

The Spillover Effect of CSR Initiatives on Consumer Attitude and Purchase Intent: The Role of Customer-Company Identification with the Moderating Effect of Awareness

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Abstract

The purpose of the study is to contribute in the literature of Corporate Social Responsibility (CSR) by analyzing how well the customers identifies themselves with the ethics and values of the company i.e. various CSR activities (Sponsorship, Cause-Related Marketing and Philanthropy) and its spillover effect on the purchase intentions. The findings of the study are based on 230 sample size by using Structural Equation Modeling (SEM) and cluster analysis. The results indicate that a high level of identification between the customer and company leads to better attitudes towards the product or service of an organization. The study also tries to uncover the impact of awareness in customers regarding the CSR campaigns and how this increased level of awareness leads to positive consumer behavior. The findings are usefulness for managers and they should try to communicate more with CSR activities especially through CRM as it showed the impact on identification. Nonetheless the study has geographical and sample size limitations thus cannot be generalized.

Keywords: corporate social responsibility; cause-related marketing; philanthropy; customer-company identification; sponsorship.

1. Introduction

Globalization has made today's marketplace extremely competitive and firms are striving to find effective tools to successfully place themselves in this rivalry. Organizations have developed a new perspective regarding enduring long term success. Companies are targeting a phenomenon known as the "Triple Bottom Line" which consists of 3P's named Profit, Planet and People. A research conducted by UN Global Compact on 766 companies worldwide revealed that around 93 percent respondents rated CSR as a critical factor for the success of an organization (Cheng, Ioannaau and Serafeim, 2014).

Chaudary et al., (2016) discussed importance of customer perception of CSR initiatives and how it leads to purchase behavior. Recent studies have shown convergent behaviors of the general public toward firms involved in CSR activities. People understand that the business following a CSR route extends its responsibilities from just profit maximization (Dodd and Supa, 2011). CSR has proven to be a successful tool for firms, towards creating a positive approach by the consumers (Groza, Pronschinske and Walker, 2011). The understanding of how CSR by the company is going to replicate itself into actual buying behavior is discussed by Fagerstrom, Stratton and Foxall (2105) and how this understanding is crucial into further developing marketing campaigns, along with activities that do not just profit the company but also on a societal level. To highlight this marketing analysis, Austin and Gaither (2016) examine posts on social media of companies and established that posts emphasizing socially responsible businesses activities had favorable reactions. The significance of incorporating CSR initiatives in business strategies is verified by the fact that around 90 percent of the Fortune 500-companies indulge in various CSR activities (Martinez and Rodriguez, 2013) and these firms devote \$15 billion per year on CSR struggles (Smith, 2014). CSR strategies should essentially give not only to society, but also to companies' financials (Zemack-Rugar, Rabino, Cavanaugh and Fitzsimons, 2015).

Several studies have tested the impact of CSR on customer attitude and behavior but there have been conflicting results. For example, Berger, Cunningham and Kozinets (1999) found that company's promise to engage in philanthropy led to positive consumer attitudes towards the company's message but it did not show any impact on purchase intention. In contrary, Lafferty and Edmondson (2013) found no differences in consumer responses to advertisements that demonstrated philanthropic intentions as compared to advertisements which had no such information. Sponsorship is an element of corporate communication and has become a main element in marketing (Polonsky and Speed, 2001). By means of attribution theory, Rifon et al. (2004) give a cognitive explanation of sponsorship effects. Results show that a good fit between a corporation and the cause it sponsors creates consumer attributions of philanthropic sponsor motives and enriches attitude toward the sponsor.

Research has been conducted to examine that whether CSR initiatives enhance customer related outcomes like customer satisfaction (He and Li, 2011) and customer loyalty (Lee, Park, Rapert and Newman, 2012; Du, Bhattacharya and Sen, 2007). CSR activities positively influences the brand identification (He and Li, 2011). Customers identifying a good fit put more weight on company associations in new product evaluation; however those identifying a poor fit have more faith in attributes as a basis for new product evaluation (Madrigal, 2000). Customers identify themselves with organizations and that Customer-Company identification directly affects product utilization behavior (Ahearne, Bhattacharya and Gruen, 2005).

CSR strategies are known as the "next big thing" in marketing (Mainwaring, 2011). There are numerous approaches to implement CSR strategies but sponsorship, cause-related marketing (CRM) and philanthropy are the most significant ones (Polonsky and Speed, 2001). Some strategies are more effective than the others. This study explores the significance of each CSR initiative and how these initiatives contribute to the customer's ability to relate themselves to the organizational values and goals. The more a consumer relates himself to the organizational values, the more likely will be his evaluation and

perception of the company's product. However, little research has been done that whether or not the CSR initiatives will actually result in the purchase of the product. This study also examines the role of awareness of CSR initiatives, which is studied with the help of moderating variable "Knowledge vs. No Knowledge". This variable will investigate the effect of existing perceptions of the customer's about the company, which has been ignored previously. No studies were found that considered "Knowledge vs. No Knowledge" condition and its relevance regarding the product evaluation and purchase intention.

2. Literature Review

2.1 Corporate Social Responsibility

Researchers have recognized Corporate Social Responsibility (CSR) as a viable and key device which could be used as a strategic tool in not only gaining competitive advantage over competitor firms but also delivering the desired social benefits. From a broad viewpoint CSR is defined as companies actions associated to its perceived stakeholders and communal obligations (Cheng et al., 2014; Brown and Dacin 1997; Sen and Bhattacharya 2001). One of the pioneer studies regarding CSR was presented by Carroll (1991) who proposed a pyramid of CSR, which was composed of four dimensions starting from the bottom i.e. economic, legal, ethical and philanthropic concerns.

In accordance with Polonsky and Speed (2001), sponsorship, cause-related marketing and corporate philanthropy have been used as initiatives to represent the CSR activities and Lii (2011) states that it important to study how the variety of CSR initiatives affects the consumer behavior, beliefs and values in their respective ways. In the context of strategic and/or communicative action, CSR communication occurs in different forms and for different purposes – either as informative, persuasive, aspirational and participatory type of CSR communication (Elving et al., 2015).

2.2 Consumer-Company Identification

By taking the social identity theory and self-categorization theory into consideration, individuals have a tendency to characterize themselves into various social classes consistent with their own particular meaning of self (Mason and Simmons, 2014).

Consumer-Company Identification (C-C Identification) is defined as the degree of psychological attachment to which consumer's self-concept and believes overlap with those of the organization (Dutton, Dukerich and Harquail, 1994). Correspondingly, Lichtenstein, Drumwright, and Braig (2004) additionally expressed that CCI is the degree to which the customer surveys different aspects of an organization's CSR activities similar to his own particular qualities and convictions. Since positive CSR convictions are recognized to be a key driver of C-C Identification (Öberseder, Schlegelmilch, Murphy and Gruber, 2014; Lichtenstein et al., 2004) so these convictions and qualities could be required to fortify the relationship between buyer and company. Marin, Ruiz and Rubio (2009) likewise contends that C-C Identification is reinforced when the customer relates more heartily with the organization's CSR activities (He and Li, 2011).

2.3 Sponsorship

Sponsorship is described as a strategic and a tactical investment by the company in any venture, event or cause, which could be in cash or in the form of capital or human capital in an activity in order to access the impending business potential associated with that particular activity (Quester, Plewa, Palmer and Mazodier, 2013; Gwinner and Bennett,

2008). Attendees of the sponsored event use this pairing between the two i.e. corporate image and event, in creating their own personal meaning or self-image and they use these self-constructed associations when buying or evaluating products (Cornwell and Coote, 2005). For the purpose of moderation, the relationship between sponsorship and CCI will be moderated with the condition of “Knowledge vs. No Knowledge”. In light of the past written works the accompanying hypothesis will be tested:

- **H₁:** Sponsorship is expected to have a positive influence on Consumer-Company Identification
- **H₆:** Sponsorship’s impact on Customer-Company Identification will be felt stronger in the presence of “Knowledge vs. No Knowledge

2.4 Cause Related Marketing

Cause Related Marketing (CRM) on the other hand refers to an organizations commitment to contribute a specific particular measure of cash to a social cause or to a non-profit organization when customers obtain its products or services (Kumar and Christodouloupoulou, 2014; Nan and Heo, 2007; Müller, Fries and Gedenk, 2014). CRM has flourished as a marketing tool and is engaged by several brands across product categories (Galan-Ladero, Galera-Casquet, and Singh, 2015). It has been noted in the previous literature that customers tend to be more responsive to the CRM campaign if the cause and image of the company have congruency (Lafferty and Edmondson, 2013). Similarly, Webb and Mohr (1998) have also verified the claims that customers respond to CRM in a positive way.

Baghi, Rubaltelli and Tedeschi (2009) argue that advertisements that contain vivid messages which are related to CRM have a positive effect on consumers but that effect is more diverted towards the overall reputation and image of the company. For the purpose of moderation, the relationship between CRM and CCI will be moderated with the condition of “Knowledge vs. No Knowledge”. In light of the past written works the accompanying hypothesis will be tested:

- **H₂:** Cause-Related Marketing is expected to have a positive influence on Consumer-Company Identification
- **H₇:** Cause-Related Marketing’s impact on Customer-Company Identification will be felt stronger in the presence of “Knowledge vs. No Knowledge

2.5 Corporate Philanthropy

Corporate Philanthropy (CP) have referred to CP as a strategic tool which states that businesses engage in CP because not only they can contribute towards the problems of the society but it also helps them to improve their corporate image (Ricks,2005). Hassan, Nareeman and Pauline (2013) have explained that philanthropic efforts lead to customer retention and customer loyalty so it shows that the charitable contributions and community development activities undertaken by organization are positively associated with customer satisfaction leading to high revenue growth, customer satisfaction and retention. Chen and Haung (2016) concluded that corporate philanthropy contributes more in the success of brand image, consumer self-brand connection, and purchase intention as compared to CRM. However Chanana and Gill (2015) results show that the people know the concept of CRM and also consider this as a part of Corporate Philanthropy. For the purpose of moderation, the relationship between corporate philanthropy and CCI will be moderated

with the condition of “Knowledge vs. No Knowledge”. In light of the past written works the accompanying hypothesis will be tested:

- **H3:** Corporate Philanthropy is anticipated to have a positive influence on Consumer-Company Identification
- **H8:** Corporate Philanthropy’s impact on Customer-Company Identification will be felt stronger in the presence of “Knowledge vs. No Knowledge

2.6 New Product Evaluation

Consumer's product attitude is defined as the summed set of beliefs about (or perception of) the product's attributes weighted by the evaluation of the importance of the attributes (Kim and Littrell, 2001). If the consumer has some beforehand experience with the company then the consumer is more likely to have positive sentiments about the new product which could further lead to the actual purchase of the new product (Perera and Chaminda, 2013; Madrigal, 2000). Brown and Dacin (1997) mentioned that the CSR initiatives have a positive effect on company evaluation but in reference to the evaluation of a new product no previous relationship has been found (Perera and Chaminda, 2013).

This spillover effect of the C-C Identification on the evaluation of a new product will help to establish the relationship between the CSR initiatives and the attitude of the consumers towards a new product. In literature, spillover effect which is also known as the “halo effect” is defined as a bias in judgment that spills over to another. In light of the previous literature the following hypothesis is proposed:

- **H4:** Greater the Consumer-Company Identification, the more positively the customers will evaluate the new product

2.7 Purchase Intent

At the end of all business and marketing activities, a company desires its product or service offering to be recognized and purchased or experienced in case of some services. Getting the potential customer to purchase is the ultimate goal of any company because in the end revenues matter a lot. Purchase intention has been defined as an individual’s tendency to purchase a focal brand (Martinez, and Rodriguez, 2013; Spears and Singh, 2004).

The previous literature mentions that CSR initiatives taken by a company prompts the consumer to make purchases (Lee and Park, 2009; Lee and Shin, 2010) which has been studied in context of the attribution theory that states that attributions influence the behavior and responses of the consumer (Kelley and Michela, 1980). CSR initiatives have been positively linked with the purchase intentions of a consumer and moreover consumers with a sense of social concern are likely to switch their brands so that they can support a company which is pursuing social causes. Rodrigues and Borges, (2015) observe that the knowledge of social responsibility practices and the dimensions of perceptions of CSR revealed by the consumers, influence the purchase of the company’s perception. In light of the previous literature the following hypothesis is proposed:

- **H5:** Positive/Negative evaluation of a new product will significantly affect the purchase decisions of the consumer

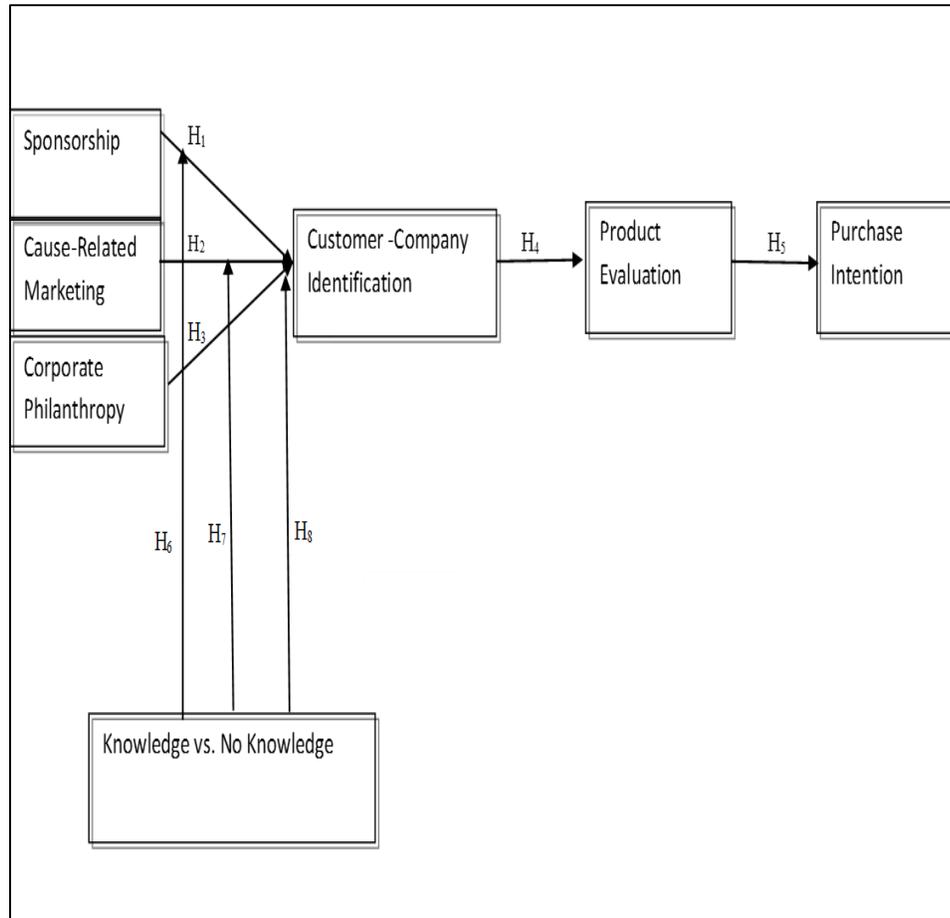


Figure 1: Theoretical Framework

3. Methodology

3.1 Data Collection and Sample

A survey questionnaire was developed with the three types of CSR initiatives (sponsorship, Cause-Related Marketing and corporate philanthropy) and along with that half of the respondents were exposed to any of the CSR initiatives (stimulus); thus this acted as control group which will have a moderating effect. The study employed 230 self-administered questionnaires. For SEM, 200 sample size is considered to be adequate (Shah and Goldstein, 2006). This method of survey-based experiment with multiple scenarios to test the proposed hypotheses was also used in Nan and Heo (2007). The reason behind implementing scenario-based experiment is that it reduces biases from memory retrieval, rationalization tendencies, and inconsistency factors (Grewal, Hardesty and Iyer, 2004). The items of all the constructs were borrowed from different studies (see table 1) and were measured on a five point Likert scale.

3.2 Stimuli

The stimulus provided to the respondents included information about fictional campaigns of McDonald's for each CSR initiative. The hypothetical sponsorship campaign of McDonald's will emphasize on McDonald's sponsorship of a cricket match to raise funds for underprivileged children residing in an NGO named Smile Foundation (Figure 3). For CRM, McDonald's will donate 1% of each sale to Smile Foundation (Figure 2). While the corporate philanthropy campaign will include that McDonald's is donating Rs 1,000,000 to Smile Foundation regardless of any other consideration (Figure 4).



Figure 2: Stimulus of Cause Related Marketing



Figure 3: Stimulus of Sponsorship



Figure 4: Stimulus of Corporate Philanthropy

3.3 Structural Equation Modeling

The data was analyzed using the two-stage (confirmatory factor analysis and path analysis) procedure of structural equation modeling. The goodness of the measure was analyzed using the confirmatory factor analysis (CFA). Then with the help of path analysis, structural relations among the theoretically proposed variables were analyzed. The reliability of the scale was assessed using the internal consistency method. The internal consistency was measured with the help of Cronbach alpha, for which the recommended value will be greater than 0.7 (Nunnally, 1978).

Model fit for the proposed model have been checked by using two types of indices i.e. Stand-alone indices and Incremental Indices. Standalone indices include CMIN (chi square will be adjusted for degree of freedom), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI) and Root Mean Square Error of Approximation (RMSEA) Incremental indices include Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Normed Fit Index (NFI), and Incremental Fit Index (IFI). These models are important to evaluate the fit of the model as it determines how well the fit models the data (Shah and Goldstein, 2006).

3.4 Market Segmentation using Cluster Analysis

As heterogeneity was expected among the respondents so they were segmented using the cluster analysis. The rationale behind this heterogeneity was that each respondent would have given distinct importance to each unique attribute. It is a data reduction tool that helps to reduce the relatively large sample into small meaningful clusters which means that each cluster would have similar attributes within a cluster but across various clusters, each cluster would be distinct and unique.

4. Result and Analysis

4.1 Data Analysis

The final sample consisted of 157 males (68.3%) and 73 females (31.7%). Out of the 230 respondents, 80% belonged to the age group of 20 to 30 years. 71.3 % of the total respondents had a bachelor's degree and master's degree. The demographic data was also checked for kurtosis and skewness. The results suggest that the data lies in the normal range of kurtosis and skewness (± 2.0). Harman's single factor test was also checked in order to make sure that no single factor explains the majority of the variance. Common Method

Bias (CMB) was not an issue since a single factor explained only 24.2% of the variance. KMO and Bartlett’s Test of Sphericity was run to check the sample adequacy which met the benchmark of 0.65 thereby shows the validity and suitability of the responses collected.

4.2 Confirmatory Factor Analysis (Measurement Model)

A two-step approach of Structural Equation Modeling (SEM) was used with the help of AMOS for the purpose of analyzing the data as well as testing the hypotheses (Anderson and Gerbing, 1988). The whole model was checked for internal reliability and for convergent and discriminant validity. Confirmatory Factor Analysis (CFA) was run to determine the relationship that exists between the observed variables and their respective underlying constructs. Firstly, the existing literature was reviewed to specify a model. Then each item was linked with its theoretical factor. After that the factor loadings of the items were analyzed to ensure that each factor was at least above 0.45 as noted by Hair, Black, Babin and Anderson (2006). Factor loadings were found to be consistent with the hypothesized constructs as shown below in the Table 1.

Table 1: Reliability and Validity Statistics

Variables	Authors	Factor Loadings (Min-Max)	CR	AVE	DV	Cronbach Alpha	No. of Items
Sponsorship	Gwinner and Swanson (2003)	0.8-0.95	0.906	0.763	0.873	.903	4
Cause Related Marketing	Laczniak and Muehling (1993)	0.46-0.86	0.758	0.453	0.673	.682	5
Corporate Philanthropy	Maignan (2001)	0.55-0.91	0.830	0.629	0.793	.811	3
Customer-Company Identification	Mael (1988) and Ashforth (1997)	0.47-0.85	0.830	0.502	0.709	.823	3
Product Evaluation	Madrigal (2000)	0.52-0.91	0.856	0.509	0.713	.827	6
Purchase Intention	Gwinner and Bennett (2008)	0.45-0.92	0.829	0.510	0.714	.807	5

The Cronbach alpha of all the items of the construct was measured the results showed that the items had internal consistency among them as their Cronbach alpha were above the benchmark score as reported by Singh et al. (2011). Composite construct reliability (CR) has been suggested by Fornell and Lacker (1981) to evaluate the internal consistency. As show in the Table 1, the values of CR ranges from 0.758 (CRM) to 0.906 (Sponsorship); which are well above the suggested minimum of 0.70 by Bagozzi (1980). The convergent validity was measured using average variance extracted (AVE). The AVE for each variable

was above 0.45 as shown in Table 1. As noted by, factor loadings are considered significant with estimates at 0.45 or higher. Moreover, for assessing the discriminant validity, the squared correlation were compared with the average variance extracted (AVE) between two constructs (Fornell and Larcker, 1981). The measurement model has acceptable levels of discriminant validity.

The model fit showed $CMIN/DF = 2.36$ ($p < 0.05$) which is a good fit. In order to improve the model fit, error terms were correlated within the same construct. Moreover the indices reflect a good fit; $GFI=0.83$ and $AGFI=0.78$ which represents an acceptable fit since it surpasses the value 0.7 used by Kuster and Vila (2011). The RMSEA also deemed acceptable since it comes out to be 0.064 which is in an acceptable range (Lin and Wang, 2006). The incremental indices also reflected a good fit: $CFI=0.87$, $TLI= 0.85$, $IFI=0.87$ which are acceptable (Thompson, Zhang and Arvey, 2011). Similarly, the $NFI= 0.79$ is also deemed acceptable as it is considerably better than 0.66 (Kushner et al., 1994).

4.3 Path Analysis

Five hypotheses were tested with the help of SEM and the summary of hypotheses is given in Table 2. The initial three hypotheses H_1 , H_2 and H_3 examined the positive impact of Sponsorship, Cause-related marketing (CRM) and Philanthropy on Customer-Company Identification (CCI). Out of these, H_1 and H_3 were rejected due to insignificant p values.

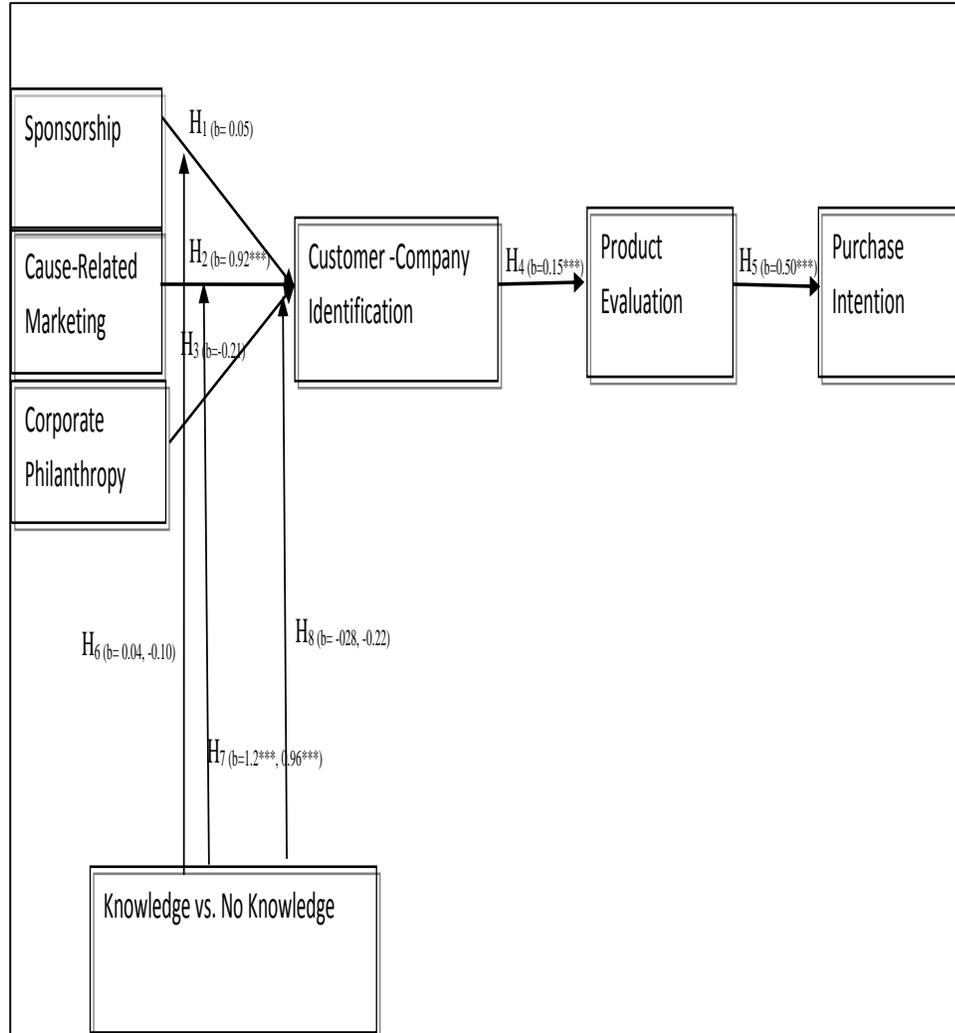


Figure 5: Structural Model

On the other hand, H_2 tested the impact of CRM on CCI and was accepted since the beta value ($b=0.924$) was highly significant ($p=***$) which meant that CRM essentially influences the way in which customers identify themselves the company. Similarly, H_4 tested the relationship between CCI and Product evaluation was also accepted since its beta ($b=0.151$) was highly significant ($p=***$) which meant that Product evaluation is influenced by the way in which the customer identifies themselves with the organization. Lastly H_5 tested the relationship between good product evaluation and purchase intention. This hypothesis was also accepted as it beta was positive ($b=0.507$) and its p value suggested to be statistically significant ($p=***$).

Table 2: Hypothesis Testing

Hypotheses	Relationships	R ²	Predicted Relation	Estimate	P-value	Decision
H ₁	Customer-Company Identification ← Sponsorship	14%	+	.005	.955	Not Supported
H ₂	Customer-Company Identification ← Cause Related Marketing		+	.924	***	Supported
H ₃	Customer-Company Identification ← Corporate Philanthropy		+	-.214	.018	Not Supported
H ₄	Product Evaluation ← Customer-Company Identification	9%	+	.151	***	Supported
H ₅	Purchase Intention ← Product Evaluation	22%	+	.507	***	Supported

The model fit showed $CMIN/DF = 2.46$ ($p < 0.05$) which is a good fit. The indices also reflect a good fit; $GFI=0.82$ and $AGFI=0.78$ which represents an acceptable fit since it surpasses the value 0.7 used by Kuster and Vila (2011). The RMSEA is also deemed acceptable since it comes out to be 0.08 which is in an acceptable range. (Lin and Wang, 2006) The incremental indices also reflected a good fit: $CFI=0.86$, $TLI= 0.83$, $IFI=0.86$ which are acceptable by Thompson et al. (2011) since they have suggested a TLI, CFI and IFI of 0.75, in their study. Similarly, the $NFI= 0.78$ is also deemed acceptable as it is considerably better than 0.66 (Kushner et al., 1994).

4.4 Moderation

The effect of sponsorship on Customer Company Identification was studied in the moderation of “Knowledge vs. No Knowledge” for the hypothesis. The moderating variable was classified into three distinct group’s i.e. “Knowledge”, “No Knowledge” and “All”. For all the three conditions the H₆ was rejected on the basis that the $p > 0.05$ which meant that it was statistically insignificant as described in Table 3 below. This means that increased awareness of Sponsorship does not have any impact on the Customer-Company Identification.

Table 3: Result of Moderation Analysis

Relationship (H ₆)		Moderation	Predicted Sign	Estimate	P	Decision
Customer-Company Identification	← Sponsorship	Knowledge	+	.04	.750	Not Supported
Customer-Company Identification	← Sponsorship	No Knowledge	+	-.104	.383	Not Supported

In hypothesis H₇, the moderating effect of “Knowledge vs. No Knowledge” was studied on the impact of Cause-Related Marketing (CRM) on Customer-Company Identification (CCI). Under all the three conditions, the hypothesis was accepted and all the p values were deemed highly statistically significant (p value=***). Moreover, the estimates under all the three conditions were positive which meant that CRM had a positive impact on CCI. One thing that was noted over here was that beta under the condition of “Knowledge” was much higher as compared to “No Knowledge” as mentioned below in Table 4.

Table 4: Result of Moderation Analysis

Relationship (H ₇)		Moderation	Predicted Sign	Estimate	P	Decision
Customer-Company Identification	← Cause Related Marketing	Knowledge	+	1.279	***	Supported
Customer-Company Identification	← Cause Related Marketing	No Knowledge	+	.966	***	Supported

In hypothesis H₈, the effect of Customer-Company Identification on Corporate Philanthropy was studied in the moderation of “Knowledge vs. No Knowledge”. The estimate (beta) came out to be negative as mentioned in Table 5, which was opposite to the predicted relation. This meant that the hypothesis was rejected although the p value was close to the threshold (p value=0.05). On the basis of the results the hypothesis was rejected which meant that “Knowledge vs. No Knowledge” did not moderated the relation between Customer-Company Identification and Corporate Philanthropy.

Table 5: Result of Moderation Analysis

Relationship (H ₈)		Moderation	Predicted Sign	Estimate	P	Decision
Customer-Company Identification	← Corporate Philanthropy	Knowledge	+	-.288	.051	Not Supported
Customer-Company Identification	← Corporate Philanthropy	No Knowledge	+	-.228	.059	Not Supported

4.5 Cluster Analysis

Hierarchical cluster analysis technique was used in SPSS in which the result of agglomeration suggested that two clusters should be formed across the sample. Then with the help of K-means cluster the sample was divided across three distinct clusters as shown in Table 6. The first cluster consisted of those people which had responded positively to the CSR activities, so this cluster as “Socially responsible”. The second cluster consisted of responses that suggested that this group is not affected by any initiative of CSR and thus this cluster was named “Indifferent”.

Table 6: Final Cluster Centers

Variables	Cluster	
	Socially Responsible N=45%	Indifferent N=55%
Sponsorship	4.14	3.85
Cause-Related Marketing	4.13	3.35
Corporate Philanthropy	4.29	3.47
Customer Company Identification	4.01	2.35
Product Evaluation	4.26	3.68
Purchase Intention	4.32	3.55

5. Discussion and Managerial Implications

The basic purpose of this research was to study whether CSR activities like sponsorship, CRM and philanthropy have any effect on the consumer perception and behavior. Out of three CSR activities, only CRM is found to have a significant impact on the customer-company identification (CCI). This finding is consistent with the previous findings where it was reported that cause related marketing is found to have a positive impact on the perceptions of the customers and the way in which they align themselves with the organization (Menichini and Rosati, 2014). The rationale behind this could be based on the fact that customers are actively able to participate and relate with this cause related marketing campaigns because these campaigns are more public as compared to sponsorships and philanthropic donations.

Although in the previous literature, sponsorship and philanthropic activities are found to have an impact on consumer attitudes (Martinez and Rodriguez, 2013; Hassan et al., 2013) but according to this research the results are contradicting. This could be based on the fact that first of all donations to charities are not made public and if they are made public, then the customers may become skeptical towards the intentions and motive of the company (Kim and Lee, 2012).

Theoretically, this study has made an important contribution to the existing literature about CCI as it proved that a positive customer-company alignment will lead to a more friendly and welcoming perception and evaluation about the company. This relationship is very important since if companies are able to achieve an alignment of thought process on the basic values, then the customers will become involved with the companies on a whole new level. Moreover, this study also states that a positive product evaluation will lead to more

frequent purchases which is in line with the previous literature (Lee and Park, 2009; Lee and Shin, 2010).

The moderation of “Knowledge vs. No Knowledge” was also tested between the relationship of three CSR activities (Sponsorship, Cause Related Marketing and Corporate Philanthropy) and Customer-Company Identification. Out of these three, only CRM was highly moderated in the knowledge condition as compared to the no knowledge condition. Although p value under all the circumstances for this relation was highly significant (p value=***) but the main difference lies in the fact that as the awareness of the Cause-Related Marketing activities of companies increases, the effect on Customer Company Identification also increases. This meant that companies should focus on simulating the awareness level of their Cause-Related Marketing campaigns among the general public as it will lead to positive outcome in terms of recognition and the identification of customer ethics and values in comparison with the values of the organization.

CSR is now a strategic tool which has become a necessity for all the multinational corporations (MNCs). The companies should try to communicate more and more with all the stakeholders especially the customers as they are the driving force behind the success or failure of any company. It is an encouraging sign for the companies that customers do get influenced by activities which are targeted towards the betterment of the society. Customers tend to become more loyal and satisfied if a company is engaged in societal activities. In order to reap benefits from this, companies should tend to participate in social initiatives. One thing that companies need to be very careful about is that these activities should be carried out very carefully as these social initiatives could backfire if the customers become skeptic about the motives behind the initiatives. This means that companies should be very clear about their CSR activities in order to maintain their credibility and positive image in the minds of the general public.

6. Limitations

The study has several limitations. Firstly, the sample of study is geographically limited thus the results may not be generalized because the customers from different countries will have different values and will perceive these CSR activities according to their society. The study used print advertisements of company were taken as stimulus which was very famous for its CSR initiatives. In order to reduce the pre-knowledge bias, the future researchers should not disclose the name of the company and should create a hypothetical stimulus in order to eliminate the pre-knowledge bias of the respondents.

6.1 Future Research Directions

Future researchers can study the company and cause congruity as how the alignment of the company with a related cause can affect as compared to that CSR initiative in which there is no link between the company and the cause the company is supporting. These stimuli should also be used in an experimental study in the future. Longitudinal study will help us to identify if there spill-over effects change over the time.

6.2 Conclusion

The study concludes that sponsorship is the most significant type of CSR activity hence managers should give it utmost importance. Moreover when customers identify themselves with the company they positively evaluate the product of that company and eventually leads to the purchase of it.

The study has added to existing literature by revealing that CSR has now become a strategic tool for companies in order to maintain and sustain their competitive advantage. Customers are eagerly getting involved with the companies are keen to see the companies play an active role for the betterment of the society. This is an opportunity for companies to engage potential and existing customers on a same wave length about the societal issues as this will help the companies to build relationships that will be very long lasting.

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