ABSTRACT. Purpose: This study presents a review of literature on consumers’ perception and responses towards the perceived corporate social responsibility (CSR) of companies, with a view to provide additional insight into the phenomenon. 

Methodology/Approach: The study is essentially a review of existing literature, which entails the identification, review and synthesis of existing studies on the phenomenon.

Findings: The review of previous studies on the subject matter reveals that there is no general consensus on the findings regarding consumers’ perceptions and response to CSR. The findings from previous studies have been equivocal and largely inconclusive as to whether consumers reward companies CSR efforts with positive responses.

Research limitations: The research is basically a review and synthesis of previously conducted studies, and no new data was collected.

Practical implications: The findings and conclusions of this study have practical implications for research on the topic of consumers’ perceptions and response to perceived social responsible behavior of companies. Essentially, the findings point to the fact that the field of study relating to how the consumers perceive and respond to CSR remains a fertile ground from research to enable management theorists and practitioners get a better understanding of the phenomenon.
Originality/Value: The study highlights some important reasons for the mixed findings in previous studies, and further points to the need for researchers to adopt varied methodologies/approaches when conducting researches on how consumers perceive and respond to CSR in contextually different environments.

Keywords: Corporate social responsibility, consumers' response, methodologies/approaches.

JEL Classification: M14

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1. Introduction

The practice of CSR is well recognized and enjoined on businesses all over the world. The basic premise of CSR is to encourage businesses to contribute positively towards the general improvement of the environment where they operate. Over the years, researchers and business practitioners have introduced a strategic angle to the CSR argument, noting that companies who are perceived as socially responsible usually enjoyed positive responses from the various stakeholders of business. Discussions on the motives behind companies’ CSR adoption and practice can therefore be categorized under two broad headings: the normative and the instrumental cases for CSR engagement (Lam and Khare, 2010; Maignan and Ferrell, 2004; Smith, 2003; Swaen and Chumpitaz, 2008). Scholars who hold on to the normative standpoint believe that it is a moral duty for the companies to engage in CSR. As such, it is considered as the ‘right thing to do’ (Lam and Khare, 2010; Smith, 2003), since the company operates within the society, and also utilizes the resources provided therein (Carroll, 1999; Jones, 1980; Maignan et al., 1999; Sen and Bhattacharya, 2001). On
the other hand, some scholars are of the opinion the CSR is not just the ‘right thing to do’, but is actually the ‘smart thing to do’ (Bhattacharya and Sen, 2004; Lam and Khare, 2010; Smith, 2003). This instrumental view, which is also referred to as the business case for CSR (Maignan and Ferrell, 2004; Porter and Kramer, 2006), is based on the expected returns that companies may receive from engaging in CSR activities, e.g., better reputation, corporate competitiveness, improved patronage and loyalty, and positive word-of-mouth (Bhattacharya and Sen, 2004; Hartmann, 2011; Klein and Dawar, 2004; Lee and Shin, 2010; Pérez and Rodríguez del Bosque, 2015; Ricks Jr, 2005; Swaen and Chumpitaz, 2008). With this expectations of positive returns therefore, it is expected that companies will have an additional motivation to engage in CSR.

2. The Business Case for CSR

Even though it has come to be argued that companies’ motives for engaging in CSR is usually a combination the two motives highlighted above, the majority of scholars have presented compelling reasons to justify companies’ adoption of CSR as a business and marketing tool (Becker-Olsen et al., 2006; Bhattacharya and Sen, 2004; Bhattacharya et al., 2009; Brown and Dacin, 1997; García de los Salmones et al., 2005; García de los Salmones et al., 2009; Hartmann, 2011; Smith, 2003). The argument holds that, with the rising competition in most markets and industries, product and process standardization have become the norm in today’s global marketplace. As such, product and brand differentiation strategies can no longer be relied upon as means of achieving competitive advantages (Bhattacharya et al., 2009; Bhattacharya and Sen, 2004; Gupta, 2002). Companies now have to turn to CSR initiatives, which are adjudged as more innovative and less imitable means of achieving differentiation, as well as securing and strengthening customer relationship (Bhattacharya and Sen, 2004; Melo and Garrido-Morgado, 2012).

The potential positive returns have resulted to the adoption of CSR as a business and marketing tool by companies, which has also led companies to focus on the possible favorable returns they can get from the customers. The consumers have become one of the most targeted groups for
CSR communication (Bhattacharya and Sen, 2004). The general expectation of the companies is that, when consumers become aware of companies CSR initiatives, they are likely to respond favorably to such a company and the services/products offered by such a company (Bhattacharya and Sen, 2004; Brown and Dacin, 1997; Christopher and Luke, 2013; Creyer and Ross, 1997; Folkes and Kamin, 1999; Hutton et al., 2001; Khan et al., 2015; Kolkailah et al., 2012; Luo and Bhattacharya, 2006; Sen and Bhattacharya, 2001). This has led to the development of a dedicated branch of research that has over the years explored the relationship between companies’ practice of CSR and the consumers’ responses.

3. Consumer Responses to CSR

Based on the aforementioned expectations of favorable responses from consumers towards companies that engage in CSR, a series of researches have been carried out by several authors with the aim of determining the link, and possible response/benefits that companies will get from engaging in CSR. Scientific study on the effect of social responsibility on consumer responses was pioneered by Brown and Dacin (1997), who developed a framework that was used to investigate the relationship between corporate associations and consumer product responses (Berens et al., 2005; Du et al., 2007; He and Li, 2010; Lee et al., 2011).

The main idea behind Brown and Dacin’s (1997) study was to find out how consumers are influenced by what they know about a company, in their responses towards the company and the products offered by such company. Thus, Brown and Dacin (1997) came up with the concept of corporate associations, which they defined as comprising of two major components, relating to information that consumers may associate with companies. The first is corporate ability associations (CA), which relates to consumers’ perceptions about a company’s expertise in delivering service offerings, while the second component is corporate social responsibility (CSR), which relates to consumers’ perceptions and knowledge about the character of the company with regard to societal and/or stakeholder obligations (Brown and Dacin, 1997). The findings from the study indicated
that CSR directly (and positively) influences consumers’ evaluation of a corporation; while at the same time indirectly influences consumer product responses through corporate evaluation.

Over the years, the research by Brown and Dacin (1997) has remained a referent point for studies seeking to investigate the link between CSR and consumer responses. Within the past two decades, there has been a proliferation in the number of researches focused on investigating the relationship between CSR and consumer responses, though with high concentration on the developed countries of the world (Alsmadi and Alnawas, 2012; Belal, 2001; Carvalho et al., 2010; Fatma and Rahman, 2015; Jamali, 2007; Jamali and Mirshak, 2007; McDonald and Hung Lai, 2011; Visser, 2008). A review of the major findings from these studies shows that there is a general inconclusiveness as regards to consumer perception and response to CSR (Bhattacharya and Sen, 2004; Hartmann et al., 2013; Kolkailah et al., 2012). Table 1, below presents a summary of major findings from some prominent researches conducted with the aim of investigating the relationship between CSR adoption and consumer responses.

Table 1.
Summary of major findings in the CSR – consumer response studies

<table>
<thead>
<tr>
<th>Citations</th>
<th>Main Findings</th>
<th>Nature of Relationship</th>
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<tbody>
<tr>
<td>Berens et al. (2005); Brown and Dacin (1997); Folkes and Kamins (1999); Garcia de los Salmones et al. (2009); Khan et al. (2015); Luo and Bhattacharya (2006); Murray and Vogel (1997); Sen et al. (2006)</td>
<td>Information about company’s engagement in CSR leads to increase in consumers’ positive attitudes towards the company and/or the brand</td>
<td>Positive effect of CSR on consumer perceptions and responses</td>
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<tr>
<td>Bhattacharya and Sen (2004); Sen and Bhattacharya (2001)</td>
<td>Consumers show preferences for buying products from companies that invest in CSR</td>
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<td>Klein and Dawar (2004); Ricks, Jr (2005)</td>
<td>CSR functions as “insurance policy” in crisis situations: the importance of pro-active CSR commitment</td>
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<td>Citations</td>
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<td>Creyer and Ross (1997); Lee and Shin (2010)</td>
<td>Consumers are aware of and interested in CSR and say that CSR is a purchase criterion</td>
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<td>Creyer and Ross (1997); Carvalho et al., (2010)</td>
<td>Consumers are willing to pay premium (higher) prices for products from companies engaging in CSR</td>
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<td>Khan et al. (2015); Swaen and Chumpitaz (2008)</td>
<td>Positive CSR perceptions serves as a boost to customer trust</td>
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<td>Klein and Dawar (2004); Murray and Vogel (1997)</td>
<td>Consumers are willing to defend companies engaging in CSR against criticism</td>
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<td>Klein and Dawar (2004); Ricks, Jr (2015)</td>
<td>CSR has a spillover or halo effect on otherwise unrelated consumer judgments, and situations not related to companies core competencies</td>
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<td>Auger et al. (2003); Boulstridge and Carrigan (2000); Carrigan and Attalla (2001)</td>
<td>Consumers are largely unaware and lack of knowledge about CSR; and very little knowledge about which companies are CSR committed or not</td>
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<td>Boulstridge and Carrigan (2000); Carrigan and Attalla (2001); Chomvilailuk and Butcher (2010); Mohr et al. (2001); Berens et al (2005); Becker-Olsen et al (2006); Auger et al (2003)</td>
<td>Consumers respond more favourably to traditional decision criteria such as product features, price and convenience than CSR</td>
<td>Insignificant/Negative effect of CSR on consumer perceptions and responses</td>
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<tr>
<td>Bhattacharya and Sen, (2004); Folkes and Kamins (1999)</td>
<td>Consumers’ are more sensible to irresponsible than responsible corporate behavior – and their attitudes are more affected by unethical behaviour than by pro-CSR behaviour</td>
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</table>
A cursory look at these findings shows that it is difficult to compare findings and make a general conclusion regarding the actual nature of consumers' perception and response to CSR (Alvarado-Herrera et al., 2015). While several studies have reported direct and positive relationships between companies CSR and consumer responses, some other studies have indicated that the relationships between companies CSR and consumers' related outcomes are not always direct and evident (Beckmann, 2007; Castaldo and Perrini, 2004; Castaldo et al., 2009; Marquina Feldman and Vasquez-Parraga, 2013). These inconclusive and mixed findings thus indicate that the field of research relating to CSR and consumer behavior variable remains a fertile area for prospective researchers.
4. Discussion

The inconclusive nature of the findings in most of the studies investigating the CSR effect on consumer behavior response has led researchers to attempt identifying the possible reasons for the mixed findings, as well as to proffer ideas and solutions to the perceived problems. One of the most prominent causes of the variations in the findings relating to consumer perception and response to CSR is that of methodology applied in these studies (Beckmann, 2006, 2007; Hartmann, 2011). Studies on CSR and consumer behavior variables have often adopted either one of the three generic approaches used for empirical studies (i.e. experimental, attitude surveys or qualitative-focus group studies), with each approach showing its potential effects on the findings (Beckmann, 2006, 2007; Hartmann, 2011; Mohr et al., 2001).

The general tendency, with regards to the use of the three approaches, has always been that, while attitude surveys and opinion polls typically suggest high levels of consumer interest in CSR, and positive effects on product evaluations and purchase intentions, experimental and quasi experimental designs usually lead to either inconclusive or more complex results, indicating that the effect of CSR on consumer behavior is influenced by several mediating and moderating variables (Beckmann, 2007; Bhattacharya and Sen, 2004; Hartmann et al., 2013). For qualitative researches involving focus groups and in-depth interviews, which usually entails a more detailed analysis of consumers understanding, perception and response to CSR, the results mainly reveal a lack of interest and knowledge and skepticism to CSR on the part of the consumers (Beckmann, 2007; Carrigan and Attalla, 2001; Hartmann et al., 2013).

Another major reason for the mixed findings regarding consumers’ response to CSR is the measurement of perceived CSR (Alvarado-Herrera et al., 2015; Peloza and Shang, 2010). Although this is closely related to the methodology factor explained above, the problem however has its roots in the lack of specificity in the definition of CSR as well as its dimensions (Alvarado-Herrera et al., 2015; Babatunde and Akinboboye, 2013; Peloza and Shang, 2010). The fact remains that CSR means different things to different people across cultures, economies, industries, and stakeholder groups, and even within specific stakeholder groups (Ailawadi et al., 2014;
This has made it difficult to generalize the perceived CSR initiatives either to be performed by companies or to be measured in CSR researches (Alvarado-Herrera et al., 2015; Lee et al., 2008; Turker, 2009). The situation with most CSR researches is such that various dimensions and measurement scales have been used in different studies (Alvarado-Herrera et al., 2015; Turker, 2009), most of which attempted to explore the influence of CSR in purchasing decisions in general, and not in particular industries (Papafloratos, 2009). There is thus a high tendency for differential findings, especially when one considers the fact consumers “often use different purchasing criteria for different categories of product” (Papafloratos, 2009, p. 7).

One other reason that possibly accounts for the equivocal findings in CSR and consumer responses studies is the issue of awareness of CSR on the part of the consumers. Several scholars have raised the issue of consumer awareness of CSR/ethical behaviors of companies as a possible determinant of consumers’ perception and response towards CSR (Auger et al., 2003; Bhattacharya and Sen, 2004; Dolnicar and Pomering, 2007; Maignan, 2001; Mohr et al., 2001; Pomering and Dolnicar, 2009; Sen et al., 2006; Yusof et al., 2015). The argument among most of these researchers is that awareness of CSR ought to be a necessary pre-requisite to consumer responses. Studies have however reported low levels of awareness among consumers, regarding which companies are socially responsible, and what specific CSR activities they perform (Pomering and Dolnicar, 2009). Thus, leading to suggestions that the effectiveness of CSR initiatives in eliciting favorable consumer attitudes and purchase behavior has remained only of theoretical, but not practical (Pomering and Dolnicar, 2009).

The low level of awareness of CSR on the part of consumers has led to calls for companies to educate the consumers on the CSR initiatives being implemented by the companies (Auger et al., 2003; Pomering and Dolnicar, 2009). This call is supported by the findings in some studies, which showed that a large number of consumers, especially in America and the UK, have indicated that increased information on companies social and ethical behavior would positively influence their purchasing decisions (e.g., Cone Corporate Citizenship, 2004; Dawkins, 2004). Regarding this call for increased information and communication efforts on companies’ CSR however, researchers have called for caution on how best to communicate CSR to consumers in order to avoid negative attributions (Du et al., 2010).
This is because prior evidences have shown that consumers usually ascribe some ulterior motives to CSR information coming directly from companies (Du et al., 2010; Pomering and Dolnicar, 2009). Thus, a major challenge facing companies regarding CSR communication has been to find answers to such questions as what, and how to communicate CSR in order to achieve favourable customer responses, rather than negative attributions (Beckmann, 2007; Du et al., 2010; Pomering and Dolnicar, 2009).

5. Conclusion

The importance of CSR as a business practice cannot be overemphasized. Engagement in CSR practices provide opportunities for companies to contribute to the general wellbeing of the society where they operate, while at the same time generating positive goodwill for the companies in the eyes of the stakeholders. The fact that CSR engagement represents additional costs to companies (Ailawadi et al., 2014; Christopher and Luke, 2013; Luo and Bhattacharya, 2006; Poolthong and Mandhachitara, 2009) however requires that the companies should be able to justify these costs (Poolthong and Mandhachitara, 2009). This perhaps accounts for the interests that researchers and business practitioners have shown in trying to explore the extent to which companies reap positive returns from investing in CSR.

The research stream on consumer responses to CSR has produced mixed findings regarding the consumers’ willingness to reward companies’ CSR with positive responses such as favorable corporate evaluation and trust, perceived service quality, customer satisfaction, purchase intention, increased share of wallet and loyalty. This article presents a review of the findings in past and contemporary research on consumer response to CSR, as well as the possible reasons for the mixed and inconclusive findings in most of these researches. Based on the possible reasons identified and discussed in this article, we conclude that one of the major challenges currently facing researchers is to decide whether context-specific approaches should be adopted for CSR studies across the world, rather than using uniform approach. The implication therefore, is that the issue of CSR and consumer behavior will continue to remain a fertile ground for research.
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