choice of engagement is crucial to assure that customers believe in a moral reasoning for CSR activities. Customer relationship management should establish adequate communication instruments in order to convince customers of its value-driven motives. Regarding the examined company characteristics the results showed that it is advisable to focus on exclusive projects to engage continuously in.

References Available on Request