



# Does perceived consumer fit matter in corporate social responsibility issues? ☆

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## ABSTRACT

Corporate social responsibility (CSR) is an increasingly important construct in academia, as well as a pressing item on the practical corporate agenda. Many firms do not recognize CSR activities as investments in improving company values both internally and in the eyes of consumers. This study examines how the perceived fit between consumers' point of view (i.e., their values and lifestyles) and CSR activities influences consumer loyalty through such mediating variables as consumer perception of CSR activities and C–C (consumer–company) identification. The empirical findings inform the suggestion that perceived consumer fit influences consumer perception of CSR activities and, consequently, on C–C identification and consumer loyalty.

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## 1. Introduction

Corporate social responsibility (CSR) is an important construct in academia; concurrently, CSR is becoming a pressing item on corporate agendas as well (Harrison and Freeman, 1999; Waddock and Smith, 2000). Carroll (1979) proposes a popular four-part definition of CSR, suggesting that corporations have four responsibilities to be good corporate citizens: economic, legal, ethical, and philanthropic. Based on these components, a socially responsible firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen (Carroll, 1991, p. 229). Concepts of CSR range from a wide view of “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams and Siegel, 2001, p. 118) to one that narrowly focuses on maximizing shareholder wealth (Goodpaster, 1991). These conceptual variations reflect different degrees of responsibility ascribed to a firm beyond its role as an economic institution (Hemphill, 1997). Because CSR encompasses a whole set of philosophical and normative issues related to the

role of business in society, CSR should be understood to be a broad concept (Maignan and Ferrell, 2001).

The study here adopts the societal perspective, defining CSR as the company's activities and status related to its perceived societal or stakeholder obligations (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Varadarajan and Menon, 1988). Under this definition, a company has an obligation to take action in order to “protect and improve both the welfare of the society as a whole and the interest of the organization” (Davis and Blomstrom, 1975, p. 5).

As consumer interest in CSR activities continues to rise, companies are dedicating more attention and resources to defining and communicating company values. However, much remains to be done. Those activities require additional exploration and evaluation. Some research findings suggest that the effect of CSR activities on relevant outcomes remains sluggish, particularly in studies that use financial performance as the critical criterion (Griffin and Mahon, 1997; Pava and Krausz, 1996).

Lee et al. (2008) suggest that many companies use the “department store” approach to CSR activities, which means that they employ various kinds of CSR activities without focusing on or targeting specific consumers. In other words, even though many companies are involved with CSR activities in such areas as social welfare, education, volunteering, and global CSR, consumers' awareness remains low and the firms still have unsatisfactory performance despite the dedication of large amount of resources to the cause. Therefore, researchers should explore other implementation tactics that may prove highly effective in connecting with consumers. In particular, the phenomenon of strategic “fit” warrants consideration, given the success of

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other targeted marketing initiatives both in the extant literature and in industry.

In the context of the CSR literature, a match, or fit, between consumer and corporate values may be of benefit. Previous research suggests that the perceived fit between the firm and CSR activities have a positive effect on consumer response (Becker-Olsen et al., 2006; Lee et al., 2008; Menon and Kahn, 2003; Sen and Bhattacharya, 2001). Although most previous studies consider only dimensions of perceived fit from the corporate perspective, consumers represent an important stakeholder group. Thus, companies should consider adopting a consumer-centered focus in directing their CSR activities.

Prior research shows that consumers' values and lifestyles are important determinants in their acceptance and overall perceptions of a company's controversial advertisements (Lass and Hart, 2004). In addition, the perceived fit between a company's product and its cause-related marketing initiatives significantly affects consumer evaluations of that product (Hamlin, 2004). However, little to no research examines the perceived fit of a company's CSR activities with consumers' values and lifestyles—especially from the consumers' perspective. The research here investigates alternative constructs, such as consumer–company (C–C) identification and consumer loyalty, a focus of investigation receiving little to no prior research attention.

### 1.1. Research objectives

To begin with, this study focuses on consumer perceptions of CSR activities, providing additional insight that enhances our understanding of the impact CSR tactics may have on consumers. The examination of methods to persuade consumers to pay more attention to CSR activities is more important than ever.

Second, this study examines which factors affect consumer perception of CSR activities. Although the research from a consumer perspective is necessary and timely, previous research centers primarily on dimensions of perceived fit from the corporate perspective (Becker-Olsen et al., 2006; Forehand and Grier, 2003; Jang, 2008; Lee et al., 2008; Menon and Kahn, 2003; Sen and Bhattacharya, 2001) and little or no empirical research focuses on dimensions of that fit from a consumer perspective. To overcome such a limitation, this study considers how corporate responsibility activities correspond to consumers' lifestyles and values.

Finally, prior research implies that when consumers perceive CSR activities positively, they identify with—and remain loyal to—that company. Thus, consumer perceptions of CSR activities play an

important role in C–C identification and company loyalty (Brown and Dacin, 1997; Lichtenstein et al., 2004; Sen and Bhattacharya, 2001). However, the relationship between perceived consumer fit and consumer loyalty remains ambiguous. Therefore, this study explores a consumer perspective by examining how perceived fit between consumers' values and lifestyles and companies' CSR activities influence consumer loyalty through such mediating variables as consumers' perceptions of those activities and C–C identification.

In summary, the research objectives are threefold. First, the intent is to build on the extant literature by exploring the consumer in relation to CSR. Second, the study explicitly examines these values in terms of consumers in relation to CSR. Lastly, the study examines the values in terms of loyalty through such mediating variables as consumer perception of CSR activities. Fig. 1 provides empirical validation for the suggested conceptual framework, based on findings that emerge from the consumer survey data. The following section discusses the model in detail by providing specific hypotheses and theoretical development.

## 2. Theory and hypotheses

### 2.1. Effect of perceived fit with consumer lifestyles on consumer perception of CSR activities

In the management literature, the fit construct embodies the idea of transferability of expertise or synergies in activities, such as when a similarity among products, technologies, or markets exists (Rumelt, 1974), or when compatibility between skills and activities is present (Porter, 1987). A similar concept underlies Sen and Bhattacharya's (2001) examination of fit in the domain of internal social initiatives. In the brand extension and brand alliance literature, the focus is often on consumers' perceptions of fit. Although ideas of transferability and synergy are assumed to often underlie perceived fit, often intangible associations surrounding those ideas exist (Aaker and Keller, 1990; Broniarczyk and Alba, 1994; Lichtenstein et al., 2004; Loken and John, 1993; Simonin and Ruth, 1998).

"Fit" is defined in a social marketing context as the perceived link between a cause and the firm's product line, brand image, position, and/or target market (Varadarajan and Menon, 1988). In the advertising and marketing literature, "congruence" indicates consumers' perception of similarity in various ways; in the sponsorship literature, congruence is "relatedness" and "relevance" (Johar and Pham, 1999) or "compatibility" (Ruth and Simonin, 2003); in cause-related marketing research, congruence is a "fit" (Bainbridge, 2001;

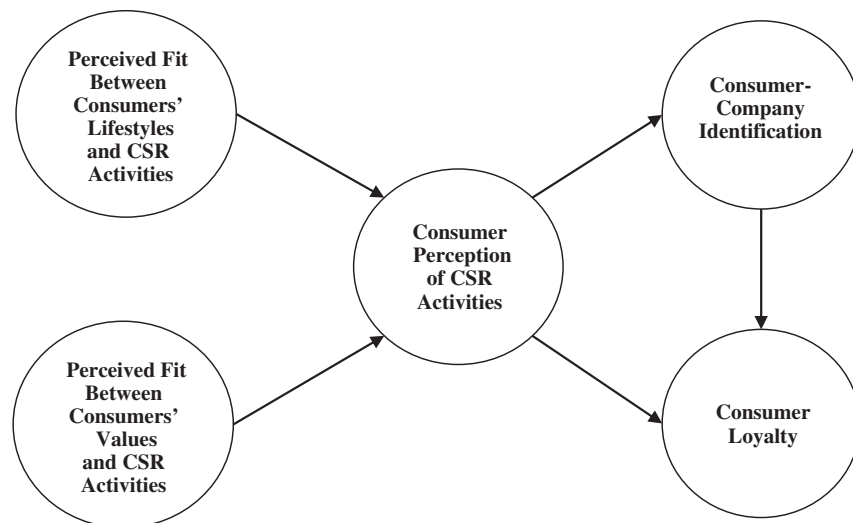


Fig. 1. A conceptual model of this study.

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