FACTORS EFFECTING CSR PURCHASE INTENTIONS IN SOUTH-EAST ASIA

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Abstract - The concept of corporate social responsibility (CSR) has gained extensive consideration in recent years. Nowadays firms are using CSR to gain competitive advantage and to establish long lasting relations with its stakeholders. The research has been aimed to studying the consumers’ buying intentions towards socially responsible companies in the Southeast Asia. On basis of existing literature review some purchase intention factors identified and used them in extended model of theory of planned behaviour (TPB) to find the effect of those factors for CSR purchase intentions. Specifically, it focuses purchase intention towards products of the companies involved in CSR in Southeast Asia. The main objective is to explore how CSR influences buying intentions of consumer in the country and how different factors affect the purchase intention of consumer. The study is quantitative in nature, using the response of 587 respondents to collect data from major cities of Southeast Asia through face to face closed ended questionnaire.

Data was analyzed using multivariable regression analysis through SPSS software. The results have shown that factors both purchasing and emotional affect the purchase intentions of CSR products. Attitude, social norms, price, quality, brand, and convenience affect the purchase intention of the products being produced by the companies involved in CSR. People attitude towards those products is highly positive and society also emphasizes and has impact on CSR purchase intentions positively. But consumer is unwilling to pay more for those products. It shows a typical developing country scenario where consumer is unwilling to compromise on factors of purchase intentions for CSR purchase.

Keywords: Corporate Social Responsibility, Consumer Behaviour, Theory of Planned behaviour, Southeast Asia

I. Introduction

This study investigates the issues associated with consumer attitudes toward Corporate Social Responsibility (CSR) in Southeast Asia. Specifically, it focuses on the buying intention towards the products of the companies involved in the CSR activities in Southeast Asia. The main objective is to explore how CSR influences buying intentions of consumer in the country. What are the different factors that affect the purchase intentions of the consumer of the products produced by the companies involved in CSR? According to Ajzen's (1991) theory of planned behavior, a positive relationship exists between purchase intention and purchase behavior. However, Sproles et al. (1978) argue that –efficient decision making requires consumers to be fully informed regarding ethical issues. I That is to say, for consumers with less or no ethical commitments, this does not transmit into ethical buying when they
possess sufficient ethical information (Papaoikonomou & Ginieis, 2011). However, committed ethical consumers actively seek ethical information and act accordingly (Ehrich & Irwin, 2005). For those committed ethical consumers, CSR knowledge guides their ethical behavior. As a result, CSR knowledge is a prerequisite for ethical buying, but does not necessarily cause ethical buying.

The concept of corporate social responsibility (CSR) has gained widespread consideration in academic fields as well as in business world in recent years. Organizations are using CSR to develop competitive advantage and establish congenial relations with its stakeholders. Despite the popularity of CSR in the developed world, the potential benefits of CSR are less emphasized in the developing economies like Southeast Asia. This study examines the influence of CSR on purchase intentions in Southeast Asia. The data has been collected from the respondents regarding their perceptions about CSR actions and its influence on customer purchase intentions.

This research tried to identify the different factors that affect purchase intention of the consumers towards the companies involved in the CSR. Based on the existing literature I tried to find out different factors that affect purchase intentions and applied them on the Southeast Asia consumers that how do they affect the purchase intentions of buyers towards the purchase of the products that are being produced by the companies which are involved in CSR. Research also helps to find out their effect on purchase intentions that how do they affect them and what are the results. Are results different from other countries or not? Extended model of theory of planned behaviour with some extra factors that effect purchase intentions is used in study. The scarcity of the research on the public’s responses towards the corporate social responsibility (CSR) in developing countries has inspired for this research. The research has been aimed to studying the consumers’buying intentions towards socially responsible companies in the Southeast Asia. This study investigates the issues associated with consumer attitudes toward Corporate Social Responsibility (CSR) in Southeast Asia. Specifically, it focuses purchase intention towards products of the companies involved in CSR in Southeast Asia. The main objective is to explore how CSR influences buying intentions of consumer in the country and how different factors affect the purchase intention of consumer.

II. Literature Review

Modern corporate social responsibility (CSR) has many names, such as corporate citizenship, corporate philanthropy, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship and corporate social marketing. Likewise, the definition of CSR changes from researcher to researcher. For example, CSR can be generally defined as the organization incurring responsibilities to society beyond profit maximization. (Pava and Krausz 1995, 1) A more specific definition of CSR is offered by Business for Social Responsibility: —operating a business in a manner that meets or exceeds the ethical, legal, commercial, and public expectations that society has of businesses (Kotler and Lee 2005).

Corporate social responsibility (CSR) has been defined as "a company's commitment to minimizing or eliminating any harmful effects and maximizing its long run beneficial impact on society" (Mohr, Webb, and Harris, 2001:47). CSR is concerned with the integration of the environmental, social and economic considerations into business strategies and practices. It has been said, that there seems to be no universally agreed definition of CSR. Whitehouse (2003) has suggested that—"consensus as to its specific meaning remains elusive" and Frankental (2001) sees CSR as "vague and intangible term which can mean anything to anybody, and therefore is effectively without meaning!" Nevertheless, numerous definitions have been offered. The Commission of the European Communities (2001) defines it as "a concept whereby companies integrate social and environmental concerns in the business operations and in their interactions with their stakeholders on a voluntary basis. According to Wood (1991),—the basic idea of CSR is that business and society are interwoven rather than distinct entities" and, for Mallenbaker (2005), —CSR is about how companies manage the business process to produce an overall
positive impact on society. More generally, a distinction has been drawn between CSR seen as philanthropy and as a core business activity. In the former case, companies' conduct their business unfettered by wider social concerns and then make charitable donations to selected worthy causes; in the latter, the accent is upon operating the core business in a socially responsible way, which seeks to enhance the competitiveness of the business and maximize the value of wealth creation to society.

The fact that corporate social responsibility has been increasingly present in today's society cannot be denied (Carroll, 2008). Despite the continuous debate as to whether or not firms should have social responsibilities, research indicates that consumers seem to care about CSR and therefore it is in the best interest of the company to do so as well (Boulstridge & Carrigan, 2000; D'Astous & Legendre, 2009). We say seem to care because the concept of CSR is characterized by a significant attitude-behavior gap (Roberts, 1996; Simon, 1995). Nevertheless, studies indicate that nowadays most consumers expect companies to have fairly high levels of CSR (Mohr, Webb, & Harris, 2001).

Consumer support for corporate social responsibility (CSR) is well established, and companies are now expected to engage in some form of CSR (Rundle-Thiele et al., 2008). Bhattacharya and Sen (2004) find that CSR contributes to a consumer's sense of well-being, and that this benefit is reaped by consumers in the market. The concept of corporate social responsibility has been characterized as broad and complex (Mohr, Webb, & Harris, 2001). Since more than 40 definitions of CSR are offered in the literature (Dahlsrud, 2008), several scholars have now called for a unified definition (McWilliams et al., 2006 and Van Marrewijk, 2003). The study here adheres to the definition by the European Commission (2001), since the definition is wide-ranging and captures the issues that are the focus of the paper. The European Commission defines CSR as a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, 2001). Campbell (2007) complements this position by stressing the centrality of stakeholders. He suggests that companies must not knowingly do anything that could harm their stakeholders and if corporations do cause harm to their stakeholders, they must then rectify it whenever the harm is discovered and brought to their attention (p. 951). The authors view these definitions as appropriate for this research because they include a strong stakeholder focus and offer a broad view of CSR.

Taking into consideration the large scope and the complexity of the concept of corporate social responsibility, several conceptualizations of CSR are suggested in the literature: as a social obligation, as a stakeholder obligation, as ethics-driven, and as a managerial process (Maigue & Ferrell, 2004). The stakeholder perspective has become popular for research, as it offers scholars and practitioners help in identifying for whom corporations are responsible, namely those who are directly or indirectly affected by a corporation's business (Donaldson and Preston, 1995 and Jones, 1995). Different classifications of ethical business practices and CSR initiatives have been developed by identifying several common stakeholder groups—employees, customers, the community, and suppliers (Panapanaan et al., 2003) as well as shareholders and the environment (Spiller, 2000).

III. Research Methodology

Study aims to test the formulated hypotheses. It is deductive research in nature. Quantitative research is suitable for the research purpose. A total number of 610 questionnaires were distributed among the participants of the study. These were distributed among the people at different places, shopping malls and markets where people used to come for shopping. Out of 610 questionnaires, 587 were found correct and fully filled.

The proposed conceptual model is based on the TPB model, and expands the model by adding the universal selection criteria in it in place of perceived behavioral control.
IV. Results and Discussions

The validity of most of the factors found to be highly satisfactory. Most of the factors have validity more than 0.7. Few of them have less than 0.7 but they have factor loading of more than 0.6 and very close to 0.7. It shows that it has very good validity. The value of the KMO statistics is also higher (0.753 > 0.5), thus it implies the appropriateness of the factor analysis. All hypothesis H1, H2, H3, H4, H5 and H6 were tested through multivariable linear regression analysis to examine their effect on dependent variable i.e. purchase intention.

H1 test impact of attitude towards the dependent variable, purchase intention. The result supports H1 at the p<0.001 level (β = .463, t= 9.835, p<0.01). It shows that attitude has positive relation with purchase intention.

H2 examines weather social norms have impact on purchase intentions or not. The result Supports H2 at p<0.01 level with (β = .105, t=3.272, p<0.01) and shows a positive relation on purchase intention.

H3 examines the impact of price on purchase intention that how price impacts purchase intention. Price negatively influences the purchase intention at the level of p<0.05 with having (β = -.110, t=-3.338, p<0.05). Thus it has negative impact on purchase intention.

H4 examines the impact of quality on the purchase intention of CSR products. Quality positively impacts the purchase intention at the level of p<0.05 with (β = -.080, t=4.324, p<0.05) thus accepts the hypothesis.

H5 examines the relation of brand and Purchase intention. Brand positively influences the purchase intention at the level of p<0.01 with (β = .265, t=10.888, p<0.001) and accept the hypothesis.

H6 examines the relation between convenience of the product and purchase intention. The convenience positively affect the purchase intention with p<0.05 with a value of (β = .044, t=2.244, p<0.05) and accept the values for hypothesis.

V. Conclusion

Study shows that there is a positive influence of corporate social responsibility on consumer behavior, thus confirming previous studies demonstrating that CSR is an important intangible asset offering a competitive advantage through differentiation (Auger et al., 2003; Bhattacharya and Sen, 2004; Carrigan et al., 2004; Ellen et al., 2006; Schroeder and McEachern, 2005; Marin and Ruiz, 2007; Mohr and Webb, 2005; Oksanen and Uusitalo, 2004). Study has shown that people are willing to buy CSR products; they have positive attitude and society also endorses it. But due to lack of good economy and low income there are hurdles in their implementations. People cannot afford to buy those products if price is high. So People do not want to make any are compromise on different key factors. Like all other societies people want companies to spend money on the betterment of society but they also want it to give them low price, high quality good brand and convenience to buy those.

VI. References


