

Dual Path Model in Consumer Attitude Formation According to the Retailing CSR Activities: Focused on CSR Motivation Factor

Kihan Chung¹, Wonjong Kim¹, Jaesin Oh¹ and Gwijeong Park¹

¹Dept. of Business Administration, Graduate School, Gyeongsang National Univ.
501, Jinju-daero, Jinju City, Gyeongsangnam-do, 52828, South Korea
khchung@gnu.ac.kr; 5590812@hanmail.net; jsoh@gnu.ac.kr; jca_jay@jcaedu.com

Abstract. Customers, nowadays, keep their eyes not only on what companies are selling, but also on what companies are doing for the society where the customers are sharing their lives. With these changes of customers' point of view, companies couldn't help developing various strategies to attract customers. Thereby, retail companies are allocating great amount of budget under the name of corporate social responsibility (CSR). The activities, however, do not reach the acceptable level in the consumers' side, inevitably leading to unsatisfied results from intended CSR purposes.

Many of previous management theses have attempted to adopt CSR issues as their main research points in various academic areas. In most of the empirical studies, however, factors of CSR motivations and CSR activities have been single-dimensional, which couldn't properly explain or examine the impact and influences of factors related to CSR motivations and activities [1].

Hereby, this study is aiming to identify measures in reasoning motivations and activities of corporate social responsibility contributing on consumers' attitude formation, by overcoming the limitation of a single-dimensional factor research model that has been conducted in the previous studies.

Keywords: corporate social responsibility (CSR), CSR motivation, CSR activities, customer trust, customer loyalty.

1 Introduction

Corporate Social Responsibility (CSR) activity is a form of ethical activities toward society and community with self-regulation, added to a value of its fundamental activity of creating profitability [2].

To figure out the relationship among CSR motivations, activities, and customers' attitude formation, the author divided the factors of CSR motivations into value-driven motivation, stakeholder-driven motivation, egoistic-driven motivation, and strategic driven motivation, while the factors of CSR activities were divided into social welfare activities, employee welfare activities, and profitable activities. As above, four kinds of multi-dimensional motivation concept were scaled, which would reveal specific factors influencing consumers' attitude formation by mediating the CSR activities factors as mentioned above.

2 Literature review and hypothesis development

Kim [3] and Chae [4]'s CSR activities model was used as a foundation for this study, as it contains factors considering not only the stakeholders of customers, investors, or employees, but also focusing on the stakeholders in complex environment of retail business market. Assuming that different type of CSR activities would be affected from different type of CSR motivations, the following hypotheses were established:

- H1a:** Value-driven motivation will have a positive effect on Employee welfare activities.
- H1b:** Value-driven motivation will have a positive effect on Social welfare activities.
- H2a:** Stakeholder-driven motivation will have a positive effect on Profitable activities.
- H2b:** Egoistic-driven motivation will have a positive effect on Profitable activities.
- H2c:** Strategic driven motivation will have a positive effect on Profitable activities.

Goldsmith et al. [5] suggested that customers' evaluation on companies' CSR activities would affect customers' attitude formation. In terms of a fact that company's brand could be presented through CSR activities of a company [6]. Moreover, sustainable CSR activities would positively influence on customers' trust and attitude formation [7]. From the result of the proceeding studies, therefore, customers' positive perception on companies' CSR activities will affect on customers' attitude formation. Hereby, we propose hypotheses as following:

- H3a:** Employee welfare activities will have a positive effect on corporate trust.
- H3b:** Social welfare activities will have a positive effect on corporate trust.
- H3c:** Profitable activities will have a positive effect on corporate trust.
- H4a:** Employee welfare activities will have a positive effect on customers' loyalty.
- H4b:** Social welfare activities will have a positive effect on customers' loyalty.
- H4c:** Profitable activities will have a positive effect on customers' loyalty.
- H5:** Corporate trust will have a positive effect on customers' loyalty.

3 Research methodology

For the purpose of accurate empirical study, pre-test was conducted to university students from October 20 to 27, 2014. 179 questionnaires used for analysis of pre-test. From the result of pre-test, 4 items were modified due to the low eigen-value and factor loading in the factor analysis. Moreover, S-retail company was chosen for survey, which was shown most frequently among the retail companies in the pre-test.

This survey was carried out from November 26 to December 24, 2014. A total of 364 questionnaires returned within the period. After eliminating 28 questionnaires with missing values and irrelevant responds, the analysis was performed with an effective sample size of 336 with 44% of male and 56% of female. And 55% of the respondents were 20s, with 7% of 10s, 23% of 30s, 38% of 40s, and 14% of 50s.

The constructs in the study were measured by multi-item scales mostly adapted from the existing literature. All involved constructs were measured using seven-point Likert scales (1 = strongly disagree, 7 = strongly agree).

4 Results

4.1 Reliability and validity of measures

In the reliability and validity test, as in the table 1, all the values of factor loadings and Cronbach's α exceeded the minimum criteria, and higher than 0.7. This result reveals that individual constructs are treated as separate constructs in the further study, indicating that the items are highly reliable for measuring each construct.

Table 1. Exploratory factor analysis on CSR motivation and Activities factors

Constructs	Items	Factor loading	Eigen-value	Cronbach's α
Value-Driven Motivation	VdM1	.817	2.702 (10.433)	.768
	VdM2	.707		
	VdM3	.793		
Stakeholders-Driven Motivation	SdM1	.730	2.503 (7.187)	.751
	SdM2	.726		
	SdM3	.836		
Egoistic-Driven Motivation	EdM1	.829	2.268 (5.815)	.725
	EdM2	.718		
	EdM3	.700		
Strategic Driven Motivation	SdM1	.874	4.759 (14.767)	.902
	SdM2	.870		
	SdM3	.865		
	SdM4	.792		
Employee Welfare Activities	EwA1	.785	2.827 (4.686)	.720
	EwA2	.764		
	EwA3	.609		
	EwA4	.793		
Social Welfare Activities	SwA1	.761	3.528 (6.341)	.864
	SwA2	.978		
	SwA3	.778		
	SwA4	.759		
Profitable Activities	PA1	.897	3.447 (8.839)	.907
	PA2	.887		
	PA3	.857		
	PA4	.828		
Customer Trust	CT1	.677	2.432 (11.580)	.860
	CT2	.622		
	CT3	.766		
	CT4	.625		
Customer Loyalty	CL1	.790	3.282 (15.630)	.912
	CL2	.800		
	CL3	.793		
	CL4	.781		

4.2 Structural analysis and hypothesis test

The structural model created indicated acceptable goodness of fit measures ($\chi^2 = 362.086$, $DF=179(p=.000)$, $CMIN/DF=2.023$, $GFI = .864$, $AGFI = .824$, $NFI = .898$, $CFI = .945$, $RMSEA = .0067$).

Table 2. Path analysis result

	Path	Std. Estimate	C. R.	p-value	result
H1a	value-driven motivation -> employee welfare activities	0.069	0.824	0.410	Rejected
H1b	value-driven motivation -> social welfare activities	0.343	1.539	0.124	Rejected
H2a	stakeholder-driven motivation -> profitable activities	0.250	2.709	0.007*	Accepted
H2b	egoistic-driven motivation -> profitable activities	0.854	8.037	0.000**	Accepted
H2c	Strategic driven motivation -> profitable activities	0.340	2.543	0.011*	Accepted
H3a	employee welfare activities -> Customer trust	0.210	3.103	.0019*	Accepted
H3b	social welfare activities -> Customer trust	0.817	9.479	.000**	Accepted
H3c	profitable activities -> Customer trust	-0.193	-0.702	0.482	Rejected
H4a	employee welfare activities -> Customer loyalty	0.743	9.001	0.000**	Accepted
H4b	Social welfare activities -> Customer loyalty	0.530	5.734	0.000**	Accepted
H4c	profitable activities -> Customer loyalty	0.017	1.391	0.086	Rejected
H5	Customer trust -> Customer loyalty	0.653	7.474	0.000**	Accepted

Notes: ** $p < 0.01$, * $p < 0.05$

5 Discussion and Conclusion

The main purpose of the study is to find out the linkages between CSR motivation factors and CSR activity factors. Firstly, the linkage between value-driven motivation and CSR welfare activities (employee welfare, social welfare activities) was rejected. This may imply that there might be interruption of customers' information distortion in the middle of relating activities and motivations by biased point of view toward companies' CSR purposes. Thus, companies should try to associate its CSR activities with customers' perspective aspect. Secondly, egoistic-driven motivation, stakeholder-driven motivation, and strategic-driven motivation are positively associated with profitable CSR activities. These results were consistent with the findings of proceeding studies. This result might be telling that any CSR activities can be shown as means of marketing of a company, from the customers' point of view.

Second objective of the study is to figure out the linkage between CSR activity factors and customers' attitude formation. Firstly, the study shows that CSR welfare activities (employee welfare, social welfare activities) have a positive effect on customers' attitude (trust and loyalty) formation, but profitable activities do not. Those results point out that the purpose of companies' sincere activities toward society or community can be twisted, depending on the customers' negative perception against the company. Therefore, companies should focus on creating positive link between CSR motivation and activities, when planning to develop customers' attitude through CSR activities.

References

1. Carroll, A. B.: The Pyramid of Corporate Social Responsibility: Towards the Moral Management of Organizational Stakeholders, *Business Horizons* (July/August), pp. 39-48 (1991)
2. Kown, Y. H., Kim, S. Y., Choi, S. J., Kang, H. I.: A Study on the Influence of Corporate Social Responsibility (CSR) on Corporate Reputation and Customer Trust, *Journal of Product Research, PR*, Vol. 27, No. 4, pp. 95-104 (2009)
3. Kim, S. J.: Effect of corporate social responsibility on the relationship between corporation and stakeholder, Korea University, Seoul, South Korea (2010)
4. Chaïy, S. I.: Effects of Perceived CSR Motivation and CSR Performance on the Relationship Between Individual and Corporation, *Journal of Product Research*, Vol. 29, No. 3, pp. 67-76 (2011)
5. Goldsmith, R. E., Laffety, B. A., Newell, S. J.: The Impact of Corporate Credibility and Celebrity Credibility on Consumer Reaction to and Advertisement and Brand, *Journal of Advertising*, Vol. 29, No. 3, pp. 43-54 (2000)
6. Choi, M. Y.: Brand Attitude Formation According to Consumers' Cognition of CSR Fit and CSR Motivation, *Journal of Korean Society of Fashion Design*, Vol. 12, No. 1, pp. 75-92 (2012)
7. Bhattacharya, C. B., Sen S.: Doing Better at Doing Good: When, Why, and How Consumer Respond to Corporate Social Initiatives, *California Management Review*, Vol. 47, No. 1, pp. 9-24 (2004)