Special Session Summary  Corporate Social Responsibility: a Consumer Perspective

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SPECIAL SESSION SUMMARY
Corporate Social Responsibility: A Consumer Perspective
Jill G. Klein, INSEAD

Corporate Social Responsibility (CSR) has emerged in recent years as both an important academic construct and a pressing corporate agenda item. Firms have been found to engage in socially responsible behaviors not only to fulfill external obligations such as regulatory compliance and stakeholder demands, but also due to enlightened-self-interest considerations such as increased competitiveness and improved stock market performance (e.g., Drumwright 1994; 1996; Waddock and Smith 2000).

Growing interest in CSR has sparked new research within marketing on the effects of CSR on consumers (e.g., Brown and Dacin 1997; Sen and Bhattacharya 2001). In this session we present three papers that address a key issue related to the topic of CSR: the impact of a firm’s CSR activities on consumer judgments of the products and brands of the firm. The research presented here goes beyond the few initial studies within marketing on CSR by trying to understand the conditions under which product judgments are affected by CSR perceptions.

The first paper, by CB Bhattacharya and Sankar Sen, recognizes that our current measurements of the effects of CSR are underdeveloped. They present a framework for measuring the effectiveness of a firm’s social initiatives. In doing so, they conceptually distinguishing social initiatives from the traditional marketing mix (e.g., brand, advertising). Further, they focus on the potentially multi-faceted impact of the CSR activities: beyond the “primary” impact on the brand and company to the “secondary” outcomes related to partner organizations (e.g., nonprofits) as well as the cause/issue promoted by the company.

A firm’s economic benefits from CSR have been documented in the link to consumers’ positive product and brand evaluations, brand choice, and brand recommendations (Brown and Dacin 1997; Drumwright 1994; Handelman and Arnold 1999; Sen and Bhattacharya 2001). Yet, existing research has usually found CSR effects on product judgments to be weak or indirect (Brown and Dacin 1997; Sen and Bhattacharya 2001). Our session includes two papers that examine factors that intensify the link between CSR and perceptions of products. Yeosun Yoon and Zeynep Gürhan-Canli find that consumers use CSR information to infer product quality only when the firm’s CSR activities are relevant to judgments of corporate ability. Niraj Dawar and Jill Klein find that CSR reputation plays an important role during a product crisis. Consumers are more likely to attribute blame to the firm for a crisis when the firm has a poor record on CSR. When the record is positive, however, consumers blame other parties, and brand image remains intact. Thus, CSR activities can act as an insurance policy against the potentially damaging effects of a product harm crisis.

Corporate Social Responsibility has become a major issue for corporations, yet little research has been conducted thus far on consumer behavior aspects of CSR. The goal of this session is to increase our understanding of how consumers perceive and react to CSR activities. Craig Smith, who is an expert on corporate ethics and ethical issues in marketing will be the discussant for the session. In a brief presentation he will tie the research presented in the papers to more general issues of business ethics and recent trends in corporate social responsibility. He will then lead a discussion between attendees and presenters.

This session will appeal to a broad segment of ACR participants. Those interested in CSR issues, business ethics, non-profit marketing and social marketing will find the papers very relevant to their work. Further the session will attract those interested in brand image, product judgments, and corporate communication.

References

“The Measuring the Effectiveness of Corporate Social Initiatives: A Consumer-Centric Perspective”
CB Bhattacharya, Boston University
Sankar Sen, Baruch College

Today, more companies than ever before are backing corporate social responsibility (CSR) initiatives such as corporate philanthropy, cause-related marketing, minority support programs and socially responsible employment and manufacturing practices, with real financial and marketing muscle. The Web sites of more than 80% of the Fortune-500 companies address CSR issues, reflecting the pervasive belief among business leaders that CSR is not only an ethical imperative but also an economic one in today’s national as well as global marketplace. Given this increasing emphasis and resource deployment on CSR, business leaders are realizing the urgent need to measure the effectiveness of various CSR programs. Not surprisingly, many companies have embraced practices such as social audits, corporate social reporting and the triple bottomline (Panchak 2002). From the academic side, there have been attempts to link corporate social initiatives to a variety of aggregate outcomes such as financial performance indices and reputation (e.g., Davenport 2000; Simpson and Kohers 2002). What is lacking, however, in both theory and practice are customer-driven measures of CSR effectiveness (the Cone/Roper studies being the sole exception). Since market forces drive much of the momentum behind CSR initiatives, taking a meaningful and accurate read of customers’ reactions to firms’ CRS initiatives is, from a management perspective, essential.

In this paper, we adopt a customer-centric view to propose a framework for measuring the effectiveness of a firm’s social initiatives. In doing so, we start by conceptually distinguishing social initiatives from the traditional marketing mix (e.g., brand, advertising). We contend, unlike prior research (e.g., Frankental...
That a key distinction between marketing mix attributes and CSR initiatives lies in the potentially multi-faceted impact of the latter: beyond the “primary” impact on the brand and company (the sphere of marketing mix measurement), CSR initiatives can also influence “secondary” outcomes related to partner organizations (e.g., nonprofits) as well as the cause/issue promoted by the company. For example, the cross-sector partnership between Home Depot and Habitat for Humanity may not only influence customers’ perceptions and behaviors towards Home Depot and its products, but also influence donation and volunteering behavior towards Habitat as well as attitudes towards housing for the underprivileged. Moreover, these secondary outcomes of CSR are integral but thus far unconsidered components of CSR effectiveness. In light of the extent emphasis on the primary outcomes (albeit in different contexts) in the marketing literature, we will pay particular attention to the secondary outcomes.

Our framework, based on prior research and focus groups, will relate different types of CSR initiatives (e.g., those internal to the firm vs. those external to the firm) to expected outcomes and propose both attitudinal and behavioral measures for assessing the effectiveness of CSR initiatives. We shall conclude with an empirical example that illustrates the utilization of the measures in practice.

References


“The Effects of Corporate Social Responsibility (CSR) on Product Quality Evaluations”
Yeosun Yoon, Rice University
Zeynep Gürhan-Canli, University of Michigan

This research investigates the effects of Corporate Social Responsibility (CSR) on consumers’ product quality evaluations. While many studies in the CSR area show positive effects of CSR activities on consumers’ company evaluations and purchase intentions, it is not clear when and how CSR activities influence product quality evaluations. Among a few studies that investigate the effect of CSR on product quality evaluations, Brown and Dacin (1997) suggest that CSR associations indirectly affect global product evaluations through the overall company evaluations. Similarity, Sen and Bhattacharya (2001) argue that a company’s CSR activity can influence purchase intentions both indirectly and directly. However, detailed new product quality information as well as information about companies were given in both studies, while consumers often have to evaluate a new product without such clear information.

In this study, we propose that when information about new product quality is not very clear, consumers may try to evaluate product quality based on CSR information. When the area of a CSR activity is product-relevant and has direct implications for product quality evaluations, the CSR activity will have a direct effect on consumers’ product quality evaluations. In other words, if consumers evaluate the CSR activity positively (negatively), they will infer that the product has higher (lower) quality. On the other hand, when the area of a CSR activity is not product-relevant and has no direct implications for product quality evaluations, the CSR activity will influence product quality evaluations only when consumers can infer Corporate Ability (CA) from the description of the CSR activity. Thus, we hypothesize that CA evaluations will mediate the effects of CSR on product quality evaluations.

We employ two experiments to examine when and how CSR activities affect perceived product quality. In experiment 1, we manipulate product relevancy of a CSR domain and valence of CSR activity. Specifically, the study employs a 2 (relevancy of CSR: high vs. low) X 2 (valence of CSR: positive vs. negative) between-subjects design with two control groups. We used a fictitious clothing manufacturer in a foreign country and told subjects the company was planning to introduce their products in their local area. No other information about the company was given, and subjects in two control groups received a real sample of a T-shirt made by the company and were asked to evaluate its quality at this point without CSR information. In addition to the company information, subjects in experimental groups received additional information regarding a CSR activity run by the same company. Based on the CSR literature (Sen and Bhattacharya 2001) and our pre-test results, we used the issue of labor practices (e.g., sweatshops) as a high relevance CSR activity and the issue of diversity in employment (e.g., supporting ethnic minority) as a low relevance CSR activity. We created the positive and negative CSR Record scenario similar to the ones Sen and Bhattacharya used. The valence and specificity of CSR information of the high relevance CSR activity were comparable to those of the low relevance CSR activity. After reading the company and the CSR information, subjects received the same T-shirt that subjects in the control groups got and were asked to evaluate the quality of it. Our results suggest that product quality evaluations vary by valence of the high relevance CSR activity but not the low relevance CSR activity. The product was perceived to have higher (lower) quality when the high relevance CSR activity was positive (negative). On the other hand, consumers evaluated the quality of the product no differently after learning about the low relevance CSR activity regardless of valence of the CSR activity.

In experiment 2, we seek to enhance the findings from experiment 1 by examining when and how consumers make inferences about product quality even when a company supports a low relevance CSR activity. Specifically, we examine the extent to which CSR information affects perceptions of corporate ability (e.g., ability to manufacture high quality products) and how perceptions of corporate ability mediate the effects of CSR on product quality evaluations. We suggest that CSR information has a positive effect on corporate ability when consumers infer from such information that the company is sincerely committed to consumers’ well-being. This experiment is currently being designed and the data will be collected in the summer.

References

“The Role of Corporate Social Responsibility in Consumers’ Attributions and Brand Evaluations after a Product-Harm Crisis”

Niraj Dawar, Western Ontario
Jill G. Klein, INSEAD

From a marketing perspective, the firm’s economic benefits from CSR have been documented in its link to consumers’ positive product and brand evaluations, brand choice, and brand recommendations (e.g., Brown and Dacin 1997; Drumwright 1994; Handelman and Arnold 1999; Sen and Bhattacharya 2001). Through a variety of theoretical lenses, the important contributions of these studies have been to demonstrate that (1) CSR plays a role in consumer behavior, over and above economic or ‘rational’ considerations such as product attributes; and (2) CSR has a spillover or ‘halo effect’ on otherwise unrelated consumer judgments, such as the evaluation of new products.

Yet these studies have also shown that the effects of CSR on consumer behavior are not overwhelmingly strong. Their results indicate that while CSR plays a role, traditional constructs such as product attributes and consumption goals still account for the bulk of the variance in consumer behavior. Existing studies have sought to examine the impact of CSR on routine product and brand evaluation processes such as consumers’ new product judgments. But CSR may not be diagnostic in these situations, and therefore, CSR effects may not be prominent. Instead, CSR may have its most marked effect where ordinary information about a company and its products is deemed insufficient to arrive at an informed judgment. We look at CSR effects in non-routine consumer judgments, specifically, a product harm crisis.

Negative events such as product-harm crises tend to trigger elaborate cognitive processing, including attributions of responsibility (Fiske 1980; Folkes 1984; Weiner 1986). These attributions are important from a marketing perspective because they form the foundation of consumers’ subsequent brand perceptions and behavior. Weiner’s (1980) widely used attribution model conceptualizes three causal dimensions of attribution that lead to an overall judgment of responsibility or blame: (1) the locus of the behavior (the event that triggers the crisis), which can be internal or external to the actor (in our case, the firm); (2) the stability of the behavior, which can be unchanging or temporary; and (3) the controllability of the behavior, which can be within or outside the control of the actor. If the locus is internal, and the behavior is stable and controllable, observers (in our case, consumers) tend to attribute responsibility to the actor, and subsequent consumer behavior such as blame or anger, is directed toward the actor. If on the other hand, the locus is external, and the behavior is temporary and uncontrollable, attributions will tend to be made to external factors (Folkes 1984). The recent product-harm crisis involving Firestone tire blowouts that allegedly has led to consumer deaths, and the subsequent recall of millions of tires, helps illustrate this model of the attribution process. If consumers believe that the tires were poorly made, that Firestone has had a history of product-defects, and that they could have averted the problems with better quality control, they will be likely to attribute responsibility to Firestone. In contrast, if they believe the problems were caused by harsh driving or vehicle conditions, that this is the first time Firestone’s tires have been implicated as the cause of accidents, and that driving and vehicle conditions are in fact outside the control of the tire manufacturer, they will be more likely to attribute responsibility to external factors, such as to the vehicle manufacturer or to driving conditions. Our intention in studying attributions in a product-harm crisis setting is to establish whether CSR antecedents bias locus, stability, and controllability attributions.

In our research, we examine how consumers’ prior impressions of a firm’s CSR image affect their attributions of locus, stability and control. We conducted two studies, one using a fictitious firm and one using an actual firm, with a total of 300 subjects recruited at a shopping mall. In these studies, an oil company’s reputation related to treatment of the environment was manipulated. (In a control group, the real company’s image was measured rather than manipulated in order to control for demand effects.)

Results showed that the company’s CSR image played an important role in determining attributions, which, in turn, influenced blame (attributions acted as a mediator of blame). Further, brand image and purchase intentions were predicted by the degree to which the company was blamed. When the company’s CSR image was negative, consumers made attributions that led to blaming the firm, and this blame negatively impacted brand image and purchase intentions. When the company’s image was positive, however, consumers made attributions that implicated other parties and the firm’s reputation was left intact. Thus, a positive CSR image can be viewed as an insurance policy against suffering the full negative effect of a product harm crisis.

This research contributes to a better understanding of the role of CSR in consumer behavior. CSR effects on attributions and brand evaluations provide a promising avenue for further exploration. In particular, experimental research on consumers’ contingent use of CSR information can help define conditions under which CSR will or will not affect consumer behavior. The goal of this research is to demonstrate that strong and direct effects on consumer behavior do exist and to point future researchers to settings in which they are relatively easy to detect.

References


