Consumer Responses to Local and Distant Corporate Social Responsibility Activities

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Introduction and Research Background

As consumers have become more conscious of how their consumption choices influences society, their sensitivity to corporate social behavior has also dramatically increased since the 1980s. Research has shown that while consumers' attitudes to CSR activities are typically positive, they are also complex. The egocentrism literature suggests that a CSR activity focused locally, and thus, with greater personal relevance, can increase patronage of the company responsible for the CSR activity (Russell & Russell, 2010). This implies that locally focused CSR initiatives may have a stronger positive effect on consumers' perception and behavioral intention than globally focused activities, because locally focused initiatives directly benefit local communities and workers and directly affect their daily lives (Oppewal, Alexander, & Sullivan, 2006).

Within the global textiles and apparel industry, CSR involves mindful consideration of how the design, development, production, distribution, marketing, and consumption of goods may impact multiple stakeholders and simultaneously generate profit for individual companies (Dickson, et al., 2009). International apparel brands and retailers conduct CSR activities at different geographic levels. This research aims to examine how consumers react to corporate social responsibility (CSR) programs of apparel companies that vary in geographic focus. Consistent with previous findings, we predict that domestically focused CSR activities have greater impact on consumer's attitude and purchase intention. We also predict that consumer ethnocentrism may moderate this relationship such that the greater reciprocity triggered by a local vs. distant CSR initiative would be increased if consumers have high ethnocentric tendencies. Based on the above research, we proposed the following two hypotheses. The conceptual framework is shown in Figure 1.

H1: CSR activities with a domestic focus will lead to a more positive evaluation of the company and a higher level of purchase intent than CSR activities with an international focus.

H2: There will be an interaction between CSR activities and consumer ethnocentrism such that when consumer ethnocentrism is high, CSR activities with a domestic focus has a stronger effect on company evaluation and purchase intent than when consumer ethnocentrism is low.

Research Design and Methodology

An experiment was constructed to test the hypotheses. Six scenarios were created to manipulate CSR at two levels (*domestic focus vs. international focus*) across three CSR domains

(*environment, community, and employee*). Scenarios were developed for more than one domain to provide a more robust test of the hypotheses, which should lead to greater generalizability of the findings across different types of CSR. Participants were randomly assigned to one of the six conditions. The scenario involved shopping for a pair of athletic shoes. This product was used because it is one that most everyone is likely to be familiar with. The respondent was asked to imagine shopping for athletic shoes or sneakers at a store with a number of brands and finding one that he or she liked made by "Company A". Company A was described briefly as an American company that manufactures athletic shoes and apparel. It operates in 100 countries and has around 15,000 employees worldwide. The second paragraph described Company A's CSR activities either in the USA (*domestic focus*) or in other countries (*international focus*). Figure 2 shows two experimental scenarios. Consumer ethnocentrism was measured using the CETSCALE instrument and the scales measuring the two dependent variables were derived from the literature review (Shimp & Sharma, 1987; Nan & Heo, 2007). College students enrolled in a large public university in the US were invited to participate in this study. A written questionnaire was distributed to students in classes.

Figure 1: the Conceptual Model

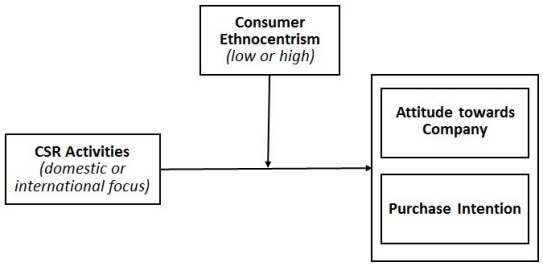

Figure 2: Sample Scenarios

Scenario 1: Domestic focus in the Employee domain
Company A has a deep-seated commitment to their employees in the U.S. Company A pays their workers well above the federal minimum wage and no retail worker has a minimum hourly wage below $10.00. The company's healthcare plan covers a wide range of medical cases that include infertility treatments, bariatric surgery, and home health care.

Scenario 2: International focus in the Community domain
Company A's products are manufactured in 50 factories located in 30 different countries. It believes that they have a responsibility to give back to the international communities where their products are made. It works hard to ensure better livelihood and positive development in these communities. Many of the communities where Company A operates lack access to safe and clean drinking water. Company A provides access to clean water to these communities by partnering with local nonprofit organizations.

Data Analysis and Results

Of the 250 participants who completed the questionnaire, only the data from 205 participants who correctly answered the manipulation check questions were used for analysis. Most participants were between the ages of 18 and 25 (96%), and 126 respondents were women (62%). Two separate ANOVA analyses were performed on the two dependent variables with CSR activities and consumer ethnocentrism as independent variables (see Figure 1). As can be seen in Table 1, the results suggest that the main effect of CSR activities on both dependent variables was found to be significant. *Therefore, H1 is supported*. ***This implies that for U.S.-based international companies, consumers feel more favorable attitudes toward the company and show more positive intention when the company's CSR activities are conducted in the U.S.*** However, the test results indicate that there is no significant interaction between CSR activities and consumer ethnocentrism (*failing to support H2*).

Our study is one of the few studies on consumer response to local and distant CSR initiatives. The findings confirm that American consumers respond more positively to locally focused CSR activities of apparel companies, even though many of these companies operate and conduct CSR activities globally. ***This implies that American apparel companies should focus their CSR activities in their home country in order to win American consumers' patronage***.

Table 1. Effects of CSR and Consumer Ethnocentrism on Attitude and Purchase Intention

	Attitude toward Company			Purchase Intention		
Independent Variables	*Mean*	*n*	*F*	*Mean*	*n*	*F*
CSR			***4.27****			***4.32 ****
Domestic focus	12.16	101		10.54	101	
International focus	11.60	104		10.09	104	
Consumer ethnocentrism			0.41			0.46
Low	11.79	116		10.24	116	
High	11.96	89		10.39	89	
CSR x Consumer ethnocentrism			0.01			0.01
CSR domestic, ethnocentrism low	12.07	57		10.46	57	
CSR domestic, ethnocentrism high	12.24	44		10.62	44	
CSR international, ethnocentrism low	11.51	59		10.02	59	
CSR international, ethnocentrism high	11.69	45		10.15	45	

* $p < 0.05$

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