Full Length Research Paper

The effect of Corporate Social Responsibility (CSR) initiatives on consumers’ identification with companies

Yuan-Shuh Lii

Department of Marketing, College of Business, Feng Chia University, 100 Wenhwa Road, Seatwen, Taichung, R.O.C. 407, Taiwan. E-mail: yslii@fcu.edu.tw. Tel: 886 4 24517250 ext. 4273. Fax: 886 4 24510409.

Accepted 23 July, 2010

This study focuses on the relative influences of three types of Corporate Social Responsibility (CSR) initiatives, sponsorship, cause-related marketing, and philanthropy, on consumers’ identification with consumer-company (C-C identification). Two hundred and forty-six subjects participated in a between-subjects factorial design experiment. The test results revealed that philanthropy had a stronger effect on C-C identification than did sponsorship or cause-related marketing. In addition, C-C identification was found to have a significant and positive influence on consumers’ use of citizenship behaviors (in-role and extra-role). This finding provides further support for the argument that corporations must be concerned with the employment of CSR initiatives because different types of CSR initiatives trigger different perceptions of the corporation and different behavioral intentions.

Key words: Consumer-company identification, corporate social responsibility, in-role behavior, extra-role behavior.

INTRODUCTION

In today’s highly competitive, turbulent and volatile market place, having the right reputation helps firms realize values (Fombrun, 1996), such as the ability to charge premium prices, enjoy enhanced customer loyalty (Klein and Leffler, 1981; Milgrom and Roberts, 1986b), increase customer identification with the company (Keh and Xie, 2009), and attract better human resources and more capital resources (Milgrom and Roberts, 1986a; Stigler, 1962). Corporate social responsibility (CSR) initiatives are one way for firms to gain positive reputations (Fombrun and Shanely, 1990). Today, more than 80% of the fortune 500 companies address CSR issues on their Web sites (Bhattacharya and Sen, 2004), reflecting the pervasive belief that performing CSR initiatives can lead to better reputation.

CSR includes corporate social acts that satisfy social needs beyond the legal obligations of a firm (Angelidis and Ibrahim, 1993; Enderle and Tavis, 1998). CSR functions as a key component of a firm’s marketing toolbox because it responds to consumer expectations, improves corporate performance and reputation, and, at the same time, helps worthy causes (Sen and Bhattacharya, 2001; Nan and Heo, 2007). For example, Starbucks’s recent CSR campaign (2009) with the slogan “Are You In?” offers a free cup of coffee and a pledge card in exchange for 5 h of documented community service between January 21 and 25. While the campaign provides a platform to those consumers that are ready to do something meaningful, it also helps reinvigorate Starbucks’s image and is tied to the local community. CSR initiatives have been well established in the marketing literature on enhancing corporate image or reputation (e.g., Nan and Heo, 2007; Polonsky and Speed, 2001). The underlying theme is that CSR initiatives allow consumers to identify with the company (Bhattacharya et al., 1995), which is the notion of consumer-company (C-C) identification proposed by Bhattacharya and Sen (2003). C-C identification is the degree to which a consumer’s self-definition overlaps with the consumer’s perceived traits of the corporation (Bhattacharya and Sen, 2003; Duton et al., 1994). Thus, when consumers perceive a CSR initiative that has certain traits that overlap with their self-concepts, they develop greater identification with the company and are more likely to support it (Ahearne et al., 2005; Lichtenstein et al., 2004). Previous research has demonstrated that CSR initiatives positively affect C-C identification, which in turn has a positive effect on consumer evaluations and behavioral intentions (Lichtenstein...
et al., 2004).

Although, there are many ways to implement CSR, three CSR initiatives that firms commonly use are sponsorship, cause-related marketing (CRM), and philanthropy (Polonsky and Speed, 2001). The current study enhances knowledge about CSR initiatives by investigating the relative contribution of three types of CSR initiatives, sponsorship, CRM, and philanthropy, to consumers’ ability to identify with a company. The more a consumer identifies with a company, the more likely he or she will exhibit both in-role and extra-role behaviors that will benefit the company. While many companies engage in these three common CSR initiatives to enhance C-C identification, to our knowledge, little research has been addressed their relative effects on consumers’ identification with a company. Thus, such research is important in terms of providing guidance to practitioners in selecting appropriate CSR initiatives to increase C-C identification, particularly when the chosen CSR initiative ultimately becomes the “face” of the company (PR News, April 19, 2010).

LITERATURE REVIEW

Research framework

Using the Stimulus-Organism-Response (S-O-R) framework developed by Belk (1975), this study examines three types of CSR initiatives (stimulus) and their ability to arouse consumers’ appraisal, such as identification with the company (organism). The appraisal is expected to influence consumers’ in-role and extra-role behaviors (response).

Corporate social responsibility initiatives

CSR is the policy and practice of corporate social involvement to satisfy social needs (Angelidis and Ibrahim, 1993; Enderle and Tavis, 1998). While Lerner and Fryell (1998) stated that a firm’s CSR actions should be in harmony with societal values and expectations, Carroll (1996) further typified CSR into activities that involve economic, legal, ethical and philanthropic responsibilities. Similar to Polonsky and Speed (2001), we identify three types of philanthropic corporate social responsibilities in this study: sponsorship, CRM and philanthropy.

Sponsorship is a strategic investment, in cash or in kind (people or equipment), in an activity to access the exploitable commercial potential associated with the sponsored entity or event (Gwinner and Bennett, 2008; Lachowetz et al., 2002). Sponsorship is one of the most prominent forms of marketing (Roy and Cornwell, 2004) and, according to Harvey (2001), generates more money than all advertising media combined. While there is an established line of research on sponsorship’s effect on brand awareness (e.g., Cornwell and Coote, 2005; Gwinner and Swanson, 2003; Rifon et al., 2004), brand image (Meenaghan and Shipley, 1999) and brand association (Polonsky and Speed, 2001), Gwinner and Bennett (2008) stated that more research should be done in order to fully explore the effects of consumers’ attitudes towards sponsorship.

CRM involves a company’s promise to donate a certain amount of money to a nonprofit organization or to a social cause when consumers purchase its products/services (Nan and Heo, 2007). Several researchers have studied the effect of CRM on consumers’ perceptions of the sponsoring brand or firm. Smith and Alcorn (1991), for example, found that about half of the consumers (56%) think that it is important to contribute to a charitable cause and 46% of interviewees would like to switch brands because of the desire to support a cause. Ross et al. (1992) found that CRM has a positive effect on consumers’ perceptions of the sponsoring firm. Research has also shown that customers’ general response to CRM tends to be positive (Webb and Mohr, 1998).

Philanthropy involves a firm making a contribution of money or kind (people or equipment) to a worthy cause simply because the firm wishes to be a good citizen without an expectation of a benefit tied to the effort (Shaw and Post, 1993; Collins, 1994). However, as researchers have noted, much of what is labeled as corporate philanthropy does seek to generate and exploit an association with the cause. Collins (1994) referred to this effort as pseudo-altruism. Although, true philanthropy does not expect direct benefits, previous research has found that the associated corporate image and social recognition in the community that philanthropy can generate can also result in positive feelings and improvements in the attitudes of consumers towards the firm (D’Astous and Bitz, 1995; Brown and Dacin, 1997; Sen and Bhattacharya, 2001).

Customer identification

The concept of identification, which originated from the areas of social psychology and organizational behavior, satisfies consumers’ self-definitional needs (Bhattacharya and Sen, 2003) and social identity needs (Escalas and Bettman, 2005). Identification has consistently been found to have a positive effect on organizational member loyalty (Adler and Adler, 1987; Mael and Ashforth, 1992) as well as citizenship behaviors (Bergami and Bagozzi, 2000) and brand loyalty (Peter and Olson, 1993). Based on the social identity theory and organizational identification theory, Bhattacharya and Sen (2003) extended the concept of identification to develop a conceptual framework for C-C identification. The underlying premise of C-C identification is that consumers can identify with a company because the company they patronize at least partly satisfies their self-definitional needs (e.g., self-distinctiveness, self-enhancement and self-congruity), even when they are not formal members of the company.
(Pratt, 1998; Scott and Lane, 2000; Turner, 1982). That is, customers’ needs for self-definition or a sense of belonging can be articulated through developing socially identifying relationships with a company (Brewer, 1991; Mael and Ashforth, 1992). In a sense, C-C identification is similar to the concept of brand resonance developed by Keller (2003), which is the final stage of customer-based brand equity and describes the intense and active loyalty relationship between customers and a company by addressing the question, “What about you and me?”

**Corporate social responsibility initiatives and customer identification**

Consumers’ identification with a company is based on their perceptions of the company’s defining traits or perceived identity (Dutton et al., 1994), that is, consumers identify with a company based on their beliefs that they share certain common traits with the company, which provides a sense of self-fulfillment, self-distinctiveness and self-enhancement (Ashforth, 1998; Bhattacharya et al., 1995; Elsbach, 1998; Sen and Bhattacharya, 2001) and enriches consumers’ social identity (Ahearne et al., 2005). CSR initiatives create the kind of traits that are capable of triggering customer’s identification.

As Bhattacharya and Sen (2003) proposed, the key antecedent of C-C identification is the attractiveness of the company’s identity, which depends on individuals’ three basic self-definition needs, namely, identity similarity, identity distinctiveness and identity prestige. Social identity theory (Tajfel and Turner, 1985) suggests that people often associate themselves with certain groups, even those with which they have no contact, to enrich their social identity, which serves to enhance their self-definition. CSR has a positive influence on the development of consumers’ identification because consumers are willing to identify or build a series of connections with highly regarded companies, which can facilitate their self-definition processes (Pratt, 1988; Bhattacharya and Sen, 2003).

Previous research has demonstrated consumers who identify with a company’s CSR initiative are more likely to identify with the corresponding company (Du et al., 2007; Lichtenstein et al., 2004). With regards to the three CSR initiatives, consumers who perceive different levels of a company’s involvement with the three CSR initiatives may differ in their degree of C-C identification. Polonsky and Speed (2001) stated that the philanthropic type of CSR seems to be the most effective in enhancing corporate reputation through association of brand/cause. As a form of altruistic CSR, philanthropy, with its associated perception of “giving,” may also lower consumers’ skepticism about the firm’s intentions (Webb and Mohr, 1998) and possibly positively affect purchase intentions (Szykman et al., 1997). As a result, we propose the following hypothesis:

\[ H_1: \text{Sponsorship, CRM and philanthropy differ in their relative influence on C-C identification.} \]

**Outcomes of consumer-company identification**

Based on the social identity theory, consumers who identify with a company are more likely to engage in favorable actions toward it because of the act of self-expression. Favorable outcomes of C-C identification have been found to include behaviors, such as increased consumer loyalty, increased cross-buying behavior, greater positive word of mouth (WOM), and increased resilience to negative information (Bhattacharya and Sen, 2003; Einwiller et al., 2006; Keh and Xie, 2009; Marin et al., 2009). In addition, Ahearne et al. (2005) found that C-C identification positively affects both in-role behavior (product utilization) and extra-role behavior (citizenship behaviors). Van Dyne et al. (1995) suggested that behaviors that “are required or expected as part of performing the duties and responsibilities of the assigned role,” such as purchasing a company’s products, can be categorized as in-role behaviors. On the other hand, extra-role behavior refers to voluntary and discretionary behavior that is not directly or explicitly expected or rewarded (Groth, 2005), such as making suggestions related to product or service improvement, making recommendations to others, and engaging in positive WOM.

Based on the concept of organizational citizenship behavior (Bateman and Organ, 1983) and boundary-spanning behavior (Bettencourt and Brown, 2003), consumers who identify with a company are more likely to express their support for CSR initiatives by engaging in in-role behaviors, such as purchasing products from that company (Adearne et al., 2005). Thus, in line with Ahearne et al.’s (2005) findings, we propose:

\[ H_2: \text{The greater the C-C identification, the more likely consumers will exhibit in-role behaviors that support the company, such as purchasing products from that company.} \]

Social identity theory supports a link between C-C identification and consumers’ extra-role behavior. Consumers who strongly identify with a company are more likely to engage in reciprocation that may benefit it (Ahearme et al., 2005). In the context of the current study, customers’ extra-role behavior includes making suggestions related to product or service improvement, making recommendations to others, and engaging in positive word of mouth (Anderson et al., 2004; Bettencourt, 1997). Hence, we propose the following hypothesis:

\[ H_3: \text{The greater the C-C identification, the more likely consumers will demonstrate extra-role behaviors, which support the company.} \]
Our research hypothesizes that the three types of CSR initiatives will differ in their effect on C-C identification. Through that identification, consumers are also more likely to exhibit in-role and extra-role behaviors. The conceptual model that integrates the hypothesized relationships is presented in Figure 1.

**MATERIALS AND METHODS**

**Design and subjects**

A between-subjects factorial design was employed with the manipulation of three types of CSR initiatives (sponsorship, CRM, and philanthropy) and one control group (no CSR initiative). As suggested by Bronnand and Vrioni (2001), the socio-cultural and economic differences of each society are so different that it is worth looking at different perceptions of each society toward CSR and subsequent influence of these perceptions on the members of each society. This study recruited 246 undergraduate students from marketing-related classes at Feng Chia University (Taiwan) as participants in the study. The students who participated took the survey in a classroom setting in exchange for extra credit. Upon arrival to the classroom, each participant was given a booklet containing a questionnaire and a campaign that used one of the three CSR initiatives. Participants were told that the purpose of the study was to determine how college students responded to the CSR initiative in the packet as well as to the corresponding company. Participants viewed the stimulus material in the packet and completed a questionnaire containing items that measured their attitudes and behavioral intentions.

**Stimulus**

Similar to previous research (Mohr and Webb, 2005; Nan and Heo, 2007), we designed a survey-based experiment with different scenarios to test the proposed hypotheses. As indicated by Grewal et al. (2004), scenario-based experiments reduce biases from memory retrieval, rationalization tendencies, and inconsistency factors. Since marketing students were the targeted subjects, the experimental scenario was designed in such a way to ensure realism. A pretest with 72 students, who did not later participate in the main experiment, was conducted to determine the company and the CSR initiative to be used as the stimulus since students vary in their knowledge of past corporate behaviors and in their relationships with various causes. Athletic shoes, a common purchase by university students, often induce high levels of interest and involvement.

A list of brands (Nike, Puma, Adidas, Converse, Ascis, Reebok and New Balance) was provided to the 72 pretest subjects to determine their familiarity and past purchase behavior with the brand. The Nike brand met the criteria of being the most familiar and having been purchased most frequently. A fictitious campaign was created to reduce the effect of participants’ previous experiences with cause/nonprofit organizations (NPO) and to reduce the confounding effect of both brand and experience-related variables. Four different campaigns, one for each of the three CSR initiatives and one for the control group, were developed to represent each condition. To identify the condition that was to be used in the study, the pretest subjects were asked to evaluate the three CSR conditions, each of which provided the same monetary/in-kind contribution to the nonprofit organization. In addition, the pretest subjects helped to evaluate the brand/cause fit since previous research has found that fit influences consumer evaluations of sponsoring firms (Nan and Heo, 2007; Barone et al., 2007).

The basic design of the fictitious campaign featured Nike's enormous sympathy for the victims of the recent debris-flow disaster in Taiwan. No CSR action was taken in the fictitious campaign presented to the control group. The fictitious sponsorship campaign featured Nike's sponsorship of an NPO's (the Taiwanese Family Association, TFA) event (family run) to raise money and support for victims of the debris-flow disaster in Taiwan. The fictitious CRM campaign featured Nike's offer to donate, for any purchase of Nike shoes, NT$300 dollars to TFA to help raise money for the victims of the debris-flow disaster. The fictitious philanthropy campaign featured Nike's donating NT$100,000 to TFA to help raise money for the victims of the debris-flow disaster.

**Measurement**

C-C identification was measured using scales adapted from Mael and Ashforth (1992), which consisted of three items measured on a five-point Likert-type scale with items as follows: (1) When someone criticizes X, it feels like a personal insult, (2) I am very interested in what others think about X, and (3) When someone compliments X, it feels like a personal compliment. Customer in-role behavior was operationalized as customers’ engagement in behaviors that support the company, such as purchasing products from that company. Three statements measured on a five-point Likert scale adapted in part from Putrevu and Lord’s research (1994) were used to measure purchase intention: After seeing the campaign, (1) It is very likely that I will buy the brand, (2) I will consider purchasing the brand the next time I need this product, and (3) I will try this brand.

Customer extra-role behavior was operationalized as voluntary and discretionary behavior by individual customers that is not...
Table 1. Measurement scales used and properties.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>C-C identification</th>
<th>In-role behavior</th>
<th>Extra-role behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-C identification</td>
<td>3.759</td>
<td>0.546</td>
<td>(0.835)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-role behavior</td>
<td>3.904</td>
<td>0.591</td>
<td>0.355**</td>
<td>(0.868)</td>
<td></td>
</tr>
<tr>
<td>Extra-role behavior</td>
<td>4.026</td>
<td>0.608</td>
<td>0.38**</td>
<td>0.595**</td>
<td>(0.844)</td>
</tr>
</tbody>
</table>

*p < 0.05, ** p < 0.01, N=480 and alpha reliability is reported in parentheses in the diagonal.

Table 2. Post-hoc analysis (Scheffe test).

<table>
<thead>
<tr>
<th>CSR (I)</th>
<th>CSR (J)</th>
<th>Mean difference (I – J)</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>CRM (3.617)</td>
<td>-0.239</td>
<td>0.042</td>
</tr>
<tr>
<td>No condition</td>
<td>Sponsorship (3.874)</td>
<td>-0.496</td>
<td>0.000</td>
</tr>
<tr>
<td>No condition</td>
<td>CRM (3.617)</td>
<td>0.56</td>
<td>0.000</td>
</tr>
<tr>
<td>Sponsorship (3.874)</td>
<td>Sponsorship (3.874)</td>
<td>0.304</td>
<td>0.005</td>
</tr>
<tr>
<td>No condition</td>
<td>CRM (3.617)</td>
<td>0.239</td>
<td>0.042</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>Sponsorship (3.874)</td>
<td>-0.56</td>
<td>0.000</td>
</tr>
<tr>
<td>No condition</td>
<td>CRM (3.617)</td>
<td>-0.257</td>
<td>0.025</td>
</tr>
<tr>
<td>CRM (3.617)</td>
<td>Philanthropy</td>
<td>-0.496</td>
<td>0.000</td>
</tr>
<tr>
<td>Sponsorship (3.874)</td>
<td>Philanthropy</td>
<td>-0.304</td>
<td>0.005</td>
</tr>
<tr>
<td>No condition</td>
<td>CRM (3.617)</td>
<td>0.257</td>
<td>0.025</td>
</tr>
</tbody>
</table>

*Means of C-C identification are reported in parentheses.

directly or explicitly expected or rewarded. Three items measured on a five-point Likert scale adapted from De Matos et al. (2009) were used to measure customer extra-role behavior: After seeing the campaign, what are the chances that (1) You will tell your relatives and friends about the good deed of the company, (2) You will join the activity held by the company in the future, and (3) You will recommend the company to your relatives and friends?

Scale validation

Table 1 presents the scale reliability, means, standard deviations, and correlations of constructs. The internal consistency was calculated to assess the reliability of the scale. Cronbach’s α, which provides a reasonable estimate of internal consistency, ranged from 0.835 (C-C identification) to 0.868 (in-role behavior). All values surpassed the recommended value of 0.7 (Nunnally, 1978).

DATA ANALYSES AND RESULTS

The scales used in the pretest to determine the brand/cause fit were employed to determine whether the manipulation worked as intended. Two items measured on a 1 to 5 scale anchored by the statement, high fit/low fit and makes sense/does not make sense, assessed the perceived brand/cause fit (Becker-Olsen and Hill, 2006). The results revealed that subjects perceived a high level of brand/cause fit (Mean = 3.994, t = 104.591, p < 0.01).

to determine whether the three types of CSR initiatives resulted in different perceptions of C-C identification, we performed a one-way ANOVA. The results showed significant differences in the perception of C-C identification with the CSR initiatives (F = 33.896, p < 0.01). To examine specific differences among the four CSR conditions, we carried out a post hoc analysis (Scheffe’s test) that revealed the intra-group differences (Table 2). The results support H1 since philanthropy (Mean = 4.178) exerted greater influence on C-C identification compared to sponsorship (Mean = 3.874), CRM (Mean = 3.617) or no condition (Mean = 3.378). Compared to the condition with no CSR manipulation, all three types of CSR initiatives increased C-C identification with the corresponding company. The linear effect of C-C identification on in-role and extra-role behaviors was examined using regression analysis. The results indicated that C-C identification had a positive influence on both in-role behavior ($R^2 = 0.126$, adjusted $R^2 = 0.123$, $t = 5.916$, $p < 0.01$) and extra-role behavior ($R^2 = 0.145$, adjusted $R^2 = 0.141$, $t = 6.398$, $p < 0.01$). Therefore, H2 and H3 are supported.
DISCUSSIONS, CONCLUSIONS AND IMPLICATIONS

What about you and me? Does different type of CSR initiatives (You) elicit different degree of consumer identification (Me) and subsequent behavioral intentions? The answer appears to be a qualified yes in that, as the results indicated, the three types of CSR initiatives exert significantly different influences on C-C identification. The experiment revealed that participants who were exposed to the CSR initiative that utilized a philanthropy campaign identified significantly more favorably with the company compared to those who were exposed to a CSR initiative that utilized a sponsorship or CRM campaign or those without a CSR initiative.

The intention of all three CSR initiatives is to associate a company with some other object (cause or NPO) in order to improve customer identification. Across all above-mentioned initiatives, philanthropy facilitated the transfer of positive identification from an object to the object-associated brand better than did sponsorship or CRM. That is, consumers reacted more favorably to companies that donated large amounts of money to a cause/NPO directly than to those that undertook the more indirect approaches of sponsorship and CRM. Compared to philanthropy and sponsorship, CRM performed worse on consumer evaluations. This is intuitively reasonable, given that CRM requires consumers to make a purchase, a clear benefit to the company, while philanthropy and sponsorship do not require consumers to make any effort or sacrifice. Relative to other forms of CSR, CRM campaigns are more likely to be viewed with suspicion, given that these campaigns often explicitly link support of a cause to a firm’s profit-generating activities (Barone et al., 2007). This finding provides additional support for the arguments made by some scholars that corporations must be concerned with the employment of CSR initiatives because different types of CSR trigger different perceptions of the corporation (Polonsky and Speed, 2001).

As expected, higher degree of C-C identification seems to be linked to stronger in-role and extra-role consumer responses, which are beneficial for companies. The finding adds to the current literature on social identity theory by providing further evidence of the critical role of C-C identification and the effect of CSR on consumer behavioral intentions.

An increase in CSR initiatives has been prompted by companies that recognize it as a way to build public relations, enhance corporate image, and increase sales. However, by their very nature, CSR initiatives are difficult to manage and must be implemented carefully to avoid consumer skepticism. Nevertheless, from a managerial point of view, the findings presented here should be considered supportive of those companies that have chosen to engage in CSR and those considering initiating one. It is clear that creating and maintaining a state of closeness between the consumer and the company (identification) through CSR initiative has a potential to generate positive behavioral responses towards the company (Bhattacharya and Sen, 2003; Perez, 2009). Managers, however, should be aware of the various effects that CSR initiatives have on consumer evaluations. As managers seek to build C-C identification, in particular, they should consider engaging in the philanthropy tactic first, followed by sponsorship and CRM. In addition, when communicating with their stakeholders, companies should highlight the philanthropic aspect of CSR since it constitutes the key feature of building the consumer-company bond (identification) (Bhattacharya and Sen, 2003; Marin and Ruiz, 2007).

LIMITATIONS AND FUTURE RESEARCH

This study focused on the effect of sponsorship, CRM, and philanthropy on C-C identification and its subsequent effect on behavioral responses. As with all studies, the design of the present research is subject to the generalization limitation. The data for this research were collected through convenience sampling; therefore, the findings should be interpreted with caution to avoid generalization. Further research is needed to examine when (that is, temporal distance) and under what conditions managers should choose a particular type of CSR initiative. Subsequent research should also consider the effect of alternative causes or the magnitude of the cause on consumer evaluations. Future research could also be conducted with other organizations, as some of the results of the study may be industry-specific.

REFERENCES

Bettencourt LA (1997). Customer Voluntary Performance: Customers as

