

An examination of the formation of consumer CSR association: the effectiveness of CSR initiatives

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**An Examination of the Formation of Consumer CSR
Association: The Effectiveness of CSR Initiatives**

A Thesis Submitted in Fulfilment of the Requirements for the
Degree of Master of Philosophy

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Corporate Social Responsibility is becoming a central agenda item for companies as well as capturing the burgeoning interest of academic researchers. Taking a broad overview of the recent working in this area, only embryonic research has been dedicated thus far to the consumer cognition process towards the CSR information. Motivated by this, we construct a cognitive model to investigate why some CSR initiatives are highly valued by consumers while others go unacknowledged. We test the model under experimental conditions using university students in China and Australia. The results suggest that different types of CSR initiatives, in terms of commitment, timing and fit, stimulate different levels of consumer CSR association by affecting their information cognition process, which is motivation attribution and consequence expectation. The mediating effect of consumer attribution and awareness of consequence is supported in both the hypothetical brand context and real brand context, with some slight difference in cognitive structure possibly due to the unequal familiarity and size of the companies used in the scenarios. In addition, the effect of consumer moral identity on the model is also examined to address the growing concern in the literature that moral judgment should reflect the heterogeneity of moral personalities. The results indicate that moral identity has a direct impact on consumer attribution and awareness of consequence. However, the interaction between respondents' moral identity and the properties of initiatives, as hypothesized in the thesis, is not supported by the data. This paper launches a new perspective of explanation for the under-performance of some CSR initiatives, offering managerial implications on how companies can structure their next wave of social-oriented initiatives (or initiative portfolios).

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An Examination of the Formation of Consumer CSR Association:

The Effectiveness of CSR Initiatives

ABSTRACT

Corporate Social Responsibility is becoming a central agenda item for companies as well as capturing the burgeoning interest of academic researchers. Taking a broad overview of the recent working in this area, only embryonic research has been dedicated thus far to the consumer cognition process towards the CSR information. Motivated by this, we construct a cognitive model to investigate why some CSR initiatives are highly valued by consumers while others go unacknowledged. We test the model under experimental conditions using university students in China and Australia. The results suggest that different types of CSR initiatives, in terms of commitment, timing and fit, stimulate different levels of consumer CSR association by affecting their information cognition process, which is motivation attribution and consequence expectation. The mediating effect of consumer attribution and awareness of consequence is supported in both the hypothetical brand context and real brand context, with some slight difference in cognitive structure possibly due to the unequal familiarity and size of the companies used in the scenarios. In addition, the effect of consumer moral identity on the model is also examined to address the growing concern in the literature that moral judgment should reflect the heterogeneity of moral personalities. The results indicate that moral identity has a direct impact on consumer attribution and awareness of consequence. However, the interaction between respondents' moral identity and the properties of initiatives, as hypothesized in the thesis, is not supported by the data. This paper launches a new perspective of explanation for the under-performance of some CSR initiatives, offering managerial implications on how companies can structure their next wave of social-oriented initiatives (or initiative portfolios).

GENERAL INTRODUCTION

The past few years have witnessed a growing development of Corporate Social Responsibility (CSR) as well as a growing social concern about business scandals. Now, approximately 2000 companies worldwide produce “sustainability” reports while many others have started to implement “Triple Bottom Line” policies (Auger, et al., 2007). For example, McDonald’s adopted a recyclable packaging policy in response to a fierce consumer boycott. At the same time, Coca-Cola has signed an agreement to provide 60 million dollars and significant staff time to Boys and Girls Clubs in the U.S. (Lichtenstein et al., 2004). In the recent 2008 earth quake in China, around 9 billion monetary donations have been received from both individuals and organizations all over the world. Among the 7.8 billion domestic donations from China, 5.2 billion (67%) were made by business enterprises and Non-profit organizations¹.

All these examples lead to the fact that CSR has fully captured the corporate imagination, becoming an indispensable element of corporate marketing strategy. Fundamentally, CSR initiatives are characterized by the interaction with stakeholders. Firms embrace CSR ventures to satisfy various interest groups, such as employees (e.g., Turban and Greening, 1997), investors (e.g., Lopez et al., 2007), public authorities (e.g., Maignan et al., 2005), and consumers (e.g., Brown and Dacin, 1997). From the consumer perspective, CSR can serve as a marketing tool to build a base of satisfied customers, especially under the rising pressure of ethical consumerism. Moreover, unlike the price cut promotion, an appropriately designed CSR initiative may boost sales without making the consumers more price sensitive or damaging the brand quality perception. It is also more effective than price-cutting in low denomination situations (Arora and Henderson, 2007). However, while recognizing the mounting importance of CSR, managers should not be over enthusiastic about the positive benefit while ignoring the “inherent traps, dark side and pitfalls” of CSR (Luo and Bhattacharya, 2006, p16). The accumulating literature also supports the asymmetric returns to social activities, suggesting a contingent link between the ethical corporate initiative and the positive consumer reaction. Examples can be easily found where companies reap both short-term profit and brand image

¹ Data source: <http://www.mca.gov.cn/article/zwgk/mzyw/200805/20080500014614.shtml>. Donations have been coming through various charity and social funds, and the data is still being updated. The report was accurate up to 18th May 2008.

from their CSR efforts (e.g. Sen et al's 2006 field experiments); but in some cases, the corporate social efforts may go unacknowledged or even “backfire” (Sen and Bhattacharya, 2001; Yoon and Canli, 2003; Bhattacharya and Sen, 2004; Auger et al., 2007; Luo and Bhattacharya, 2006). These findings reveal a great potential of CSR initiatives in influencing consumer choice, but also raising the questions: when do they work and how to make them more effective?

The reasons for the under-performance of CSR initiatives are perplexing. Auger, Burke, Devinney and Louviere (2003) used a series of choice experiments to quantify the dollar value of social attributes, such as the employee working condition, of sports shoes. The data suggests that despite the significant value of product social attributes, these attributes still can be traded off by the basic product attributes such as durability, shock absorption, weight of shoes, etc. At a theoretical level, researchers find sufficient evidence that corporate social performance and corporate ability compensate each other to influence consumer decision (Berens et al., 2005, 2007; Oppewal et al., 2006). In addition, CSR initiatives are more effective in promoting frivolous products than in promoting practical necessities (Strahilevitz and Myers, 1998), indicating asymmetric returns across different product categories. From the demand side, personal characteristics of the consumers (e.g., consumer belief in CSR) may also strengthen or weaken the attitudinal-behavior relationship (Sen and Bhattacharya, 2001). As a summary, the vast majority of current research is based on the premise that CSR initiatives will trigger positive consumer CSR association without probing into the mechanism of it. Most of the research attention has been directed to the attitudinal-behavior dissonance, however, with the increasing popularity of CSR and some companies falsely utilizing social initiatives as a leverage for corporate profit, consumers' confidence in business ethics has been undermined. It is not uncommon to observe cases in which companies fail to establish a “favorable image” through their social efforts, leaving little chance to develop a corporate competitive edge based on these initiatives. For example, NIKE has spent large amounts of money to monitor working conditions in hundreds of overseas factories (Smith, 2003), but is still viewed as a typical example of a socially irresponsible company in employee mistreatment. As announced by Jeffrey Ballinger in his 2006 web-news article, Nike's high profile efforts to protect the sweatshop workers have failed, partly resulting from the lack of knowledge in the design of its

social initiatives.

To provide guidance for initiative design, this thesis studies consumers' cognitive process of CSR information, offering an explanation for the under-performance of CSR initiatives from a slightly different angle. Instead of definitively determining what constitutes a good initiative, this thesis proposes a theoretical framework, from which practitioners can structure their social offers in a more scientific way. Since the research questions can be divided into two phases: (a) How consumers process CSR information; (b) What is the impact of consumer heterogeneity on the cognitive model, the thesis can be arranged into two comparatively separate papers. In Paper One, two key intervening factors: the consumer attribution (of corporate motivation to help society) and the awareness of consequence (the perceived effectiveness of initiatives on the welfare of society) are tested. In Paper Two, the influence of moral identity (as a manifest of consumer moral personalities) on the intervening process is measured. Some general discourse will be made in the last section of the thesis.

INTRODUCTION

Corporate Social Responsibility (CSR) Defined

CSR is by no means a new idea. Dating back half a century, Peter Drucker argued that companies should consider their impact upon the stability, strength and harmony of society due to their increasing power (Drucker, 1955). The concept has evolved substantially in recent years. What were once considered as frontier research areas, such as “Green Marketing” (e.g., Kilbourne, 1998), “Cause-related Marketing” (e.g., Varadarajan and Menon, 1988) and “Corporate Philanthropy” (e.g., Smith, 1994) have converged under the umbrella of CSR research. Since CSR covers an extensive domain and is highly complex in nature, researchers fail to reach a consensus on the definition of CSR. The major debate surrounds the trade-off level of CSR efforts (Handelman and Arnold, 1999). Some researchers (e.g., Chakraborty et al, 2004) regard such social activities as secondary trade-off for economic-oriented strategy action. They adopt a functional definition of CSR as a means of achieving commercial success in ways that honor ethical values, respect people, communities and natural environment. Other researchers believe that CSR should be integrated with the economic tasks. We adopt the latter definition and take the position that CSR refers to the company’s actions and status regarding its societal obligation, such as protecting and improving the current and future welfare of its stakeholders as well as the benefit of the organization and “to ensure that it generates equitable and sustainable benefits to various stakeholders” (Chahal and Sharma, 2006, p206).

Consumer CSR Association

What consumers know about the company is conceptualized as their corporate association, and the term is used as “a generic label for all the corporate information held by the consumers” (Brown and Dacin, 1997, p69). In order to investigate corporate association, The Marketing Science Institute (1992) normatively classified it into corporate ability (CA) association and corporate social responsibility (CSR) association. This classification is adopted by a number of researchers (e.g., Brown and Dacin, 1997; Berens et al, 2005; Luo and Bhattacharya, 2006). As one fundamental dimension of the consumer corporate association, consumer CSR association

is defined as consumer's attitudes and evaluation reflecting the organizational status and activities with respect to its perceived societal obligations (Brown and Dacin, 1997). According to Brown and Dacin, consumer CSR association can be a simple "perception" or a mental "portrait" of corporate social performance; or incorporates subjective evaluations, feelings and attitudes². In short, consumer CSR association measures to what extent consumers view the company as a "good citizen". Most of the CSR association research focuses on the consequence and impact of it (e.g., Salmones et al., 2005; Sen et al., 2006; Marin and Ruiz, 2007), whereas few studies investigate the antecedent structure. Du et al., (2007) conclude that "at present, little is known about how consumers' CSR beliefs are formed, because extant research has been concerned primarily with the consequences of CSR: it has either manipulated consumer's CSR association in an experimental context or assessed such beliefs without attention to its antecedents" (p 226). Therefore, we move beyond the traditional association-behavior study by uncovering the factors driving consumer CSR association, and try to disclose the mechanism of these driving factors.

LITERATURE REVIEW

CSR Information Cognition Process

The formation of consumer CSR association is grounded in the moral-reasoning framework (Kohlberg, 1971). Kohlberg believes that moral judgement is not simply a "black and white" game, but involves norms, criteria, and culture development within an individual. Applying the framework in the marketing context, the judgment towards the CSR initiatives also can vary due to the contradictory components within the initiatives. For instance, a well-intended cause can have a very limited coverage or a firm forced into a mandatory philanthropy after "doing bad". Therefore, consumers rely on their own information elaboration to establish moral judgments under such complexity. Recent research suggests that this elaboration process is becoming

² Some researchers use the term "CSR perception" instead of "CSR association" (e.g., Lichtenstein et al., 2004). According to the definition, CSR association includes any form of perception, attitudes and evaluation. In this logic, CSR perception is part of the CSR association. In some situations, consumers perceive CSR initiatives without complicated internal reasoning and information processing. But in most cases, the cognition process involves internal information processing to generate subjective attitudes and evaluation towards the causes. Therefore, the term CSR association is more appropriate and also more prevailing in current literature. We adopt the term "CSR association" in this research.

increasingly critical because the cognition pattern determines the consumer reaction of the corporate social efforts, which is one of the key foci to the managers.

One well investigated cognitive process variable is consumer attribution. Osterhus (1997) and Lafferty and Goldsmith (1999) argued that consumer trust is a key factor in consumer moral judgment. Further research (e.g., Forehand and Grier, 2003; Ellen et al., 2006), investigates the impact of consumer attribution on corporate evaluation. In this paper, we propose a mediation effect in which attribution arises from the initiative itself (some CSR information serves as cues in the reasoning process), and then affect the final consumer judgment. In addition, with most researchers focusing on the “unhealthy consumer skepticism” and the attribution of corporate motives, we argue that attribution alone cannot sufficiently explain why consumers hold better (worse) CSR associations towards the company. Sometimes, consumers believe that the underlying motivation of the company is to provide social assistance, however, they may not be confident that the CSR initiative alone is capable of making real differences to social problems. Since this low confidence in the effectiveness of the CSR initiatives hampers consumers forming a positive CSR association, another mediator (the awareness of consequence) is proposed. The perceived consequence has been modeled as a crucial driving factor in consumer judgment and behavior in the cognitive psychological literature (e.g. Meyer and Kieras, 1997). It is proposed as one of the vital forces that impact on consumer CSR association in this research. To sum up, the initiative information goes through both routes (consumer attribution and consumer awareness of consequence) to influence consumer CSR association.

To test this dual route CSR information cognitive process, different types of CSR information are investigated as inputs (see Figure 1). By studying the impact of the antecedent information on consumer attribution and awareness of consequence, their role as mediating factors can be supported or denied. When a firm decides to participate in CSR initiatives, many options are available to structure the offer. Among these options, we select the three most important properties: (a) initiative commitment; (b) initiative timing; and (c) initiative fit, and discuss the possible impact of these three initiative properties on consumer CSR association. There are other initiative properties mentioned in the literature, such as initiative clarity (to what extent the objective of the CSR initiative is clearly defined and easily measured, see Hess et al., 2002),

initiative creativity (to what extent the CSR initiative differentiates from common industrial practice in a meaningful way, see Andrews and Smith, 1996 as well as Bhattacharya and Sen, 2004), and so forth. The three selected initiative properties attract our attention because they are fundamental attributes across all CSR initiatives and better conceptualized and operationalized than the other optional properties in the literature (e.g., Olsen et al., 2006; Ellen et al., 2006; for a review, see Bhattacharya and Sen, 2004).

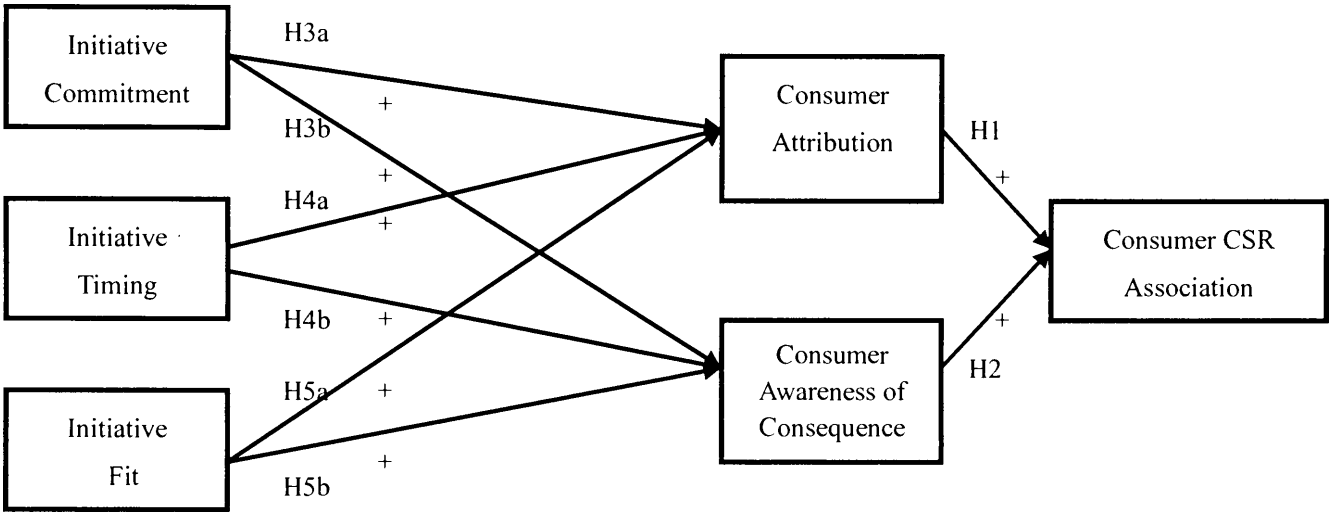


Figure 1: Model of Antecedents of Consumer CSR Association

Consumer Attribution

Attribution theory offers a framework to understand the processes by which people explain, interpret, and respond to the behavior of others (Jones and Davis, 1965; Kelley and Michela, 1980; Kaplan et al., 2007). As one of the corporate communication tools, CSR initiatives also deal with the consumer attribution issues. In essence, consumers infer reasons of behaviors (e.g., why companies launch CSR initiatives) from their own observation, understanding and interpretation. According to Kaplan et al. (2007), such post-hoc sense making is important because individuals use it to “identify the causes of the events and to assign personal qualities or attributes” to those who are engaging in the social behaviors. Therefore, motivation attribution offers salient and relevant information clues for consumers to uncover the “actual image” of the companies and their CSR initiatives. Notably, the motivation for companies focusing on CSR may stem from a desire to do good or reflect an enlightened self-interest or, in most cases, a mixture of both (Smith, 2003). Therefore, most of the CSR initiatives are both social-oriented

and self-focused. The key is whether they are perceived as closer to the public end or to the private end. Consumer's attribution may not perfectly reflect the original motives of the company, but similarly, it must fall somewhere between public-serving attribution and private-serving attribution (Olsen et al., 2006). Ellen et al. (2006) suggest that attribution is not as simple as a bipolar continuum from social motivated to self motivated. They list four categories of consumer attribution: "value driven", "stakeholder driven", "egoistic attribution", and "strategic attribution". However, we argue that the CSR information elaboration is a low involved one, and consumers are more willing to simplify the attribution process rather than complicate it. From a business perspective, the reasons for CSR initiatives can be multi-dimensional but consumers are concerned more about the benefit allocation balanced between the company and society. In their 2006 article, Ellen et al. also find that consumer attribution can be coded into "other-centered, self-centered, or win-win motivation" (win-win can be viewed as the middle part of the bipolar continuum) in an open-ended consumer question. Taking an overall view, with few exceptions, most literature (e.g., Folkes and Kamin, 1999; Mohr et al., 2001; Yoon and Canli, 2003; Du et al., 2007) has been relatively silent on the multi-dimensional consumer attribution of corporate motives. Therefore, this thesis adopts a bipolar definition of consumer attribution.

Most consumers are pleased to see CSR initiatives generating social benefits instead of organizational profits. Meanwhile, most firms profess a purely public-serving motive in their CSR campaigns. Therefore, when consumers possess sufficient information to believe that a company is using CSR as a leverage for private profit (especially short-term profit), they will react negatively. Forehand and Grier (2003) documented two explanations for this negative reaction: (a) consumers would ideally like to see pure public-serving motives behind CSR initiatives and any deviation from corporate "altruism" is unfavorable; (b) once the ulterior motives are considered to be different from what the company has alleged, an untrustworthy image was assigned to the company. Both explanations posit that private-serving attribution results in unfavorable CSR association towards the company. Consequently, the hypothesis is:

H1: Consumers will evaluate CSR initiatives by attributing the motivation of the companies: Public-serving (private-serving) attribution will increase (decrease) consumer

Awareness of Consequence

Subjects rely on the close relationship between the behavior and the consequence to predict the effects of the action (Knoblich and Flach, 2001). This evaluation of behavioral outcomes is conceptualized as awareness of consequence: a subject's expected magnitude of the results of action (or inaction) (Osterhus, 1997). Compared with actual and objective consequence, awareness of consequence is subjective and varies from person to person. In business research, perceived consequence is mainly investigated in the organizational behavior circumstances. Manager's awareness of consequence was proposed as one dimension of "moral intensity" by Jones (1991) and was indicated to affect moral-related business decision making process in his "issue-contingent model". In particular, when managers expect a fierce social reaction to a company's unethical behaviors (the awareness of consequence is significantly negative), they choose to stall the current action and vice versa.

In addition to its impact on managerial decision making, we hypothesize that consumer's awareness of consequence also plays a role in their CSR association formation. More specifically, in order to determine whether an initiative is effective or ineffective, consumers estimate the possible consequence of the initiatives based on their personal standpoint, interest and knowledge. Interestingly, consumers usually hold more negative outcome expectations on corporate behaviors than the managers (Bone and Corey, 2000), and the existence of the cognitive gap in outcome estimation could be extremely counterproductive (Singhapakdi et al., 1999). Therefore, studying the awareness of consequence from a consumer perspective is relevant for business management.

GlaxoSmithKline (GSK) sells its AIDS medicine at cost (charge a low price only to cover the corporate cost) and licensed local pharmacies to manufacture the drugs for local selling in developing countries (Vachani and Smith, 2004; Smith, 2007). This initiative has won a good

reputation among the local consumers because of its high perceived benefits³. As a result, GSK successfully enters the Dow Jones Sustainability Index, which is a non-economic reward for its dedication to the anti-aids campaign. Reviewing the theories, Maignan and Ferrell (2004) propose an integrated CSR framework, indicating perceived positive outcomes of CSR initiatives are linked with increased stakeholder resources. Consumer stakeholder resources are interpreted as more favorable attitudes towards the company and the product. Following this logic, it is hypothesized that:

H2: Consumer will evaluate CSR initiatives by estimating the potential consequence of the CSR efforts: More (less) positive awareness of consequence will increase (decrease) consumer CSR association.

Properties of CSR Initiatives

In the following section, we investigate how different initiative properties go through the dual routes to influence consumer CSR association. The following three basic properties are chosen from the literature to test the relevance of consumer attribution and awareness of consequence.

Initiative Commitment

Commitment is defined as the implicit or explicit pledge of relational continuity between exchange partners (Dwyer et al, 1987). Therefore, initiative commitment refers to a company's devotion to and relation with the social activities it initiated. Initiative commitment is proposed to have three dimensions: (a) input or effort into the initiative (both economic and emotional); (b) durability over time (e.g., how long the company supports an initiative); and (c) consistency (regularity of the inputs to the initiative).

Commitment of a company to a cause is the major factor determining whether the company is seen as exploiting the cause or repaying society. Ellen et al. (2000) empirically tested and

³ Less than 1% of the 4.1 million HIV/AIDS patients in Africa received ARV treatment in 2002 according to the World Health Organization. The major reasons for this situation are low coverage of distribution system and the high price of the ARVs drugs. GSK supports studies intended to advance knowledge about the use of ARVs in resource-poor settings and also help to increase access to ARVs (Corporate Responsibility Report of GSK, 2006). There is no doubt that GSK's CSR initiative substantially alleviates the price problems facing African AIDS patients, and its impact should be significant.

supported why a large CSR investment results in higher consumer evaluation using “gift theory”: the more effort a giver is seen as investing in the gift, the more generous and caring the giver is perceived to be and consumers are more likely to infer that the corporate motives are comparatively “pure”. According to Webb and Mohr (1998), in a cause-related marketing situation, length of time committed to a cause was used as a cue to judge a firm’s motive: “long term commitments were viewed as more well-intended, while short term campaigns were viewed as just another way to increase the sales”. Ellen et al (2006) provided evidence that a short commitment might be viewed as performance and ego driven. So initiative consistency will strengthen the company-initiative connection (Varadarajan and Menon, 1988), and as a result, consumers hold more stable associations with the company. The discrepancy between perceived corporate motives and the alleged motives (or motives expected by the consumers) diminishes when perceived consistency is high, which leads to a more public-serving attribution. In conclusion, all three dimensions of commitment result in more public-serving attribution, which positively affects consumer CSR association sequentially. We propose:

H3a: Company’s high (low) commitment to CSR initiatives results in consumer’s public-serving (private-serving) attribution.

For consumers, large investment means a better chance to solve social problems and thus increase the positive awareness of consequence. In addition, consumers believe that some social problems are obstinate and take time to alleviate, so a highly committed and long lasting effort is preferred. Since consumers perceive long commitment to be capable of achieving a more positive social benefit than a short one, lasting and consistent support for the cause increase consumer awareness of consequence:

H3b: Company’s high (low) commitment to CSR initiatives will increase (decrease) consumer’s positive awareness of consequence.

Initiative Timing

Initiative timing is defined as to what extent a company engages in initiatives as a reaction to consumer boycotts, Non-Government Organizations (NGOs) pressures or a number of other crises (Olsen et al., 2006), or whether companies implement social responsible initiatives

proactively. For instance, NIKE spent a large amount of money on overseas factories as a reaction to unethical utilization of overseas labor force, which has become a typical example of using a reactive strategy in CSR initiatives. On the contrary, Westpac is engaged in social initiatives proactively and tops Dow Jones Sustainability Index for the fifth year (2002-2006) in a row, even though no regulation or criticism forced them to do so, which can be viewed as a relatively proactive initiative. Firms may decide to adopt a reactive or a proactive CSR strategy according to industry, macro-environment and firm characteristics (Bhattacharya et al, 2004). However, the same CSR initiative, but carried out at different timing, leads to entirely diversified outcomes.

One explanation roots in the negative information contained in the reactive CSR initiatives. The theory of integration biases in impression formation indicates that consumers weight negative information more heavily than positive information when they are confronted with both (Skowronski and Carlston, 1987). Prospect theory also indicates that “negative” outcomes cause a steeper decrease in value than the effect of positive ones (Kahneman and Tversky, 1979; Creyer and Ross, 1997). Therefore, although companies are highly committed to the social efforts to offset their previous culpability, consumers allocate more attention to the former scandal rather than to the current devotion and goodwill. The bias in the perception of corporate goodwill results in more private-serving attribution and lower awareness of consequence.

The effect of information perceptual bias aside, reactive initiatives provide context and cues prompting consumers to elaborate more on the motives of a firm’s social efforts (Menon and Kahn, 2003). This elaboration is likely to result in egoistic attribution and lower CSR evaluation. Dawar and Klein (2004) conclude that “negative information tends to invoke a cognitive process, through which consumers begin to believe that what companies are doing now is trying to cover up their previous mistakes”. Olsen et al (2006) record a negative relationship between reactive initiatives and consumer attitudes towards the company using a series of scenario based experiments. They suggest that reactive timing of initiatives will result in a greater number of thoughts that are less favorable towards the company, and will result in more negative attitudes towards a company. On the contrary, because of the paucity of reactive evidence, consumers are more likely to believe that firms are intrinsically motivated when they act pro-socially.

Therefore:

H4a: Reactive timing of CSR initiatives will increase private-serving attribution while proactive initiatives increase public-serving attribution.

There are two competing mechanisms when analyzing the relationship between initiative timing and consumer awareness of consequence. On one hand, when companies try to recuperate their previous mistakes, they have clear aims: to restore the social problems which are within their responsibility. They implement CSR initiatives more efficiently because of better understanding of the mission. A guilty feeling and the damage in reputation stemmed from previous mistakes also push them to shake off the humiliation as fast as they can. Therefore, consumers have reasons to believe that reactive CSR initiatives lead to more positive consequences (compared with proactive but aimless ones). Paradoxically, as explained before, consumers pay more attention to previous mistakes than current social efforts in reactive initiatives due to the effect of the information perceptual bias. So the corporate devotion may be under-perceived. In this sense, consumers still consider the reactive CSR initiatives to lead to less positive consequence. Taking both effects into account, we propose that reactive CSR initiatives decrease consumer awareness of consequence. Consumers hold a higher expectation on corporate social excellence than before, besieging the companies and politicizing the business. The raising of ethical reference point also raises the consumer sensitivity towards the dark lining of CSR. Negative information contained in a positive social cause is more widely condemned and overwhelmingly disapproved in current society. Consumers not only require firms to react efficiently on their culpability, but also desire to see more voluntary contribution. Therefore, compared with proactive initiatives, the consequences of reactive initiatives (no matter how effective and efficient they are) are unfavorable and dissatisfactory in the consumer evaluation:

H4b: Reactive (proactive) timing of CSR initiatives decreases (increases) consumer's positive awareness of consequence.

Initiative Fit

The fit construct embodies multiple ideas. Simmons and Olsen (2006) list ideas such as transferability of expertise, activity synergies or complementarities, as well as market or

technology similarity, as explicit definition of fit. The natural fit apart, a company will be able to increase its fit with external causes through customer education and advertising, which is known as created fit. Various types of “fit” are fundamentally different and deserve substantive but separated investigation. To facilitate the research design, we define fit in this paper succinctly, as the natural link between a cause and the firm’s core business. For example, Merck, Pfizer, and GSK donated drugs and medical equipment to alleviate the medical conditions that exist primarily in the developing world (Hess et al., 2002), which can be deemed as high fit. Of course, the fit between the cause and the firm can take other forms besides the core business connectedness. For instance, McDonald’s showing its perseverance in child care and education to reinforce the previous moral image is also a format of fit. But fit like this is outside the scope of this research.

In early cause-related marketing, managers worried that too close a connection between the product and the cause led to consumer misunderstanding. Varadarajan and Menon (1988) provided an example of the alliance between Johnson & Johnson (medical product supplier) and the American Red Cross Association. Johnson & Johnson spent great effort to justify that they were not using Red Cross as a new channel for commercialization. Managers fear that high fit between the initiative and the business will be falsely attributed by skeptical consumers (Drumwright, 1996). Some managers even select less business-associated causes to avoid unnecessary doubt. However, recent studies have shown that the concern is unnecessary. Although the evidence was not sufficiently strong, scholars and practitioners (e.g., Ellen et al., 2000; Yoon and Canli, 2004) suggested that at least “fit” did not increase egoistic attribution by consumers (Ellen et al., 2006; Olsen et al., 2006). While in sponsorship and brand literature, the conclusion that low fit between the brand and other associated entities is harmful for brand building has been widely supported (Keller and Aaker, 1992). Their counterargument was based on congruence theory (Lafferty, 2007): the storage and retrieval of information from memory are influenced by relatedness or similarities. High fit initiatives are consistent with consumer’s general association of the company, so the CSR information can enter into the consumer’s cognition system easily without causing too much attributing elaboration. Therefore, consumers are less likely to ask “why they do that” when the cause is naturally linked with the business. On

the contrary, the lack of congruity is likely to reduce the clarity of the initiative purpose and call into question corporate motives. Therefore:

H5a: High (low) fit CSR initiatives increase consumer's public-serving (private-serving) attribution.

A close connection between a company's core business and a cause directs consumers to view the company as more expert (Hoeffler and Keller, 2002). People believe that experts are more capable of doing the job effectively and efficiently, including social charitable jobs. The close connection between the cause and the company eliminate or lower the barrier of technology and expertise transfer. The company becomes more professional in dealing with high fit social initiatives and enjoys more resources to improve the performance. Therefore, initiative commitment being equal, high fit initiatives should outperform the low fit ones as evaluated by the consumers:

H5b: High (low) fit CSR initiatives increase (decrease) consumer's positive awareness of consequence.

RESEARCH DESIGN AND METHODOLOGY

Research Design

The study was carried out in mainland China and Australia. A 2×2×2 factorial experimental design was used to test the hypotheses. We manipulated the three independent variables (a) initiative commitment (high and low); (b) initiative timing (proactive and reactive); and (c) initiative fit (high and low) by providing respondents with eight scenarios on companies' CSR efforts. The other constructs in the paper were measured using pre-existing scales. An interest in experimental realism drove us to use a full factorial design, so that the CSR information of the company would be relatively complete.

We followed Sparks and Kennedy's (2001) recommendation to develop the scenarios. First, we reviewed past studies and examined the current CSR conditions in China and Australia to choose appropriate CSR domains for the experiment. To systematically summarize all CSR

activities, Kinder (2003) classified them normatively into six domains: (1) community support (e.g., support health or education programs); (2) diversity (e.g., disability products); (3) employee support (e.g., job security, profit-sharing); (4) environment (e.g., eco-friendly products); (5) overseas operation (e.g., oversea sweatshops); (6) other product social attributes (e.g., product safety). This domain classification has been accepted by many CSR researchers (Sen and Bhattacharya, 2004; Staples, 2004; Chahal and Sharma, 2006). Of the six domains, environmental initiatives are widely used exemplars to test consumer CSR reactions (e.g., Osterhus, 1997; Pirsch et al, 2007). A public interest in human living conditions within the two nations, along with a growing global concern of climate change justified the selection of the environmental domain.

The cognitive model was tested under both hypothetical brand context and real brand context to obtain internal validity as well as external validity for the study. This fictitious plus actual approach has been frequently used for the purpose of model building (e.g., Brown and Dacin, 1997; Arora and Henderson, 2007). It is expected that the cognitive process can be generalized into various industries and situations if it reflects the internal perceptual patterns among the respondents. For the fictitious brand, a wood consuming furniture manufacturer “Company X” was used because of its relevance to the specific ethical issue of environmentalism. The brand of “Hewlett-Packard” (HP) was used for the real brand context due to its high global brand awareness and its connection with environmental projects.

The scenarios were drafted and sent to three academic researchers (from Australia and mainland China) to assess the effectiveness of manipulation and to ascertain any possible bias or unexpected effects in the scenarios. According to the feedback, relative firm size is supposed to be influential in the formation of consumer CSR association. Consumers expect industry leaders to be more socially responsible, and they have higher reference points for large companies’ CSR performance (Bhattacharya and Sen, 2004). Restructuring the scenarios cannot totally eliminate the risk. Therefore, we conduct confound checks by measuring consumer’s perceived firm size as a control variable during the model testing. The scenarios were slightly adjusted to suit two types of brand context and national differences. Originally developed in English, the scenarios used in China were translated into Chinese. The lingual equivalence of the translation was

guaranteed by the back translation procedures. The final manipulation stimuli are shown in Appendix A. As a brief introduction, the scenarios in the hypothetical brand context describe a local furniture company, Company X, who (a) actively started a sustainable initiative to protect the forest (proactive initiatives), or started a sustainable project after accusation for insufficient “back-plant” (reactive initiatives); (b) KLD (a well known investigation institution on CSR rating) reported that Company X had consistently invested 10% of its annual profit into this sustainable project in the previous 7 years, compared to the industry average of 5% (high commitment), or invested 5% of its annual profit into the sustainable project in year 2004 and 2006, compared to the industry average of 10% (low commitment); (c) Every year, Company X donates a large proportion of its environmental protection budget to a non-profit organization, whose aim is to reserve natural forests for this country (high fit), or donates the same amount of money to a non-profit organization whose aim is to inspect and protect the water system in this country (low fit). The scenarios in the real brand context are constructed in a similar pattern, except that HP sponsored a printing supply recycling project as a high fit initiative, whereas in low fit scenarios HP helped clean the Everest region (in China) or the Great Barrier Reef (in Australia).

Sampling

A student sample was used for the research because: (a) a number of previous studies on CSR association used student samples (e.g., Shafer et al, 2007; Auger et al, 2003; Sen et al., 2006), and their results are consistent with non-student sample research; (b) using a student sample can offer higher internal validity for the experiments, especially for theory building purpose. In China, the convenience sample consisted of 357 undergraduate students and postgraduate students from a prestigious Chinese university, who spent approximately 20 minutes finishing a paper-based questionnaire as a research task. The sampling procedure was similar in Australia. 287 undergraduate students from a well known university took part in the research. 644 students from both universities were told that they were participating a research “aiming at designing a new corporate ethical rating system for the business enterprises” to disguise the motives of the research. After a short introduction of instructions, the respondents finished the study in hypothetical brand context first and then continued with the real brand study by reading the

scenarios (in a web-news format) and rating the attitudinal scales. Altogether, of the 619 respondents who reported demographics, 42.6% are male⁴, and 93.19% of the respondents are between 17 to 23 years old. They were evenly distributed across the eight cells, with each cell containing between 78 to 82 respondents.

Measures

Respondents' perceived commitment, timing and fit of the initiatives were measured after they read the scenario as manipulation checks. The measure of consumer CSR association was a 4-item Likert scale adopted from Berens et al. (2005; 2007). The two mediating variables, awareness of consequence (Osterhus, 1997) and consumer attribution (Olsen et al., 2006) were also measured by existing scales. All scales used in the research are 7-point, with explicit items listed in Appendix B. Measure validation includes both Cronbach Alpha tests and the confirmatory factor analysis using maximum likelihood estimation. The Alpha coefficient and the composite reliability all suggest good reliability and validity of the measures. Due to high convergent validity of the measures, each variable is calculated as a summation of the items in that scale before used as inputs into the model testing.

For moral-related research, social desirable response (SDR) bias is always a big problem. Social Desirability Response (SDR) is defined as the tendency to endorse items in response to social or normative pressures instead of providing veridical self-reports (Ellingson et al., 2001). In ethic-related research, respondents may purposefully distort their answers for social-desirability or image-management reasons. Distortions are especially severe when a respondent's true answer is seen as either violating social norms such as politeness or prejudice, jeopardizing one's self-image, or going against the stereotypical answers (Brunel et al., 2004). Therefore, the 7th version of BIDR ("The Balanced Inventory of Desirable Responding" developed by Paulhus

⁴ The heavier weight of female respondents resulted from a greater proportion of females in the entire sampling frame.

in 1998) scales were used to ensure all our measures are socially bias free⁵. The results indicate no significant correlation between the SDR scale value and the focal research variables, which means the measures used in the study are bias free (Ellingson et al., 1999).

DATA ANALYSIS AND RESULTS

The data collected in China and Australia is merged to test the hypotheses. Separate data analysis was conducted within each data set first. However, the results in both the Chinese data and Australian data lead to almost identical findings, which are also consistent with the findings after the data was pooled. There was some subtle difference in the model structure across the two nations, which will be explained in a later section. For the preliminary model test, an interest in parsimony prompts us to present the research findings derived from the combined data. There is a systematic procedure suggested by Steenkamp and Baumgartner (1998) to test the configural, metric and scalar invariance of cross country data before data combination. This thesis focuses on the investigation of the information process rather than cultural differences, and obtains little benefit from this invariance test. Hence, we base the following analyses on the pooled data first in hypothetical brand setting and then in the “real brand” scenario.

Hypothetical Brand Context

The effectiveness of the manipulations is checked first. The results are shown in Table 1. According to the 7-point scales measuring perceived commitment, timing and fit, all three manipulations of the independent variables are successful in the hypothetical brand context.

⁵ PDS scales consist of two sub-scales: the Self-Deception Enhancement (SDE) scale and Impression Management (IM) scale, both containing 20 items. SDE sub-scale emphasizes the unconscious distortion in respondents’ answers. As defined by Li and Bagger (2007), “self-deception is an unintentional propensity to portray oneself in a favorable light, manifested in positively biased but honestly believed self-descriptions”. Research has shown that individuals high in self-deception tend to be well adjusted, and have high confidence in themselves (Paulhus, 1991). Therefore, self-deception, similar to self-construction, is not a serious problem in consumer attitudinal study compared with conscious deception. IM sub-scale, on the other hand, measures to what extent the respondents distort the answers by deliberately lying to the researchers to establish a well accepted, but untrue self-image. This effect should be ruled out in the study. Due to this reason and an interest in parsimony, we only use the IM sub-scale of the BIDR-7 to check the SDR effect in our measures. The IM sub-scale was originally developed in the context of social psychological research involving college undergraduates. So it is appropriate to be used in the study.

Manipulation			Manipulation Check	
			Mean	t
Commitment (2 items)	High	10% of annual profit invested into CSR initiatives	9.687	9.841
	Low	5% of annual profit invested into CSR initiatives	7.879	
Timing (1 item)	Proactive	Company X started the CSR initiative actively, no scandals	4.92	16.086
	Reactive	Fined for insufficient “back-plant” before CSR initiatives	3.11	
Fit (3 items)	High	Company X’s CSR initiative aims at forest protection	16.766	11.149
	Low	Company X’s CSR initiative aims at water system protection	13.603	

Table 1: Manipulation Check in the Hypothetical Brand Context

The analysis plan is developed following the steps proposed by Baron and Kenny (1986). The mediation role of consumer attribution and awareness of consequence is tested through a set of linear regression models. All models are checked for multicollinearity, and the results indicate that none of the models suffer from multicollinearity (Tolerance>0.7; VIF<2 for all models in the research).

$$\text{Attribution}=\beta1 \text{ Commitment} +\beta2 \text{ Timing} +\beta3 \text{ Fit} + e1 \tag{1}$$

$$\text{Consequence}=\beta4 \text{ Commitment} + \beta5 \text{ Timing} + \beta6 \text{ Fit} + e2 \tag{2}$$

$$\text{Association}=\beta7 \text{ Commitment} +\beta8 \text{ Timing} + \beta9 \text{ Fit} + e3 \tag{3}$$

$$\text{Association}=\beta10 \text{ Commitment} +\beta11 \text{ Timing} + \beta12 \text{ Fit} +\beta13 \text{ Attribution} + \beta14 \text{ Consequence} + e4 \tag{4}^6$$

The results (Table 2) suggest that consumer attribution and awareness of consequence both act as partial mediators and contribute an incremental amount of explanation power to the final evaluation of CSR initiatives (Model 4 to Model 3, $\Delta R^2=.107$, $P=0.000$). Initiative commitment ($t=3.528$) and timing ($t=6.227$) significantly influence the attribution of motivation, whereas the perceived consequence is determined by the commitment ($t=2.717$) of the initiatives. The results of the Sobel Test⁷ indicate that consumer attribution mediates the relationship of both commitment (Sobel-value=3.292, $P=0.000$) and timing (Sobel-value=5.144, $P=0.000$) to consumer CSR association. Initiative commitment (Sobel-value=2.625, $P=0.034$) also goes through consumers’ awareness of consequence to influence CSR association. However,

⁶ We also test the mediating effect of each variable separately by two models, and the result is consistent with the result provided in the paper.
⁷ Calculated by online calculator (<http://www.danielsoper.com/statcalc/calc31.aspx>). the P-values are two-tailed.

the data indicates that initiative fit does not exert any significant impact on the cognitive process, and initiative timing does not influence CSR association via awareness of consequence. The difference in perceived size of the company impacts both the intervening variables and the final CSR association of consumers, suggesting that corporate size is an important parameter in shaping consumer attitudes towards the CSR initiatives.

Dependent Variable (Hypothetical Brand: Company X) N=628								
Dependent Variables	Model 1		Model 2		Model 3		Model 4	
	Consumer Attribution		Awareness of Consequence		CSR Association		CSR Association	
	Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)	
Commitment	0.999**	(3.528)	0.956**	(2.717)	2.744**	(8.417)	2.051**	(7.285)
Timing	1.719**	(6.227)	0.199	(0.580)	2.697**	(8.489)	1.958**	(7.000)
Fit	-0.282	(-1.020)	-0.651	(-1.896)	-0.189	(-0.595)	0.083	(0.304)
Attribution							0.365**	(9.102)
Consequence							0.327**	(10.096)
Firm Size	0.230*	(1.988)	0.666**	(4.604)	0.561**	(4.205)	0.239*	(2.052)
Constant	9.718**	(19.882)	15.436**	(25.306)	16.152**	(28.708)	7.656**	(10.277)
Adjusted R ²	0.083**		0.055**		0.223**		0.430**	
F-Statistics	15.321		10.182		46.256		79.711	
Sobel Test	Value	P-Value	Value	P-Value				
Commitment	3.292	0.000	2.625	0.008				
Timing	5.144	0.000	0.579	n.s				
Fit	-1.015	n.s	-1.866	n.s				

* Significant at 0.05 level (two-tailed); ** Significant at 0.01 level (two-tailed).

Table 2: Results of Regression Models and Sobel Tests in Hypothetical Brand Context

Real Brand Context

The hypotheses are partly supported in the hypothetical brand context. However, reading through a fictitious scenario, the respondents’ unfamiliarity towards the “Company X” may compromise the accuracy of their judgement. Therefore, the research model is tested in a more familiar situation using known brand. The analysis plan of the real brand context is a replication of the hypothetical situation. As shown in Table 3, the manipulations in the real brand context are also effective.

Manipulation		Short Description of Scenarios	Manipulation Check	
			Mean	t
Commitment (2 items)	High	8.9% of HP's annual profit invested into CSR initiative	10.265	10.924
	Low	4.6% of HP's annual profit invested into CSR initiative	7.988	
Timing (1 item)	Proactive	HP started the CSR initiative actively, no scandals are reported	5.29	19.635
	Reactive	HP was protested by "Green" NGOs for its indifference on environment before launching the eco-initiatives	2.87	
Fit (3 items)	High	HP's initiative aims at product and printing supplies recycling	17.887	22.373
	Low	HP are conducting the project "Clean the Everest"	11.552	

Table 3: Manipulation Check in Hypothetical Brand Context

The same set of linear regression models is used in the real brand situation to test the hypotheses. Overall, the results (see Table 4) are mostly congruent with the hypothetical brand. Consumer attribution and awareness of consequence still add significant explanation power to the full model (Model 4 to Model 3, $\Delta R^2=.319$, $P=0.000$). At the same time, initiative timing ($t=7.155$) and fit ($t=3.185$) have enhanced their impact on perceived consequence in the real brand situation. However, initiative fit still has no significant impact on the consumer CSR association. The Sobel Test indicates that consumer attribution mediates the relationship of commitment (Sobel-value=5.431, $P=0.000$) and timing (Sobel-value=7.058, $P=0.000$), but not fit, and that awareness of consequence mediates all three relationships (commitment: Sobel-value=7.217, $P=0.000$; timing: Sobel-value=6.576, $P=0.000$; and fit: Sobel-value=3.125, $P=0.001$). As a control variable, perceived firm size significantly influences the consumer awareness of consequence and final CSR association.

Our findings support our hypotheses that attribution of motivation and consequence estimation are the general cognition processes connecting the CSR initiatives and the resulting CSR association. Apart from initiative fit, which was not found to impact the consumer cognitive process in our particular studies, and initiative timing, which was found to have no impact on the awareness of consequence in the hypothetical situation, all the other findings are in line with our hypotheses. Some tentative explanations will be provided in the following section to the non-significant findings.

Dependent Variable (Real Brand: Hewlett Packard) N=636								
Dependent Variables	Model 1		Model 2		Model 3		Model 4	
	Consumer Attribution		Awareness of Consequence		CSR Association		CSR Association	
	Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)		Unstandardized Coefficient B (t)	
Commitment	1.903**	(6.418)	2.812**	(8.016)	3.554**	(10.765)	1.522**	(5.977)
Timing	2.885**	(9.744)	2.506**	(7.155)	4.312**	(13.092)	2.107**	(8.119)
Fit	-0.047	(-0.158)	1.120**	(3.185)	0.068	(0.207)	-0.469	(-1.930)
Attribution							0.348**	(10.165)
Consequence							0.482**	(16.573)
Firm Size	0.228	(1.951)	0.527**	(3.818)	0.556**	(4.253)	0.236*	(2.453)
Constant	10.606**	(17.240)	16.775**	(23.062)	16.428**	(23.796)	4.586**	(6.496)
Adjusted R ²	0.177**		0.184**		0.326**		0.645**	
F-Statistics	35.438		36.861		78.032		193.279	
Sobel Test	Value	P-Value	Value	P-Value				
Commitment	5.431	0.000	7.217	0.000				
Timing	7.058	0.000	6.576	0.000				
Fit	0.158	n.s	3.125	0.001				

* Significant at 0.05 level (two-tailed); ** Significant at 0.01 level (two-tailed).

Table 4: Results of Regression Models and Sobel Tests in Real Brand Context

Initiative Fit and its Impact on Cognitive Processes

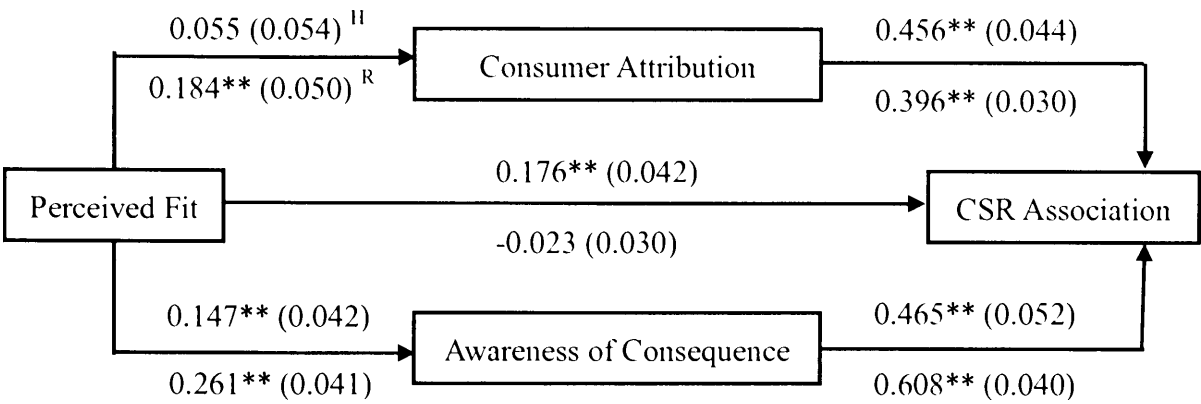
The non-significant influence of initiative fit on the consumer attribution route could be a synergistic result of two contradictory effects mentioned in the model building section. The close affiliation and compatibility between the company and the social initiative not only facilitates the transfer of technology and expertise, but economic benefits as well, which provides consumers with more self-generated “evidence” to doubt the motive of social efforts. The increase in private-serving attribution partly or entirely offsets the positive effect of easy cognitive entry based on congruence theory or associated network theory. Therefore, the balance of these two effects among the respondents may make initiative fit seemingly uncorrelated with consumer attribution.

We also failed to uncover a significant relation between initiative fit and consumer association, which is consistent with the research findings of Lafferty (2007). Lafferty used a high fit social assistance cause and a low fit one as manipulations and these two groups reported approximately the same attitudes towards the company, brand and purchase intention. The

author argued that the consumer affection stemming from the causes precede and influence the cognition process. “Human affection is a function of right hemisphere of the brain, which may negate any need for a logical fit in the left hemisphere (p451).” However, we argue that the research design and analysis plan might have a greater interplay with the results.

In the same way as initiative commitment and timing, initiative fit entered into the regression models in the form of a categorical variable (0 for low and 1 for high). This data analysis plan is frequently used in the literature (e.g., Sen and Bhattacharya, 2001; Berens et al., 2007). However, Simmons and Olsen (2006) indicated that although the ideas of transferability and synergy are the underlying foundations for perceived fit to build on, a consumer-based conceptualization of fit should be the focus of the research. Therefore, the value of a scale measure of perceived fit was used to substitute for the categorical data in their studies. We retested the cognitive model by using perceived fit, which is the summation of the scale for manipulation check (Ellen et al., 2006), as an input of initiative property. Since the independent variable (perceived fit) meets the normality assumption now, Structural Equation Modeling (Amos 7.0) is used for parsimonious illustration of the results (see Figure 2). Models are estimated separately and show satisfactory goodness-of-fit statistics in both the hypothetical context ($\chi^2(72)=186.814$; RMSEA=0.050; CFI=0.973; NFI=0.957) and the real context ($\chi^2(72)=319.229$; RMSEA=0.073; CFI=0.963; NFI=0.953). The path loadings support the mediation role of consumer awareness of consequence (full mediator in real brand context and partial mediator in hypothetical brand context) on perceived fit, and partly support consumer attribution as a mediator. The fact that a different analysis plan gives rise to different results implies a notional gap between the company-based and consumer-based view of initiative fit. Respondents have personal perceptions regarding the appropriateness of the social initiatives, although companies can affect these perceptions from specific aspects such as supporting causes within their value chain. For example, in our study using Company X, 24.13% of the respondents in the low fit group deem the “water protection” initiative is strongly connected, relevant or appropriate (scoring higher than the average of the high fit group in perceived fit) to the furniture manufacturer. Since the definition of fit is extremely complicated in nature, it is not surprising that consumers’ perceived fit is correspondingly unpredictable. The belief that

companies can easily shape consumers’ perception of initiative connectedness could be too optimistic.



The unstandardized estimation (SE) is shown in the figure. H: the results of hypothetical brand scenarios; R: the results of real brand scenarios; ** Significant at 0.01 level (two-tailed).

Figure 2: The Impact of Perceived Fit on the Cognitive Process

Our results suggest that initiative fit is more peripheral than initiative commitment and timing in the formation of consumer CSR association. This might derive from the distinct features of relational and item-specific elaboration process. In our research, the information of initiative commitment and timing stressed the uniqueness of the focal company, providing distinctive properties (e.g., the amount of investment; the record of social performance) through particular claims. Therefore, this information was processed by item-specific elaboration. The respondents received message cues for the information of initiative fit in which shared themes and affiliation between the focal company and the cause are involved. So for initiative fit, relational elaboration was applied. Levy (1991) concluded from a series of experiments that item-specific elaboration alone appears to enhance reaction as long as retrieval schemes are unnecessary, because this type of elaboration facilitates discrimination between the focal stimulus and the background. On the other hand, when message recall is required, the importance of relational elaboration starts to emerge. That means respondents were more sensitive to initiative commitment and timing shortly after the message exposure, which is exactly the case in our experiments. In the long run, relational message gains advantage due to its impact on human

memory. It could be deducted that after a long temporal interval, the respondents might forget the investment size and social performance history of the company, but still could remember the content of the CSR initiative launched. Simmons and Olsen (2006) also confirmed that high fit initiatives, even a created high fit, led to high levels of recall even after a one-year delay. These theories indicate the enduring effect of initiative fit despite its weaker influence in the short term.

Another difference in our results is in the real brand situation where initiative timing has significant impact on consumer awareness of consequence. This could derive from HP's longer history and larger corporate size compared with "Company X" (described as opening in 1986 in the scenarios, Company X=4.04; HP=5.11, $P=0.000$). Therefore, consumers have reason to believe that HP, with greater social impact, would make far more contribution by being proactive. However, in the reactive situation, the damage made by larger companies would be perceived as more severe and harder to recover.

The National Differences in the Cognitive Process

When analyzed separately, the data collected in China and Australia both support the mediation role of consumer attribution and awareness of consequence. The difference is the relative weight placed on each route by the respondents. These differences were tested using the Chow-test, and it is noticed that Australian respondents attach more attention to awareness of consequence during the information elaboration than those in China (see Table 5). Meanwhile, the Chinese consumers rely more on self-generated attribution to judge the legitimacy of the CSR initiatives (please refer to Gu and Morrison (2008a) for detailed regression results and discussion). The underlying reasons for these national differences might involve factors such as cultural value distinction (Schultz and Zelezny, 1999; Lavak and Kropp, 2003; Shafer et al., 2007), organizational ethical climate (Rothwell and Baldwin, 2007) or even the dominant social paradigm (Korhonen, 2002; Kilbourne et al., 2002; Kilbourne and Polonsky, 2005). Unfortunately, we cannot provide any empirical evidence to illustrate how latent factors influence the cognitive process within the scope of this thesis. But we believe that while national difference is a manifested force, it is surely not the only force leading to the

asymmetric focus across the two intervening routes. We will discuss this further in the limitations section.

Comparing of Regression Parameters Between Nations. Dependent Variable: CSR Association						
Hypothetical Brand (Company X)						
	Nation	Unstandardized B (SE)		ΔR^2	Chow Test F	P
Consumer Attribution	China	0.480	(0.055)	0.140	13.386	0.000
	Australia	0.236	(0.056)	0.082		
Awareness of Consequence	China	0.291	(0.043)	0.099	14.569	0.000
	Australia	0.420	(0.046)	0.209		
Real Brand (Hewlett Packard)						
	Nation	Unstandardized B (SE)		ΔR^2	Chow Test F	P
Consumer Attribution	China	0.393	(0.051)	0.162	6.347	0.004
	Australia	0.312	(0.047)	0.102		
Awareness of Consequence	China	0.395	(0.043)	0.206	8.590	0.012
	Australia	0.554	(0.041)	0.255		

Table 5: Regression Parameters and Chow Test

MANAGERIAL IMPLICATIONS, LIMITATIONS AND FUTURE RESEARCH

In Paper One, experiments using university students test the presence of consumer cognitive processes on CSR information. Two relatively stable mediators, consumer attribution and awareness of consequence are proposed to link the initiative properties and the consumer CSR association. Data from both a hypothetical brand context and a real brand context support the mediation role of these two variables, supporting the dual-route cognitive model. The concern that different types of CSR initiatives have different levels of impact on consumers is also supported by the data. Consumer CSR association resulting from the high commitment, proactive and high fit initiatives overwhelmingly exceeds the evaluation for the “all-low” ones (Δ CSR association (hypothetical brand) =5.677, SE=0.644, P=0.000; Δ CSR association (real brand) =7.947, SE=0.670, P=0.000). We found the “all-low” initiatives stimulate a “non-positive” consumer CSR association, which is allocated on the negative side of the measures. In the “all-low” initiative group, the mean value of the CSR association is 3.818 on the 7-point scale for the hypothetical brand and 3.657 for the real brand. Since no control group is involved in this research, we cannot label some CSR initiatives as valueless or even counterproductive, but the significantly different outcomes of the initiatives suggest that dealing

cursorily with the corporate social investment makes far less corporate benefit (maybe even causes damage) compared with launching a well-designed CSR initiative. All the signals suggest to managers that business must embrace a solid set of principles that systematically addresses consumer requirements for social dedication and thus secure a positive CSR association. CSR campaigns need to be carefully planned, designed and implemented to reflect the benefit to both the company and the stakeholders.

We have investigated two major information process routes in this paper. However, there might be a third or fourth route linking the initiative and the consumer evaluation. For example, when a company is too closely connected to a cause, it would become its duty to conduct certain social initiatives. This imputation of duty may compromise the consumer attitudes towards its social efforts. In the HP case, the absence of the recycling project would probably kindle a consumer boycott against the company's environmental policy. From this perspective, duty ascription is profiled as a mediator linking initiative fit and consumer association. According to the research by Olsen et al. (2006), consumers may have as many as 4.64 types of thoughts in average when exposed to CSR information. However, in some cases, not every thought is able to exert significant impact on the output of the elaboration. The activation and suppression of a certain cognitive route could be traced back to dispositional factors inside consumers and situational factors, or an interaction of both. Currently, situational inputs and instantaneously constructed judgments are overshadowed by most studies, with consumer CSR research suffering from Fundamental Attribution Error. Therefore, the investigation of how external stimuli moderate each cognitive path possesses potential for future research. In addition, each cognitive route could have some interplay with other routes. In our study, for instance, private-serving attribution might jeopardize the confidence in perceived consequence, whereas high perceived consequence might reduce the skeptical thinking towards the company. The mediators can be viewed as correlated covariates, which reflect the consumer elaboration of CSR information

Initiative properties of commitment, timing and fit are used in the experiments as examples to illustrate the mediation process. The conclusion that companies should aim at the highest standard of these properties in their CSR efforts is not only a misunderstanding of our research

findings but also unrealistic. High commitment means inevitable cost in the current fiscal year, and the marginal benefit of CSR investment can be negative under some circumstances. Moreover, a company usually does not have adequate resources to maintain a proactive image in every facet of social problems. The recommended portfolio is a combination of proactive causes and strong crisis management ability (Klein et al., 2004). A few proactive initiatives can uphold the corporate communication effectiveness from drastically diving after egregious conduct (Dawar and Klein, 2004; Heerde et al., 2007). High fit between the cause and the company has many other benefits (e.g., enhanced brand positioning and less cost for the social campaign) other than the positive consumer CSR association. Therefore, instead of offering a fixed “recipe” of good initiatives, this paper provides theoretical guidance for constructing corporate-social affiliations. How consumers attribute the motives and how they rate the effectiveness of the initiatives should always be the key targets to aim at when selecting social causes, as they are the major elaboration processes in assessing the corporate social efforts.

The major limitation of this research is that the mediating effects of consumer attribution and awareness of consequence are examined through a series of statistical tests. To suggest a causal relationship, we need to design further experiments, in which the two mediating routes are to be interrupted or controlled rather than being measured. Some other intervening factors may also exist in the CSR information cognition process, pending further review. In addition, information sequential effect was not considered in the paper due to the excessive number (32 in total) of cells. Respondents first read the hypothetical brand scenario and then went on to the real brand one, and thus the information they acquired in the first scenario might affect the answer for the second. This effect can be addressed by a balanced design of the scenario sequence and a larger sample size in the future research.

CONSUMER HETEROGENEITY ON CSR ASSOCIATION

Recent theorising in moral psychology research has incorporated a self-regulatory mechanism (e.g., moral personality) to enrich the traditional cognitive moral reasoning framework proposed by Kohlberg (1971). The cognitive model in Paper One partly explains why some CSR initiatives are highly appreciated by the consumers while others go unacknowledged at an aggregate level. But consumers' reaction, even to the same CSR initiative, may be entirely diversified (Mohr et al., 2001). To articulate a more integrated account of moral functioning, it is necessary that we go beyond moral rationality by investigating the impact of consumer heterogeneity on the judgement process.

While consumer heterogeneity has not been addressed adequately in CSR research in the past 30 years, a number of researchers have alluded to the importance of personal differences. For example, Hess et al (2002) found it difficult to judge "consumer desires" when designing CSR initiatives, and indicated that the assessment of consumer characteristics was necessary in CSR research. Auger et al. (2003) classified consumers into ten clusters according to their perceived importance of product ethical attributes (ethical features accounted for 16% to 97% of product value across ten groups). These findings and recommendations suggest that: "a consumer's normative view of CSR initiatives is closely tied to fundamental personality traits, attitudes, values, and thinking patterns" (Simpson and Kohers, 2002). Smith (2003) summarized that both difference in the types of CSR practices and difference across the consumers might serve to generate various consumer sentiments. Looking back into the example of the 2008 earthquake in China, business enterprises have made enormous donations to the charity organizations. To increase the transparency of the donation, companies and their size of the donations were compiled into a list, which was accessible online by the public. Reading through the list, some consumers complained on the comment board that a few companies, given their market share, made inadequate donation. The motivation for their philanthropic behavior was also strongly challenged. On the other hand, some consumers hold the position that compassion should never

be measured by money, and appreciated the efforts of every company on that list⁸. The collision of two different opinions soon escalated into a nationwide debate on major electronic forums. The evidence leads to the conclusion that consumers are not simply manipulated by initiative information, and that personal differences are believed to have a strong weight in the association shaping process. The question is: what constitutes the difference of judgement among the consumers?

To explain the presence of heterogeneity in consumer moral judgement and behavior, demographic variables are examined by researchers (e.g., Brammer et al, 2007; Fukukawa et al, 2007). However, as concluded by Chan et al. (2008), only education and religion have a consistent and profound impact on consumer judgement and behavior. Recently, the research focus has shifted from the stable demographic variables to more situational and inconstant social-psychological variables to address the growing concern that moral issues should be investigated within the social context (Nasir and Kirshner, 2003). As a result, self-importance of moral traits, conceptualised as moral identity, was noticed, defined, and operationalised by researchers (Aquino and Reed, 2002; Reimer, 2003; Reed et al., 2007). According to Aquino and Reed (2002), moral identity is a self-conception organised around a set of moral traits. More specifically, it is the amount of attention paid by the focal actor to identify or maintain his personal characteristics such as caring, helpful and compassionate. A person's moral identity can be activated or suppressed by contextual, situational, or even socio-emotional factors (Forehand et al., 2002). Most of the moral identity research is devoted to predicting the focal actor's own behavior (usually morally related), and there have been relatively few attempts to consider its impact on the evaluation of the other person's (or organization's) ethical action. Based on the research findings of Paper One, this paper extends current moral identity research into the consumer CSR association process, providing insights into how consumers with different levels of moral identity make judgment on CSR initiatives.

LITERATURE REVIEW

Direct Impact

Every individual has the desire to establish a self-image, but different levels of centrality are

⁸ <http://finance.baidu.com/zt/yxb>

placed on the issue of being a good person or a moral human-being in this self-image. Lapsley and Lasky (2001) propose that the concept of “good character” influences social information processing, implying that moral identity, as a “good character”, should impact the intervening variables in the formation of CSR association. Moral identity is a strong source of motivation to maintain positive self moral image. To reinforce this internal image, consumers with high moral identity⁹ consciously or unconsciously seek psychological affiliation with relevant external events (Reed et al., 2007), and in our case, the external events are CSR initiatives. More specifically, consumers with high moral identity raise fewer cognitive challenges (e.g., asking “why are they doing this”) to the motivation of CSR efforts, because social assistance is also at the central part of their self-schema. Instead, due to enhanced moral concern for humanity (Reed and Aquino, 2003), these consumers’ attention has shifted to calculating the positive social benefits resulting from the social causes, which is a common phenomenon discovered among socially concerned people (Webb and Mohr, 1998). They suggest that socially concerned consumers, in principle, are less likely to question the honesty of a company’s social efforts than the skeptics. They care more about the amount of help given to the cause than the company’s motivation for helping. On the other hand, consumers with low moral identity care less about the possible social benefits of CSR initiatives. In a qualitative study, Mohr et al (2001) point out that consumers with low moral concern, known as “Precontemplators”, are featured by low interest in the services of human welfare. Although some of them acknowledge the firms’ devotion to society, they hold less confidence in what business ethics can achieve. They believe that business is business, and the companies must have hidden profits in the CSR initiatives. Therefore, it is hypothesized that

H1: Consumer moral identity positively influences consumer attribution and awareness of consequence.

Interaction with Contextual Properties

Reed and Aquino (2003) suggest that a person whose moral identity has high self-importance

⁹ The appropriate term should be “high self-importance of moral identity”. Every individual has the capacity to identify himself on moral traits (may be central or peripheral). We abbreviate the term into “high moral identity” to shorten the article.

shows greater sensitivity to moral related issues. In this rationale, a steeper change is expected among consumers with high moral identity when the input of CSR information is altered. Therefore, direct impact apart, we propose moderating the effects of moral identity with two key initiative properties: commitment and timing.

Interaction with Initiative Commitment

Consumers with high moral identity are highly committed to society and are socially concerned. They are more willing to participate in the moral activities themselves (Reed et al., 2007). They care more about people in desperate condition, regardless of whether these people are geographically (or socially) far away from them (Reed and Aquino, 2003). So, when companies also make a high commitment to CSR initiatives, they are perceived as sharing similar traits. According to “similarity–attraction” theory, the high similarity between the committed companies and the committed consumers invokes a more close affiliation and identification, consequently leading to a more public-serving motivation and a higher perceived effectiveness.

H2: Consumer moral identity moderates the relationship between initiative commitment and (a) consumer attribution and (b) consumer awareness of consequence. Consumers with high moral identity are more (less) likely to attribute the CSR initiatives as public-serving and are more (less) likely to hold positive awareness of consequence for CSR initiatives with high (low) commitment.

Interaction with Initiative Timing

Consumers with high moral identity take an active and voluntary approach to social issues. Proactive initiatives are also viewed as voluntary (Olsen et al., 2006), while reactive strategies in the corporate social policies are viewed as reluctant or even passive. Therefore, in line with similarity-attraction theory, consumers with high moral identity are less likely to question the ulterior motives of what is similar to their self-value (active and voluntary initiatives). However, they may find it hard to identify with companies bearing historical immoral images, and find

themselves under a moral obligation to keep away from the reactive companies in order to have a “clean mind”. To maintain such uncontaminated moral self, the morally concerned consumers start questioning the motivation of reactive CSR efforts, trying to differentiate themselves by labeling reactive social efforts as private-serving and superficial. Being largely insensitive to moral issues, consumers with low moral identity do not have such a strong repulsive feeling against the reactive initiatives.

In the research of Creyer and Ross (1997), when consumers attach greater importance to the social issues, they are more likely to “punish the bad” than “reward the good”. Therefore, it is also expected that the bias of negative information (explained in Paper One) is stronger among the consumers with high moral identity. They direct more attention to the negative side of the reactive CSR initiatives, and a previous unethical behavior enlarges the dissimilarity, which is hard to restore, between the cause and the high moral identity consumers.

H3: Consumer moral identity moderates the relationship between initiative timing and (a) consumer attribution and (b) consumer awareness of consequence. Consumers with high moral identity are more (less) likely to attribute the CSR initiatives as public-serving and are more (less) likely to hold positive awareness of consequence for CSR initiatives when the initiative is proactive (reactive).

The conceptual framework of Paper Two, stemming from the cognitive model in Paper One, is summarized in Figure 3.

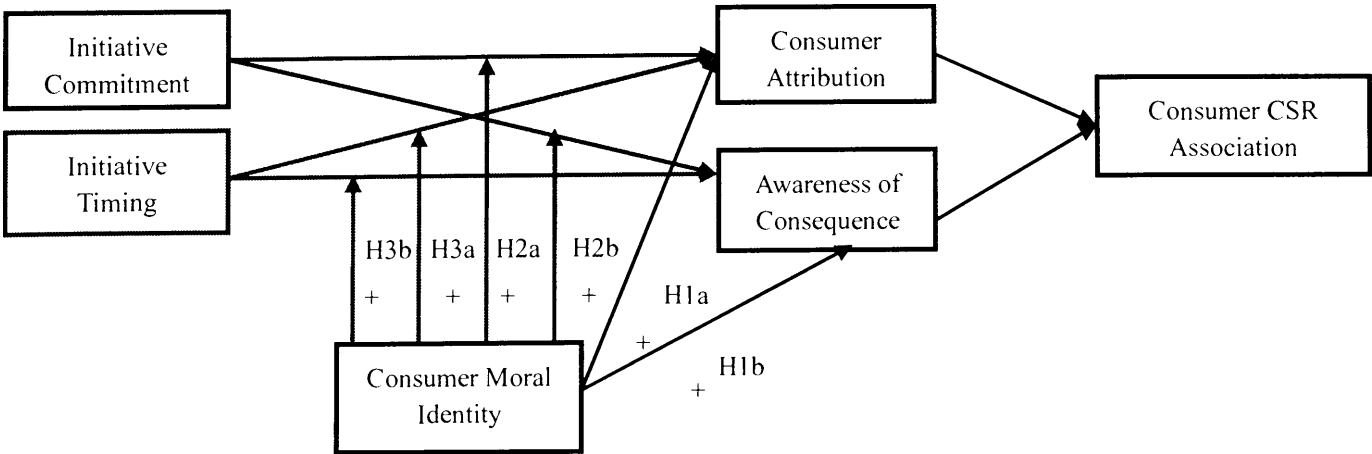


Figure 3. The Conceptual Framework of Paper Two

METHODOLOGY

The research design of Paper Two is built on the experiments in Paper One. Initiative commitment and initiative timing were manipulated by scenarios of social initiatives. Consumer attribution, awareness of consequence, CSR association, and moral identity are measured by pre-existing scales. The Consumer moral identity scale was adopted from Reed et al. (2007) paper, including two dimensions: internalization ($\text{Alpha}=.799$, $\text{CR}=.728$), defined as the degree to which moral traits are deeply rooted in the self-concept; and symbolization ($\text{Alpha}=.764$, $\text{CR}=.591$), defined as the degree to which these moral traits manifest publicly through the respondent's action or behavior. Notably, the composite reliability of the symbolization dimension is lower than the recommended level of 0.6 (Bagozzi and Yi, 1988). But the level of Cronbach Alpha (higher than the Cronbach Alpha in Reed and Aquino, 2003) suggests that the reliability of the sub-scale is still within the acceptable interval. Following Caldwell and Moberg (2007), we sum the two dimensions of the moral identity scale into an overall measure ($\text{Alpha}=.795$, $\text{CR}=.674$). This overall measure can be viewed as an integrated index of self moral positioning and actual moral behavior.

When the 644 research participants finished the experiments designed for Paper One, they were given a distraction task before reporting the moral identity score. Since a person's moral identity can be activated or primed by salient stimulus cues (Forehand et al., 2002), there is a possibility that the research questions and scenarios in the first part, with high salience of morality, would prime the respondents with an over-weighted moral self. If respondents' moral identity was activated by the information in Paper One, an exceptionally high score of moral identity would have been reported by the research participants, providing little variance for data analysis or misleading researchers into questionable results. The plasticity of moral identity suggests that we insert a distraction task before the measure¹⁰ to eliminate the risk of moral activation and priming. The mean score and standard deviation of our moral identity measure indicate that the distraction task works well, almost identical to the previous research (Internalization: $M=5.95$,

¹⁰ The distraction task was an open question. Respondents needed to recall detailed examples of corporate scandals or initiatives to finish the question. On average, it took 3-5 minutes to write the answer on the questionnaire. A writing task could clear the short-term memory of the scenarios effectively (Clark and Squire, 1999).

SD=0.916, Symbolization: M=4.20, SD=1.084; compared to Internalization: M=6.34, SD=0.745 and Symbolization: M=4.26, SD=1.180 in Reed et al., 2007).

The measure of moral identity is also checked for social desirable response bias. A modest correlation (correlation=0.220, $P=0.000$) is found between moral identity and SDR value, indicating that the measure of moral identity is slightly influenced by the bias for impression management. However, this is not the first time to find a response bias. When developing the measure for moral identity, Aquino and Reed (2002) found a 0.27 ($P=0.000$) correlation¹¹ between the scale value and the impression management bias. Reed et al. (2007) also used impression management (Paulhus 1991 version) as a control variable to decrease the SDR bias. They argued that scales aiming at measuring dimensions of self-definition are always from an impression management perspective. The literature also suggests that the measure of moral identity is not only a reflection of self-presentational projected image, but “captures aspects beyond the social desirability to adhere to the constructed image of moral person, which is consistent with the definition of moral identity” (Reed and Aquino, 2003, p1272). Therefore, we use the scale value of impression management to control the SDR effect in our analysis plan. Although the SDR bias has been theoretically and methodologically justified in the research, readers should note that the findings and discourse below are not “bias free”. It is hoped that improvement in measurement and more delicate research design in future research can significantly diminish the problem of SDR.

DATA ANALYSIS AND RESULTS

Linear regression models are constructed to test the direct and moderating effects of moral identity on CSR cognition process (See Table 6). The dichotomy variables of initiative commitment and timing are effects coded to form the interaction term with moral identity. Potential collinearity problem is effectively eliminated by mean centralizing independent variables (Aiken and West, 1991). The data suggests that consumers with higher moral identity generally evaluate CSR initiatives in a more favorable way (with the only exception being

¹¹ There are two ways to calculate the SDR value (Lanyon and Carle, 2007), from which we chose the dichotomy method. However, either calculation provides a similar result.

consumer attribution of the hypothetical brand). On the contrary, social desirability, which is measured by impression management scale, fails to influence the dependent variable in the same regression model, suggesting that it is a deeper sense of self moral relevance rather than the mere impression management that exerts influence on the consumer cognition process of CSR information. This direct effect indicates the presence of a consumer segment, who are active supporters of corporate ethics, while the others pay much less attention to business related social activities. Therefore H1 is supported.

	Hypothetical Brand				Real Brand			
	Dependent Variables							
	Consumer Attribution		Awareness of Consequence		Consumer Attribution		Awareness of Consequence	
	B	t	B	t	B	t	B	t
Commitment	1.106**	3.949	1.244**	3.565	2.011**	6.813	2.942**	8.327
Timing	1.614**	5.780	0.103	0.295	3.045**	10.338	2.683**	7.552
MI	0.026	1.458	0.085**	3.878	0.055**	2.941	0.046*	2.047
MI ×Commitment	-0.009	-0.260	0.017	0.391	0.034	0.937	0.024	0.547
MI ×Timing	-0.050	1.440	0.050	1.163	0.031	0.856	0.019	0.438
Impression Management	-0.335	-0.510	0.459	0.561	-1.357	-1.942	-0.967	-1.146
Constant	9.478**	10.750	13.656**	12.440	9.563**	10.284	17.593**	15.700
Adjusted R ²	0.071**		0.040**		0.203**		0.167**	
F-Statistics	8.949		5.295		37.881		21.914	

Note: Unstandardized coefficient B (t) is presented in the table; MI=moral identity;

* T-test Significant at .05 level; ** T-test Significant at .01 level;

Table 6 Regression Models Testing the Effect of Moral Identity

No interaction effect between moral identity and initiative commitment or timing is found to influence consumer attribution and awareness of consequence. The positive relation between moral identity and the criterion variables has already ruled out the possibility of moral identity being a “Homologizer” type moderator (Sharma et al., 1981). So without conducting sub-groups analysis, it is already evident to reject Hypothesis 2 and 3. The finding indicates that the “similarity-attraction” effect is neutralized by other factors that we have not considered yet.

DISCUSSION

With the presence of strong antecedents such as initiative commitment and timing, the consumer

cognitive process still show significant variability due to the distinct personal construction of implicit moral self, which reinforces the impact of consumer heterogeneity on CSR reaction. Unlike other demographic indicators, moral identity is more contextually flexible, offering opportunity to shape it by well designed consumer communication.

Unexpectedly, moral identity has no interaction with the initiative properties, which means adjusting the initiative itself provides no incremental effect among the high moral identity consumer group. The underlying reasons could be complicated. However, we propose two possibly valid theories which might counterbalance the similarity-attraction effect. One might be the “sticky prior” effect of an identity salient situation. According to the study by Bolton and Reed (2004), identity-based judgments tend to be resistant to change. Once people with high moral identity confirm the value of CSR efforts, they stick to this evaluation regardless of different natures of the efforts, because changing corporate evaluation may also destabilize their moral self-image. In other words, if a particular attribute is central to a person’s identity, the situational cues would have less impact on him or her. Caldwell and Moberg (2007) found a negative moderation effect of moral identity with organization culture, and they suggested that self-esteem could be the key to why people who have a low moral identity are more influenced by the situation than those who have a strong moral identity. The other effect might be the “forgiveness” in the self-schema of morally concerned consumers. Reed and Aquino (2003) suggest that consumers with high moral identity will relinquish anger, resentment, and the desire to punish deliberately. The positive relationship between moral identity and sympathy is also supported by empirical data (Aquino and Reed, 2002). Meanwhile, moral identity also leads to less negative reciprocity. These findings provide preliminary evidence for the optimism among the high moral identity group even when initiative commitment and timing start to deteriorate. In either case, the interaction effects of moral identity need to be further investigated by experimental designs testing the three competing effects (similarity-attraction, sticky prior, and forgiveness) separately. As stated by Nasir and Kirshner (2003), a clear conceptual understanding of the dynamic relationship between moral identity and social context is not easily accessible. Moreover, we believe the situation could decide which effect is more dominant (please refer to Gu and Morrison (2008b) for a significant negative moderation

effect).

Our model tests the impact of consumer moral identity as an important indicator of consumer heterogeneity. There are other consumer personal characteristics and traits (e.g., domain interest, neutralization, skepticism towards business ethics, etc), which may be of identical or even more importance in the formation of consumer CSR association. For example, it is natural that consumers hold different preference ordering with respect to different social and ethical issues (Auger et al., 2007). Therefore, consumer domain interest is an unexplored factor, which may influence consumer reaction to social initiatives. Examining which plethora of social causes resonates most effectively would help improve the communication efficiency of the social initiatives.

The two studies conducted in this thesis test a conceptual framework of the CSR association formation process. Both the characteristics of the initiatives and attributes of the individuals shape the consumer cognition. As a part of consumer CSR association, nevertheless, the cognitive process is nested in the whole reaction chain. Therefore, we extend our discussion to briefly explore how cognitive process is integrated in the broad consumer CSR literature.

Tracing Backward into Consumer Awareness and Information Authenticity

Initial non-response is always the bottle neck for triggering positive consumer attitudes through corporate social affiliation. Consumer awareness of the CSR initiatives is a premise for further information elaboration and supportive patronage behavior (Sen et al., 2006; Du et al., 2007). Companies need effective CSR communication to compete with all other commercial information and win the consumer attention to allow other consequences to move on. But over-investment in communication (e.g., soft advertising, cause-related marketing) may result in private-serving attribution of corporate motives, regardless of prior corporate reputation (Yoon and Canli, 2003). Therefore, managers should find an optimal level for consumer awareness without causing damage through unfavorable attribution. In addition, companies also need to monitor the authenticity of the CSR message. It is suggested that a company owned information source lacks communication effectiveness compared to a third party source (Swaen and Vanhamme, 2005), so using the firm website for self-presentation is not the best way to show morality. On the contrary, research institutes and social auditing systems are more credible sources for the consumers, and that is why a well known institute (KLD) was used as the independent information source in our experiments. We believe that all mediation and dependent measures would drop significantly if the source had been replaced with corporate owned ones.

Tracing Forward into Economic Benefits Stemming from the Positive Association

Evidence has accumulated that consumer CSR association is positively correlated with purchase intention (e.g., Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Lichtenstein et al., 2004; Sen et al., 2006; Pirsch et al., 2007). To assess the economic benefits of CSR initiatives, we

included a measure of economic-based dependent variable (willingness to pay) to increase the practical value of the research. Not surprisingly, significant differences exist between well-designed initiatives and perfunctory ones. The respondents were asked about their willingness to pay for the products of the focal companies in the scenarios (a single item 7-point scale: The likelihood that I would purchase furniture/digital products from company X / HP is “very low to very high”). Everything else being equal, the consumers in the “all-high” initiative group expressed significantly more positive intention ($M=5.11$, $SD=1.28$ for Company X and $M=5.80$, $SD=0.93$ for HP) to purchase the products than those in the “all-low” group ($M=3.50$, $SD=1.40$ for Company X and $M=3.90$, $SD=1.44$ for HP). However, many financial payoffs from CSR will take time to materialize, so managers should not rely on simplified economic indicators of CSR performance. A positive consumer CSR association can bring the company a variety of benefits other than the short turn sales increase, such as better corporate image, higher employee satisfaction, and lower operational cost resulting from the more efficient consumption of resources.

Last but not least, all stakeholders (including government and investors) can impact ethical business decisions. Managers need to take all factors into account before deploying corporate social policies, rather than only focus on consumers alone (Maignan et al., 2005). Future research can study CSR initiatives in a broader stakeholder analytic framework.

Appendix A: The Scenarios

There are 32 different scenarios in total: Commitment (2) × Timing (2) × Fit (2) × Hypothetical/Real context (2) × Nations (2). They were edited into web-news format in the experiments, and we present the text contents in the appendix. Only the high committed, proactive timing and high fit cell, along with the low commit, reactive timing and low fit cell, used in Australia is shown here, because the other cells were adjusted combinations of these two cells.

Proactive, High Commitment, High Fit Initiative (Company X)

Company X was founded in 1964 in Sydney to design and manufacture furniture for Australian consumers. Now the company has stores in several cities and towns in New South Wales and possesses two factories in Sydney with 200 employees.

The database from firm KLD (an authoritative research institution providing corporate social performance reports for enterprises) indicates that Company X's performance in environmental protection has always been active since the establishment of the database in 1995. In 2001, Company X started a sustainable production project, and established a corporate-owned fund for environmental protection and established a corporate-owned fund for environmental protection purposes. As a result, Company X is not subjected to protests and negative publicity against its corporate environmental policy by the "Green" Non-government Organizations (NGO), despite the fact that it consumes wood resources during the manufacturing process.

From 2001-2007, the KLD's database also reported a consistent annual investment of 1 million AU Dollars into the sustainable projects by Company X, which accounted for 10% of its total corporate profit. Compared with its competitors, who reinvest an average 5% into the sustainable projects, Company X was one of the leaders in environmental protection area, who invested consistently in the last 7 years.

Every year, Company X uses a large proportion of its environmental protection fund to protect the natural forest in this country. Sometimes they donate money to Non-profit organizations whose aim is also forest protection. The CEO of the company said: "Our industry (furniture manufacturing) relies heavily on forest resources. Companies in the industry have the responsibility to protect the forest by back planting trees. We reinvest our money to plant extra trees; sometimes we also donate money to let some professional organizations do it for us. We want to give back some of our fortune to Australian society."

Reactive, Low Commitment, Low Fit Initiative (Company X)

Company X was founded in 1964 in Sydney to design and manufacture furniture for Australian consumers. Now the company has stores in several cities and towns in New South Wales and possesses two factories in Sydney with 200 employees.

Just like other furniture companies in Australia, Company X is facing the dilemma between increasing furniture demand and sustainable production which is required by the Department of Agriculture, Fishery and Forest. The wood resource in Australia should be

utilized according to schedules. However, in 2001, Company X was accused of insufficient “back-plant” (planting trees after cutting, to restore for future wood production), which caused a decline in wood volume in NSW. It was investigated by the government and found guilty. Company X was fined \$100,000. After that crisis, the company started a sustainable production project. The KLD institute (an authoritative research institution providing social performance reports for enterprises) indicated that company X began to pay attention to environmental issues after the crisis.

Also according to the KLD database, Company X invested a comparatively less amount of money to environmental projects than its competitors. In 2004 and 2006, Company X reported an annual investment of 500,000 AU Dollars, which accounted for 5% of the total corporate profit. Compared with its competitors, who reinvested an average 10% into sustainable projects, Company X was NOT one of the pioneers in environmental protection.

Every year, Company X uses a large proportion of its environmental protection fund to protect the water systems in this country. Sometimes they donate money to Non-profit organizations whose aim is also water protection. The CEO of the company said: “Fresh water is precious in our territory, but unfortunately, water resources can be easily contaminated. So we invest our money to improve our water systems; sometimes we donate money to let some professional organizations do it for us. We want to give back some of our fortune to Australian society.”

Proactive, High Commitment, High Fit Initiative (HP)

HP provides global services and solutions to individual clients, enterprises, as well as research institutions. Their products include IT infrastructure, global services, business and family use computers, printers and imaging facilities. In the fiscal year of 2006 (till Nov 31st 2006), the sales of HP is 91.7 billion U.S. dollars, and HP ranks No. 11 in the U.S. Fortune 500 list and No. 13 in the “Most Valuable Global Brand” poll initiated by “Business Week”. We are interested in your reactions IF the following had happened.

In addition to manufacturing good quality products, HP actively initiated a series of environmental protection projects, including the DfE (Design for Environment, to reduce the energy and resource consumption in production) and EMS (Environmental Management System, to provide a structured approach to planning and implementing environment protection measures). Minimizing the negative impact on the environment and following a sustainable strategy have already become part of the corporate culture of HP. Due to its active social policy, HP has never encountered any environmental scandals since its operation in Australia.

From 2004 to 2008, the KLD institute has also reported that HP consistently invested 8.9% of its total annual profit into environment projects. Compared with its competitors, who reinvested an average 4.6% into environmental activities, HP was one of the champions in environmental protection, who has invested consistently in the last 5 years.

One important initiative in HP's environmental projects is "Product and Printing Supplies Recycling Solutions" program. HP has signed an agreement with global leaders in the recycling industry (e.g. European Recycling Platform) to build a strategic alliance. The company has established drop-off points in Australia Post, DickSmith and Harvey Norman stores to collect waste printing supplies and products in Australia. The data shows that HP used 5 million pounds (2,300 tons) of recycled plastic in original HP inkjet cartridges in 2007 through recycling programs, which is an important part of its environmental initiatives. One manager in HP said: "there is a huge market for printer supplies in Australia. Consequently, the harm caused by waste supplies is severe. We are dedicated to recycling to eliminate the environmental contamination caused by our products and production process."

Reactive, Low Commitment, Low Fit Initiative (HP)

HP provides global services and solutions to individual clients, enterprises, as well as research institutions. Their products include IT infrastructure, global services, business and family use computers, printers and imaging facilities. In the fiscal year of 2006 (till Nov 31st 2006), the sales of HP is 91.7 billion U.S. dollars, and HP ranks No. 11 in the U.S. Fortune 500 list and No. 13 in the "Most Valuable Global Brand" poll initiated by "Business Week". We are interested in your reactions IF the following had happened.

In 2003, a global environmental protection NGO, GreenPeace (founded in 1971, now has branches in more than 40 countries and regions worldwide and 2.8 million supporters), found that the noxious chemical substances contained in HP products is far above its competitors in a routine "product harm test". Used up printer supplies (ink and laser toner) have a great impact on the environment. Printer supply products are one of HP's major product categories. However HP's printing supply recycling project was also ineffective at that time. Therefore, GreenPeace made a strong protest against HP in 2003, urging them to improve their performance in environmental protection. As a reaction, HP began to increase its investment in the environment and sustainability.

Since 2004, the KLD institute has also reported that HP invested 4.6% of its total annual profit into environmental initiatives. Compared with its competitors, who reinvested an average 8.9% into the environmental activities, HP was not one of the leaders in environmental protection and still needs to improve its eco-performance.

One important initiative in HP's environmental projects is "Clean the Great Barrier Reef". From 2004, HP sends voluntary employees to join the "cleaning team", whose aim is to test the water quality and clean the pollution caused by tourists. This initiative becomes an important part of HP's environmental activities in Australia. One manager in HP said: "The Great Barrier Reef is the world's largest coral reef system, where we have clean warm waters. However, pollution and declined water quality are threatening the living environment of the marine life. We not only provide Australian consumers with good quality products, but also aim to protect the unique ecology of Australia as well."

Appendix B: Measures and Validation

Note: The measure validation is based on the real brand scenarios (except for the scale of moral identity). All scales are 7-point.

	Mean	SD	Std loading	t
Perceived Commitment (Correlation=0.586)				
The company is committed to the initiative	4.49	1.57	0.851	
The company cares about the initiative	4.63	1.52	0.877	22.300
Perceived Timing				
The Company launched the social projects as a reaction to negative publicity?	3.94	1.97		
Perceived Fit: Ellen et al. (2006) (Alpha=0.914, CR¹²=0.811)				
I think the fit between the company and its CSR initiative is:				
From “Connected” to “Unconnected”	4.69	1.89	0.909	
From “Relevant” to “Irrelevant”	4.76	1.77	0.968	38.106
From “Appropriate” to “Inappropriate”	5.26	1.49	0.786	26.888
Consumer Attribution: Olsen et al. (2006) (Alpha=0.859, CR=0.804)				
The company’s motivation for participating in the initiatives is:				
From “Self-interested” to “Community-interested”	3.99	1.60	0.865	
From “Firm focused” to “Customer focused”	3.78	1.54	0.805	21.613
From “Profit motivated” to “Socially motivated”	4.01	1.55	0.841	22.888
Consumer Awareness of Consequence: Osterhus (1997) (Alpha=0.907, CR=0.838)				
The company’s initiative helps the environment	5.01	1.31	0.863	
The company’s initiative helps make our world clean	4.92	1.37	0.888	29.609
The company’s initiative will help future generation	4.97	1.37	0.846	27.357
The company’s initiative alleviate current environmental problems	4.60	1.46	0.780	23.944
Consumer CSR Association: Berens et al. (2005; 2007) (Alpha=0.913, CR=0.851)				
The company behaves in an ethically responsible manner	4.81	1.45	0.834	
The company has a large commitment to society	4.58	1.43	0.866	26.563
I think that the company supports good causes	4.97	1.32	0.858	22.607
The company behaves responsibly regarding the environment issue	4.93	1.50	0.897	24.653
Consumer Moral Identity: Reed et al. (2007)¹³				
Internalization (Alpha=0.764, CR=0.728)				
It would make me feel good to be a person who has these characteristics.	6.19	1.12	0.700	
Being someone who has these characteristics is an important part of who I am.	5.80	1.13	0.798	16.733

¹² CR=Composite Reliability

¹³ The instruction of the scale is: “Listed below are some characteristics that might describe a person: Caring, Compassionate, Fair, Friendly, Generous, Helpful, Hardworking, Honest, Kind. The person with these characteristics could be you or it could be someone else. For a moment, visualize in your mind the kind of person who has these characteristics. Imagine how that person would think, feel, and act. When you have a clear image of what this person would be like, answer the following questions.”

I would be ashamed to be a person who had these characteristics. (R)	1.66	1.17	0.461	10.404
Having these characteristics is not really important to me. (R)	2.15	1.36	0.653	14.377
I strongly desire to have these characteristics.	5.56	1.39	0.722	15.635

Symbolization (Alpha=0.799, CR=0.591)

I often wear clothes that identify me as having these characteristics.	3.79	1.48	0.520	
The types of things I do in my spare time (e.g., hobbies) clearly identify me as having these characteristics.	4.52	1.32	0.712	11.165
The kinds of books and magazines that I read identify me as having these characteristics.	4.17	1.39	0.619	10.451
The fact that I have these characteristics is communicated to others by my membership in certain organizations.	4.04	1.70	0.621	10.418
I am actively involved in activities that communicate to others that I have these characteristics.	4.45	1.64	0.679	10.942

Impression Management Subscale of the BIDR-7 (Paulhus, 1998)

Regarding the following statements, are they true to your behavior (7-point Scale, From Not True to Absolutely True)				Mean	SD
I never take things that don't belong to me.				5.23	1.70
I always obey laws, even if I'm unlikely to get caught.				4.72	1.72
I have never dropped litter on the street.				3.39	2.12
I don't gossip about other people's business.				3.28	1.76
I never swear.				2.28	1.59
I have done things that I don't tell other people about.				4.77	2.06
I never cover up my mistakes.				3.43	1.56
I have taken sick-leave from work or school even though I wasn't really sick.				4.30	2.24
When I was young I sometimes stole things.				3.13	2.12
There have been occasions when I have taken advantage of someone.				4.20	1.78
I sometimes tell lies if I have to.				4.95	1.64
I sometimes try to get even rather than forgive and forget.				4.13	1.87
I sometimes drive faster than the speed limit.				4.82	2.14
I have never damaged a library book or store merchandise without reporting it.				4.43	2.15
I have said something bad about a friend behind his/her back.				4.84	1.71
I never read sexy books or magazines.				3.42	2.04
I always declare everything at customs.				4.86	2.00
I have received too much change from a salesperson without telling him or her.				4.19	2.13
I have some pretty awful habits.				4.06	1.86
When I hear people talking privately, I avoid listening.				3.84	1.81

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