Corporate Social Responsibility Engagements Drive Consumer–Company Identification

Companies expend significant financial resources on corporate social responsibility (CSR) activities to enhance their image. Local-community-focused CSR tends to influence the consumer-company identification (CCI) of egoistic consumers, while environment-focused CSR activities, such as the creation of environmentally-friendly products, drive biospheric consumers' identification. Broader humanity-focused CSR, such as fair-trade initiatives, significantly influences the CCI of egoistic consumers, but not of altruistic consumers. These findings demonstrate to other economies the significance of local and global companies' CSR practices and how such activities should be aligned to the CCI of their customer base unique to the region.

1. Theoretical Underpinning

The current study draws on the stakeholder theory and social identity theory to formulate hypotheses. Since the 1980s, the stakeholder theory, advocated by Freeman [1], has been widely used by scholars and practitioners to understand CSR [2][3]. Freeman [1] stated that corporate managers must understand the needs of all groups who have a stake in the business (i.e., stakeholders). The essence of any business primarily lies in building relationships and creating value for all its stakeholders, since stakeholders reward or punish corporate behaviour [4]. Companies may suffer both monetary and reputational losses from failing to align their interests with those of their stakeholders [5].

Though the composition of stakeholders may differ depending on company's industry and business model, the main stakeholders typically include employees, customers, communities, suppliers, and financiers (owners, investors). Under the current research background, the research object of CSR activity response is the consumers. Morsing [6] noted the rise of critical consumer movements demanding that transparency had been an influential factor in the demand and action of CSR. As important stakeholders, consumers need the company to carry out CSR activities and take social responsibility [7], implying that consumers' satisfaction with CSR affects the demand for products/services [8][9]. However, research has not always supported a positive relationship between companies' CSR commitment and consumers' reactions; some studies suggest a positive reaction of consumers towards businesses' CSR commitment [10][11], while others give evidence that consumers are indifferent to companies' CSR [12], or are influenced to a limited extent by CSR [13].

Studies also showed that if different dimensions of a company's CSR activities significantly influence consumers' responses, the strength and valence of these impacts may differ [14][15][16]. Thus, when classifying the types of CSR activities, it is logical and meaningful for companies to consider an alignment match between consumers' CSR needs and consumer values. However, the impact of such matching between consumer values on different CSR activities still lacks in the existing literature.

To understand the mechanism of how such matching/mismatching between a company's CSR practices and consumers' values affects consumers' reactions, the current study introduces a typology of CSR practices and the concept of CCI. It then draws on the social identity theory proposed by Turner and Tajfel [17] to connect CSR and CCI as the theoretical underpinning before developing the hypotheses.

2. A Typology of Corporate Social Responsibility Practices

CSR is generally conceptualised as a multidimensional construct [18]. Several typologies coexist in the literature [19][20][21]. The classical framework proposed by Carroll [22] pointed out that social responsibilities should be tied to social issues or

topical areas such as consumerism, environment, discrimination, product safety, occupational safety, and shareholders. The first type of CSR engagement targets local community issues. For example, Merck Ltd, Thailand is a subsidiary of Merck KGaA, Germany. It maintains a long-term locallyfocused CSR programme in different regions [23]. Through the local subsidiary, Merck has contributed 20 million Thai Baht to local communities since the programme's foundation [23]. Such community-focused CSR communicates caring about the needs of, and providing benefits to, the local community. The second type of CSR engagement targets broader environmental issues by delving into macro and global issues such as environmental protection and climate change [24][25][26]. For example, IKEA reduces waste in its value chain and uses environmentally friendly raw materials (e.g., organic cotton and recyclable materials) as much as possible [27][28][29]. The Air New Zealand CSR project, FlyNeutral, encourages passengers to purchase carbon credits, and the collected funds have been invested in New Zealand's permanent primary forest to offset carbon emissions [30]. The third type of CSR engagement targets broader humanity issues such as violation of human rights (e.g., child labour or gender inequality) or animal rights (e.g., animal cruelty or conducting animal experiments). For example, Starbucks promises to purchase and sell ethically traded coffee [31]. The Body Shop ensures animal cruelty-free policies [32] and has donated approximately 7.5 per cent of its annual profit to charity over the years, which is higher than the donations of many other beauty brands [33]. Therefore, a company could target their CSR using different engagement strategies, i.e., activities that are local-community-focused, environment-focused, and broader humanity-focused when engaging in CSR initiatives.

3. Consumer–Company Identification

In recent years, scholars have used CCI to investigate the mechanism through which CSR affects consumer reactions. CCI stresses a social partnership that brings together a shared identity between an organisation and its customers [34]. Consumers tend to identify with companies to fulfil their self-defined needs.

There are different ways that a company could arouse consumers' identification through their employees, brands, customer groups, special projects, and engagement. Engaging in CSRs is one such way to create CCI. A socially attractive company establishes its association, image, and values via adhering to ethical values, committing to a network with responsible business partners, and connecting with particular ethical communities, thus creating social resources [35]. When consumers see similarity between a company's socially responsible identity and themselves, they will identify more strongly with the company and formulate positive emotional bonding [36][37]. The emotional interactions between individuals and the corporation will prompt consumers to establish strong, committed, and meaningful relationships with the corporation and become champions of its products [38]. CCI thus fosters favourable consumer reactions such as purchase intention [8], consumer loyalty [39], and positive electronic word-of-mouth (eWOM) [9][40]. Hence, the previous literature shows that CCI mediates the relationship between a company's CSR practices and consumer reaction such as purchases. As a result, companies implement CSR engagement strategies to establish and strengthen such identification and relationships with their customers.

4. Social Identity Theory to Link CSR and CCI

Social identity theory suggests that the individuals identify themselves with a social group due to belongingness and emotional attachment to that group [17]. Scholars have widely used this theory to explain how consumers develop their identities and belongingness with an organization involved in CSR activities [9]. Ma et al. [9] built a framework showing that a company engaged in various CSR activities to manifest its company identity. Consumers then identify with the company as a socially responsible organization to fulfil their need for self-definition of socially responsible consumers.

However, socially responsible consumers are not homogenous as consumers have different personal values which they placed emphasis on. Verma, Chandra and Kumar [41] suggested three foundational consumer values: egoistic, biospheric, and altruistic. Egoistic values focus on the costs and benefits of choices that influence people's resources, such as wealth, power, and achievement [42]. Previous studies suggested that consumers with high egoistic values care about themselves and personal gains [42][43]. Biospheric values reflect a bigger concern for the environment without a clear link to human beings [44][45]. Altruistic values have been conceptualised as part of a personal values structure or overall guiding principle that motivates individuals to contribute to the well-being of other human beings or care for society as a whole [42][45][46]. A person with high altruistic values benefits others and does not expect external rewards [45][46].

In this entry, a consumer categorizes him/herself and other salient groups into "us" vs. "them". Such self-categorization could be based on values shared amongst in-group members, constituting social identity. To maintain a positive social identity, people engage in intergroup comparisons that demonstrate a favourable bias toward their in-group, while displaying discriminatory behaviours toward out-groups [47][48][49][50]. In the scenario of choosing a company to identify with, a socially responsible consumer emphasizing particular values will be more likely to choose the company that

engages in a certain type of CSR practices that align with his/her values. This is because such a company, though engaging in CSR aligning with a consumer's values, connects the consumer to the company's partners and communities sharing similar values. Hence, identifying with such a company will show the consumer's attachment with the in-group members and enhance the consumer's own social identity.

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