



Corporate Social Responsibility in the Apparel Industry:
Linkage between Consumer Responses and the California Transparency in Supply Chains Act

Hyun-Hwa Lee, Inha University, South Korea
Yoon Jin Ma, Illinois State University, USA

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Corporate social responsibility (CSR), as a concept, has been growing in importance and significance over the decades, but the idea that businesses have a responsibility to society beyond making profits for shareholders did not come about until the 1960's (Carroll & Shabana, 2010). This has led to companies experiencing a great deal of pressure from their large investors to protect their investments by adopting strong codes of conduct and regular factory inspections (Welford & Frost, 2006). Following this trend, the California Transparency in Supply Chains Act of 2010 (CTA) went into effect in 2012, requiring companies to post a visible CSR statement on their website regarding their practices to prevent slavery and/or trafficking of workers in their supply chains (CLI, 2012). Since the Act was employed, many large apparel retailers, such as Levi's, Wal-Mart, and Gap Inc., have increased their CSR efforts to reduce unethical labor practices in their production by closely monitoring their supply chains (Pickles & Zhu, 2013). However, according to a recent study (XX, 2014), less than half of the applicable apparel manufacturing and retail companies in California actually posted their CSR disclosures online, complying with the Act. Considering that 89% of consumer expect companies to use both websites and social media to communicate CSR practices and 93% want companies to provide them additional CSR information through a website (Cone Communications & Echo, 2012), it is critical to understand how the CTA disclosures on apparel retailers' websites influence consumer responses. Therefore, this study aims to answer the following research questions: Will consumers evaluate retailers' website with the CTA disclosures more positively concerning their level of 1) trust, 2) persuasiveness to purchase decision, 3) future usage behavior, and 4) purchase intention compared to websites without the CTA disclosures?

Data were collected using an experimental design with a scenario method from a sample of nation-wide online shopper panels at a marketing research company. Participants were randomly assigned to one of two self-developed scenarios involving shopping for clothing. In both scenarios, it began by stating that they had browsed an apparel website, found a clothing item of their interest and were about to purchase it. Then, in scenario 1, the experimental group found that the company provided a public statement as a response to the CTA along with an example of the company's disclosure, while in scenario 2, the control group realized that the company did not provide any statement in compliance with the CTA on their website. An online survey questionnaire included items assessing trust toward retailer, persuasiveness to purchase decision, future usage behavior and purchase intention after being exposed to one of the two scenarios on 7-point semantic differential or Likert scales from previous studies. To avoid confounding effects of consumers' previous consumption behavior, socially responsible

consumption behaviors (SRCB) (Francois-Lecompte & Roberts, 2006) on a 7-point Likert scale and apparel involvement (Zaichkowsky, 1985) were measured on a 7-point semantic differential scale and were used as control variables in the analysis.

Responses from 716 participants were analyzed with more than 60% being male (62.7%) and a mean age of 39.94 years old. Participant randomization checks were conducted to assure that respondent characteristics were demographically homogeneous in both groups. Preliminary analysis revealed satisfactory internal validity and reliability of all variables. SRCB consists of five dimensions including firm's behavior, cause-related products, small businesses, geographic origin, and consumption volume. Analysis of covariance revealed significant effects of the presence of the CTA disclosure on all the dependent variables, trust toward retailer ($F=29.56$, $p<.001$), persuasiveness to purchase decision ($F=60.39$, $p<.001$), future usage behavior ($F=59.23$, $p<.01$), and purchase intention ($F=22.78$, $p<.001$). Concerning the covariates, three out of five SRCB dimensions (firm's behavior, cause-related products, and small businesses) and apparel product involvement had significant positive relationships with all dependent variables except for purchase intention. There were also significant covariates between purchase intention and two of SRCB dimensions, suggesting that purchase intention was sensitive to U.S. origin of products and reducing consumption volume. The results indicated that the experimental group with the CTA disclosure had greater perceptions on all the dependent variables compared to those for the control group without the CTA information. Overall, the findings of the study make important empirical contributions to the CSR research on its practices in the apparel retail industry, suggesting that the consumers perceived the implementation of the CTA positively and that it had positive effects on consumer evaluations of the company and their purchase decision making. Our findings provide some practical implications for industry practitioners and academia concerning CSR practices.

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