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The Role of Identity Salience in the Effects of Corporate Social Responsibility on Consumer Behavior

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ABSTRACT. Based on the assumption that consumers will reward firms for their support of social programs, many organizations have adopted corporate social responsibility (CSR) practices. Drawing on social identity theory, a model of influence of CSR on loyalty is developed and tested using a sample of real consumers. Results demonstrate that CSR initiatives are linked to stronger loyalty both because the consumer develops a more positive company evaluation, and because one identifies more strongly with the company. Moreover, identity salience is shown to play a crucial role in the influence of CSR initiatives on consumer loyalty when this influence occurs through consumer–company identification. A strong identifier is not necessarily in a constant state of salience, but activating identity salience of a particular consumer social identity (a company) will affect consumer reactions to product stimuli, increasing consumer loyalty.

KEY WORDS: corporate social responsibility, identity attractiveness, relationship marketing, identification, consumer behavior

Introduction

Corporate social responsibility (CSR) has emerged in recent years as both an important academic construct and a pressing item on the corporate agenda (Sen and Bhattacharya, 2001; Harrison and Freeman, 1999). A growing number of companies are embracing the concept of CSR and are feeling the need to clarify what it actually means. CSR actions are gradually becoming a leading issue in business, with companies taking a variety of initiatives all aimed at making sense of CSR (Cramer et al., 2004).

One of the reasons for this growing interest in CSR is because of its influence on consumer behavior at a time when consumers are demanding more out of organizations than simply a quality product at a low price (Bhattacharya and Sen, 2004). Consumers expect organizations to demonstrate congruence with some social values as part of their contribution to the community (Maignan et al., 2005). Consumers can choose to evaluate a company based on whether the organization acts in a manner consistent with supporting the welfare of the community and society. In 2005, Fleishman–Hillard Research partnered with the National Consumers League (NCL) to conduct a survey among U.S. adult consumers (www.csrresults.com). Given five choices, consumers most frequently selected ''being socially responsible'' as the factor most likely to make them loyal followers of a particular brand or company (35%). However, according to Boulstridge and Carrigan (2000), CSR is far from being the most dominant criteria in consumers' purchasing decisions. Traditional criteria such as price, quality, and brand familiarity seem to remain the most important choice criteria. Consumers buy for personal reasons rather than for societal ones (Beckmann et al., 2001). These relatively contradictory results call for further research on this topic.

Motivated, in part, by these contradictory results, additional research has found that CSR activities have a significant influence on several consumer-related outcomes such as consumer product responses (Pirsch et al., 2007) and attitudes (Berens et al., 2005), as well as consumer–company identification (Sen and Bhattacharya, 2001). In a recent article, Sen et al. (2006), employed a lab experiment to demonstrate that CSR initiatives are capable of affecting stakeholders' internal outcomes and behavioral intentions. Extending these results, internal outcomes (evaluations and identification) may serve as mediators between CSR initiatives and external outcomes, especially loyalty in a consumer–company relationship context.

In this set of relationships, introducing identity salience as a moderator may provide additional information to help resolve previous discrepancies. Identity salience is an important characteristic of relationship marketing success in contexts in which one party to the exchange is an individual who could receive significant social benefits from the relationship (Arnett et al., 2003). To the extent that a particular social identity is relevant to evaluating a company, making that identity more salient is likely to increase the weight that identity-relevant information is given when evaluating the company (Reed, 2004). If consumers are aware of a company's CSR activities, and if that company has a high identity salience for those consumers, the information regarding CSR activities is likely to strengthen the antecedents and consequences of consumer–company identification.

Therefore, the goals of this research are (1) to build and test a model that relates CSR initiatives with consumer loyalty; and (2) to demonstrate the moderating effect of identity salience on antecedents and consequences of consumer identification provoked by a company's CSR initiatives. Achieving these two goals will enable us to overcome the contradictory results previously mentioned, as well as quantify the effect of CSR on loyalty through the different routes of influence that the model proposes. In the following section, we draw on extent research in marketing and related areas to elaborate on the effects of CSR on consumer behavior. We then present our conceptual framework that offers hypotheses and a model that indirectly relates CSR and consumer loyalty, in which the effects of CSR activities are mediated by company evaluation, identity attractiveness, and identification, and, in part, moderated by the identity salience of the company for the consumer. Next, we present an empirical study where we test our model with a sample of consumers of a financial services company. We conclude with a discussion of the theoretical and managerial implications of our findings on the role of identity salience in the effects of CSR on consumer behavior.

Conceptual framework and hypotheses

Although CSR has been linked to consumer responses both theoretically (Bhattacharya and Sen, 2004) and empirically (Sen and Bhattacharya, 2001; Garcia de los Salmones et al., 2005), there is still a limited understanding of the different paths that link CSR to loyalty. Sen et al. (2006) relate CSR to both internal and behavioral outcomes, but given the high correlations among these variables, their results do not allow any conclusions to be made as to how internal outcomes relate among themselves and contribute to behavioral outcomes.

A sequential perspective, in which the mediation of certain variables explains the different ways that CSR activities and behavioral outcomes are linked, will be useful for marketers in order to implement actions that increase consumers' loyalty. Drawing on previous literature, we propose, as shown in Figure 1, that there are two alternative and complementary ways that CSR initiatives and consumer loyalty are linked. First, based on the relationship between corporate associations and brand equity (Aaker, 2004), the influence of CSR initiatives on loyalty is mediated by company evaluation, as has been supported in previous studies (Brown and Dacin, 1997; Mohr and Webb, 2005). Second, a company's CSR initiatives allow consumers to identify with the company on the basis of a perceived overlap between their own identities and that of the company (Lichtenstein et al., 2004; Sen and Bhattacharya, 2001).

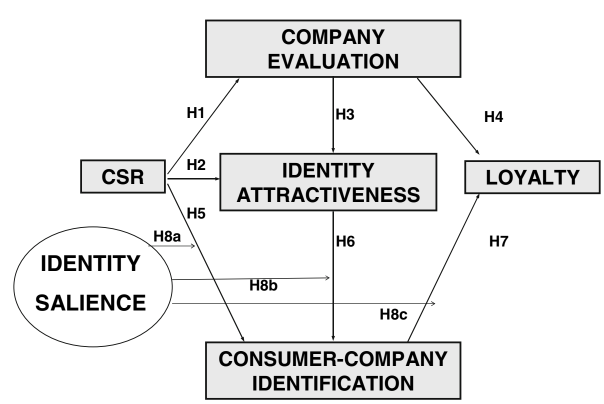

Figure 1. Conceptual framework.

The influence of CSR on consumer loyalty through company evaluation

Consumers are influenced by the associations they have regarding a company's corporate ability (CA), on the one hand, and its corporate social responsibility (CSR), on another (Berens et al., 2005). CSR associations reflect the organization's status and activities related to its perceived societal obligations (Brown and Dacin, 1997).

Company evaluation refers to the degree of positiveness or negativeness of the subject's global judgment of the company. This global judgment is based on the company's central, distinctive, and enduring characteristics, which are key components leading to the prestige of the organization's identity (Bhattacharya et al., 1995). As long as the CSR initiatives undertaken by the company are perceived as central, distinctive, and enduring, they will contribute to the prestige of the company, and therefore, to a more positive evaluation of that company. In an experiment where Brown and Dacin (1997) manipulated the level of a company's philanthropy and employee involvement in the community, the researchers found that high levels of CSR led to more positive evaluations of the company. Mohr and Webb (2005) found that, when consumers are given information that they trust about a company's level of social responsibility, that information affects how they evaluate the company and their purchase intentions. Recently, Bhattacharya and Sen (2003) relate nonproduct aspects of a company, such as CSR, to consumer loyalty and other positive post purchase outcomes, which are clear consequences of a positive evaluation of the company, also demonstrated by Brown and Dacin (1997). Based on these results, we propose:

H1: The greater the CSR associations perceived by the consumer, the more positive the evaluation of the company.

Identity attractiveness is the degree to which subjects prefer, are attracted to, and support relationships with a company given its enduring attributes (Ahearne et al., 2005). The attraction exerted by a company depends on its capacity to satisfy the consumer's self-definitional needs (Bhattacharya and Sen, 2003). Management literature has related the company's CSR activity and its attractiveness for employees (Albinger and Freeman, 2000; Turban and Greening, 1997). From a marketing perspective, literature has documented that firms benefit from CSR through getting consumers' positive product and brand evaluations, brand choice, and brand recommendations (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Vitell, 2003). In addition, ''CSR activities can affect consumers' general sense of well-being, without such well-being necessarily translating to company-specific benefits'' (Bhattacharya and Sen, 2004, p. 13). Consumers' sense of well being may be associated with corporate identity attractiveness, as collaboration (or association) with an organization that is socially responsible, i.e., engaged in do-good CSR actions, can contribute to increased consumer self-esteem (Sen and Bhattacharya, 2001). In other words, the consumer aspires to participate in relationships with the company because being associated with the company may result in benefits to the consumer in terms of self-difference and self enhancement. Therefore, there is a positive relationship between CSR and identity attractiveness (Marin and Ruiz, 2007) because ''when a corporation behaves in a manner that is perceived as socially responsible, consumers are likely to infer that it has certain desirable traits that resonate with their sense of self'' (Lichtenstein et al., 2004, p. 17). We then propose:

H2: The greater the CSR associations perceived by the consumer, the greater the company's identity attractiveness for the consumer.

If an organization possesses an overall positive evaluation and is accorded a certain amount of prestige, it signals that the organization is respected and admired by meaningful referents (Bergami and Bagozzi, 2000; Dutton et al., 1994) including opinion leaders, competitors, and stakeholders. The characteristics of prestige and positive evaluation primarily triggers interest among stakeholders because of their utility (i.e., maximizing benefits) (Lievens and Highhouse, 2003). In the management literature, research has found empirical support for the importance of some of these organizational characteristics as determinants of job applicants' initial attraction to companies (Lievens et al., 2001). Recently, Lievens and Highhouse (2003) have demonstrated that organizational characteristics are positively related to the company's attractiveness for an employee. In summary, a company's evaluation by consumers refers to the interest or value given to organizational characteristics and this evaluation is positively related to a company's attractiveness.

This reasoning can be extended to a company's consumers and how they relate to the company through the purchase of its products. Taking into account that evaluation leads to prestige (Bhattacharya et al., 1995), the more prestigious an organization is, therefore, the better the opportunity for a consumer to enhance self-esteem through his or her relationship with the organization (Mael and Ashforth, 1992). Therefore, a more positive evaluation of the company will lead to high levels of identity attractiveness. This leads us to formulate the following hypothesis:

H3: The more positive the evaluation of the company, the greater the company's identity attractiveness for the consumer.

Evaluation of a company is associated with the likelihood of obtaining utility from the company or its products as a result of its instrumental attributes, i.e., objective, concrete, and factual attributes that the organization either has or does not have (Lievens and Highhouse, 2003). This may be due to the fact that consumers form inferences about missing product attributes by drawing a connection between an available piece of information and the missing attribute (Maignan, 2001). For example, when a consumer encounters a new product, he/she might lack information regarding the quality of that product. However, the consumer may know that the manufacturer of this item is recognized as a responsible organization and may infer from this information that the product is most likely to be highly reliable (Yoon et al., 2006). In summary, a more positive evaluation of the company is related to a higher purchase intention of the products that the company manufactures.

Signaling Theory may be also useful in exploring the relationship between consumers' evaluation of the company and loyalty. When buyers are unsure of the quality of the goods that a company manufactures, they may look for information that enables them to distinguish the companies that perform well on a given attribute of interest from those that perform poorly (Boulding and Kirmani, 1993). Evaluating a particular entity with some degree of favor or disfavor implies a psychological tendency that predisposes an individual's evaluative responses in either a positive or negative direction (Eagly and Chaiken, 1993). Evaluative responses are specific thoughts about an attitude object (Madrigal, 2001). Attitudes, in turn, are direct antecedents of intentions and actions (Boninger et al., 1995). Therefore, a positive company evaluation, through its association with company attitudes and consumer inferences about the products manufactured by the company, constitutes an antecedent of consumer loyalty.

H4: The more positive the evaluation of the company, the more likely consumers are to be loyal to the company's existing products.

The influence of CSR on consumer loyalty through consumer–company identification

Organization identity is an individual-specific perception derived from the (perceived) central, distinctive, and enduring attributes of the organization (Albert and Whetten, 1985). This perceived organizational identity constitutes a powerful mental picture that influences the degree to which an organizational member identifies with the organization (Bergami and Bagozzi, 2000; Dutton et al., 1994). Interpersonal relationships have been used to explain subjects' identification with organizations (Cardador and Pratt, 2006). According to social identity theory and self-categorization theory, people classify themselves into a multitude of social categories to which they feel a sense of belonging through self-definition (Tajfel, 1988). To the extent that people view characteristics of the organization as consistent with the norms, values, and definitions that reflect their self-concepts, this perceived overlap with that organization would enhance their self-esteem (Scott and Lane, 2000). Consumer–company identification refers to consumers' psychological attachment to a company based on a substantial overlap between their perceptions of themselves and their perceptions of the company (Du et al., 2007).

The organization identification literature has found that a company's CSR actions, as opposed to those in a product domain, reveal its ''character'' or identity, and allow stakeholders to identify with the company on the basis of an assessment of the overlap between their own identities and that of the company (Lichtenstein et al., 2004; Maignan and Ferrell, 2004; Sen and Bhattacharya, 2001). CSR actions, in the form of philanthropy or environmental concern, for example, associate the company with an image of responsiveness to the needs of the society it depends on for survival. Thus, individuals who are aware of the company's CSR efforts display higher levels of identification than those who are not aware of such initiatives (Sen et al., 2006). Therefore, the following hypothesis is included in the model:

H5: The greater the CSR associations perceived by the consumer, the greater the consumer–company identification.

One of the components leading to a customer's identification with a company is the attractiveness of that company's identity (Ahearne et al., 2005). The overlap between a person's self-concept and the perceived organizational identity results in an individual being drawn to the organization because it provides easy opportunities for self-expression (Shamir, 1991). Similarly, social identity theorists contend that people need to distinguish themselves from others in social contexts (Tajfel and Turner, 1985), and thus are likely to seek out groups for affiliation that are distinctive on dimensions they value. Thus, consumers who believe that a company has a distinctive culture, strategy, structure, or some other configuration of distinctive characteristics valued by those consumers, will find that company a good target for identification (Bhattacharya and Sen, 2003). Additionally, associating with a company that has an attractive perceived identity enhances a consumer's self-esteem as he/she acquires a more positive evaluation of the self. Taken together, we propose that favorable perceptions of a company's identity are likely to lead to stronger identification with that company.

H6: The greater the company identity attractiveness perceived by the consumer, the greater the consumer–company identification.

Lichtenstein et al. (2004) found that when a company undertakes a CSR initiative, to the extent that the initiative signals to consumers that the company's traits overlap with the consumer's traits, these consumers are more likely to support the company. The company that behaves as socially responsible is more attractive for C–C identification, and consumers are more likely to support corporations with which they identify. In essence, identifying with a company is likely to be associated with a desire to enhance the company's welfare and consumer support is oriented toward this goal (Dutton et al., 1994).

As consumption is the primary currency of consumer–company relationships, such identification-based support is likely to be expressed through a sustained, long term preference for the identified-with company's products over those of its competitors (Bhattacharya and Sen, 2003). Moreover, consumers' support for increasing the welfare of the company is also likely to manifest itself in their specific efforts to support the company in the inherently risky endeavor of new product introduction. Based on these findings, we expect that stronger consumer–company identification will lead to increased product utilization for this company.

H7: The greater the consumer–company identification, the more likely consumers are to be loyal to the company's existing products.

At this point, it is interesting to note that company attractiveness is reflected in individuals' affective thoughts about particular companies. It is passive in nature because it does not necessarily imply that any actions toward the company will actually be taken (Highhouse et al., 2003). This lack of action allows individuals to be attracted to multiple companies simultaneously; more active pursuit of the company would require resource conservation and a more limited set of feasible possibilities (Barber, 1998). As a result, we can conclude that company attractiveness is not directly related to loyalty, but is indirectly related through C–C identification.

The moderating role of identity salience (IS)

Social identities are internal mental representations, and can become a basic part of how consumers view themselves. For example, a consumer may see him/herself as a professor, catholic, environmentalist, or working mother. However, no matter how extensive the knowledge about them, social identities will likely only have an impact on consumer attitudes, judgments, and behaviors if social identity information is accessed (Reed, 2002). In this sense, Arnett et al. (2003) point out that a theory of consumption decision making which involves social identity might use the term ''salience'' to refer simply to the extent that a social identity is an activated conceptual structure in the consumer's working self-concept. Identity Salience (IS) is, then, defined as ''the extent to which specific identity information dominates a person's working memory'' (Bhattacharya and Sen, 2003, p. 82). It is based on identity theory that posits that people have several identities (self-conceptions or self-definitions) arranged hierarchically, and that salient identities are more likely to affect behavior than the rest (Burke, 1980). The degree to which people have internalized an identity can affect how they respond to environmental cues (Arnett et al., 2003). Research suggests that when an organizational identity is salient, it is likely to be evoked across a wider range of situations and to increase the consumer's propensity to focus and elaborate on its implications for their social identity over other possibly competing identities (Bhattacharya and Sen, 2003). Therefore, identity theory can provide insights into why people buy certain goods and services (Stryker and Burke, 2000), especially for products whose use is visible to others and, therefore, provide opportunities to demonstrate IS and identification.

When exposed to information about the CSR initiatives of a company, consumers who present a high salience for that company identity will be more likely to identify with that company (Arnett et al., 2003), as they can rapidly and easily evaluate the overlap between the company's identity and their own identity. Self-relevant information is easier to process and understand (Markus and Wurf, 1987). For consumers with a low company IS, the evaluation of the overlap between both identities will take more effort, which will reduce the likelihood of C–C identification. Based on this reasoning we propose:

H8a: Identity salience moderates the relationship between CSR associations and C–C identification, such that this relationship is stronger when identity salience is high versus when it is low.

According to Bhattacharya and Sen (2003, p. 81), ''Companies do not typically play such central roles in consumers' lives. As a result, identity attractiveness in the consumer–company context is likely to be a necessary but not sufficient condition for identification.'' In their search for opportunities for self-expression (Shamir, 1991), or to distinguish themselves from others (out group) in particular social contexts (Tajfel and Turner, 1985), consumers will be able to easily retrieve information about the company when the company identity is salient. When an organizational identity is attractive as well as salient, consumers can easily access the information about the attractive character of the company (or identity attractiveness) from memory, yielding a higher probability of identification than when the company identity is not salient. This use of the attractive character of the company will be less likely for companies with lower IS. Therefore, we propose:

H8b: Identity salience moderates the relationship between identity attractiveness and C–C identification. This relationship is stronger when identity salience is high versus when it is low.

IS can generate attitudes and induce behaviors consistent with the social identity, when a social identity is an activated component of a person's social self-schema (Forehand et al., 2002). Therefore, to the extent that a particular social identity is relevant to evaluating a brand, making that identity more salient is likely to increase the weight that identity-relevant information is given when evaluating the brand (Reed, 2004). In other words, the consumer may have identified themselves with more than one company, but his/her probability of buying products from those companies (as a way to support them) will be higher for the company whose identity is more salient, as the company and its products dominate the consumer's working memory. Based on this, we propose:

H8c: Identity salience moderates the relationship between C–C identification and loyalty, such that this relationship is stronger when identity salience is high versus when it is low.

Finally, it is interesting to note at this point that identity salience may moderate the effects of the antecedents of identification (H8a and H8b), but not the relationships among those antecedents.

Identity salience is often associated with relational exchanges in which consumers derive benefits from products that go beyond the basic economic ones (Arnett et al., 2003). Moreover, according to identity theory, a consumer's identification with a company is associated with a sense of belonging to the social group represented by the company (Tajfel, 1988). This sense of belonging implies a long-term relationship, as it may contribute to a consumer's self-definition. Therefore, identity salience is predicted to moderate the effects of identification, as the permanent presence of the company in the consumer's mind will increase the consumer's awareness of the overlap between his/her norms and values and those that he/she associates with the organization, thus favoring identification. On the other hand, company evaluation refers to a subject's global judgment of a company based on their central, distinctive, and enduring characteristics (Bhattacharya et al., 1995). As such, company evaluation is not likely to be affected by identity salience (neither directly nor through moderation). The same reasoning may also be applied to identity attractiveness (company evaluation based on prestige).

Methodology

Sample

The sample was composed of 400 randomly selected customers of a regional bank. All respondents met the criteria of being a current client of the bank and the main person responsible for financial matters in their families. Data were collected through telephone interviews. Relationship marketing efforts are continuously implemented by financial services providers in markets around the world (Johnson and Grayson, 2005), and they undertake great efforts concerning CSR initiatives (Ogrizek, 2002). Respondents ranged in age from 25 to 81 years (M = 43 years), 45% were male, and 42% had more than a high school education.

Measures

Preliminary versions of the questionnaire were administered to a convenience sample of 22 consumers. Pretest results were used to improve measures and design an appropriate structure for the questionnaire. The final measures and reliabilities are provided in Table I. Measures consisted of 11-point scale ranging from 0 (totally disagree) to 10 (totally agree).

We measured CSR associations using a three-item scale from Sen et al. (2006) and company evaluation using a three-item scale from Mohr and Webb (2005). Identity attractiveness was measured with a three-item scale from Marin and Ruiz (2007), and C–C identification was captured using Mael and Ashforth's (1992) scale. Finally, we measured consumer loyalty with three items developed by Bone and Ellen (1992). The moderating variable, IS, was measured using a four-item scale developed by Arnett et al. (2003) (X is an important part of who I am; X is something about which I have a clear feeling; Being a customer of X means more to me that just being a customer of a financial company; I usually think about X).

We performed measure validation through confirmatory factor analysis (CFA) using LISREL 8.5. Preliminary analyses indicated several highly skewed measures, suggesting nonnormal data, which can result in unreliable standard errors and chi-square values (Jöreskog and Sörbom, 2004). We therefore used the asymptotic covariance matrix as input and robust maximum likelihood as the method of estimation (Satorra and Bentler, 2001). We also used the Satorra–Bentler scaled chi-square statistic, which applies a correction to address nonnormality of data, in establishing overall model fit.

Table I provides a summary of the measure validation results. The overall model-fit statistics for the CFA are good (SB scaled $\chi^2(109)$ = 267.15, $p < 0.00$, RMSEA = .059, SRMR = 0.046, NNFI = 0.98, CFI = 0.98), a general indication that the individual indicators are behaving as expected. Each of the measures exhibits strong composite reliability, with

TABLE I

Constructs and measures

Item		$\lambda^{x}_{c.e}$	t	Me	dt	ρ_C	AVE	α
CSR associations (CSR)						0.81	0.64	0.72
1	This company treats its employees well	0.15	5.05	6.69	2.19			
2	This is a socially responsible company	0.98	27.03	7.73	2.20			
3	This company supports children in need	0.97	25.94	7.75	2.21			
Company evaluation (CE)						0.91	0.78	0.92
1	My opinion about company X is favourable	0.95	24.77	8.01	2.03			
2	My opinion about company X is good	0.81	18.37	7.57	2.18			
3	My opinion about company X is beneficial	0.89	23.23	7.90	2.19			
Identity attractiveness (IA)						0.92	0.79	0.91
1	X is an organization very attractive	0.86	20.70	7.43	1.95			
2	I like X because it is different from the rest of financial companies	0.9	23.03	7.43	2.08			
3	When I deal with X I feel good because I see they understand me	0.9	22.89	7.60	1.99			
C–C Identification (IDE)						0.88	0.62	0.89
1	When someone criticizes X, it feels like a personal insult	0.73	18.75	5.07	2.57			
2	I am very interested in what others think about X	0.73	19.89	5.10	2.55			
3	When I talk about X, I usually say 'we' rather than 'they'	0.78	20.02	4.83	2.72			
4	X successes are my successes	0.82	20.15	5.30	2.79			
5	When someone compliments the X then it feels like a personal compliment	0.84	22.09	4.95	2.74			
Loyalty (LOY)						0.87	0.77	0.93
1	What is the probability that you will use X's financial services? (1 = no chance; 7 = virtually certain)	0.93	24.76	7.96	2.32			
2	What's the likelihood of you choice X the next time you contract a financial service? (1 = unlikely; 7 = likely)	0.94	24.88	7.85	2.43			
3	The next time I purchase a financial service will be with X	0.94	22.10	7.70	2.43			
χ^2 (109) = 214.72 (p = 0.000); $\chi^2/109$ = 1.96; AGFI = 0.87; GFI = 0.90; CFI = 0.99 SRMR = 0.049; RMSEA = 0.057; NNFI = 0.98								

Note. X refers to the company (bank) to which the subjects in the sample were current clients.

indexes higher than the recommended level of 0.6 (Bagozzi and Yi, 1988), as shown in Table I. Following the procedures suggested by Fornell and Larcker (1981), the scales showed acceptable convergent and discriminant validity. Convergent validity was assessed by verifying that all indicators had statistically significant loadings on their respective latent constructs. The robust standard errors resulting from the use of the asymptotic covariance matrix were substantially larger (and the t-values smaller) than those produced by a model using the standard covariance matrix as input, validating the need for revised SEM procedures in the face of strong nonnormality in the data set.

We also have evidence of discriminant validity. First, the phi-matrix and associated robust standard errors presented in Table II ensured that unit correlation among latent variables is extremely unlikely

TABLE II

Φ-Matrix of latent constructs for full sample

	CSR	CE	IA	IDE
CE	0.58 (0.03)			
IA	0.69 (0.03)	0.65 (0.01)		
IDE	0.53 (0.05)	0.41 (0.05)	0.58 (0.05)	
LOY	0.37 (0.05)	0.42 (0.04)	0.41 (0.03)	0.52 (0.05)

(Bagozzi and Yi, 1988). Second, for all the pairwise relationships in the phi-matrix, the average variance extracted (AVE) for each latent variable exceeded the square of the correlation between the variables. To provide a further check on discriminant validity, for each pair of the latent variables, we compared the scaled difference chi-square statistic of the hypothesized measurement model to a second model that constrained the correlation between those two latent variables to unity. The corrected chi-square difference tests using the Satorra–Bentler scaled chi-square values (Satorra and Bentler, 2001) indicated that the hypothesized measurement model was always superior to the constrained models. As a result, we are confident that each of the latent variables in our model exhibits discriminant validity with all other latent variables.

Internal consistency and discriminant validity results enabled us to proceed to estimation of the structural model. A structural equation modeling was used to test the theoretical model depicted in Table III. Asymptotic covariance matrix and robust maximum likelihood were again used in model estimation. Results show that the model in Table III fits the data well as evidenced by the goodness-of-fit measures: $\chi^2 = 270.58$ ($p = 0.00$), $df = 112$, RMSEA = 0.041, SRMR = 0.047; NNFI = 0.98, and CFI = 0.98).

Results

Looking first at the findings for the effects of CSR initiatives, the perception of these actions undertaken by a company has direct and positive effects on the three variables previously mentioned in the hypotheses: company evaluation (H1; $b = 0.58$), identity attractiveness (H2; $b = 0.48$), and C–C identification (H5; $b = 0.25$). Results also confirm that company evaluation mediates the relationship between CSR and identity attractiveness (H3; $b = 37$), while identity attractiveness is positively related to C–C identification (H6; $b = 0.40$). We turn next to the two antecedents of loyalty, (H4; $b = 0.25$; H7; $b = 0.42$), demonstrating that loyalty is higher when consumers have a high company evaluation and when they perceive themselves as identifying more strongly with the company. In summary, the significant and positive direct effects in the model confirm that the influence of CSR initiatives on loyalty (total effect = 0.37) is mediated not only by company evaluation, but also by identity attractiveness and C–C identification.

TABLE III

Structural equation model results for hypothesis testing

Paths	Hip	Std. coefficient (*t*-value)
CSR (+)–CE	H1	0.58 (8.90)***
CSR (+)–IA	H2	0.48 (8.36)***
CE (+)–IA	H3	0.37 (5.97)***
CSR (+)–IDE	H4	0.25 (0.49)***
IA (+)–IDE	H5	0.40 (5.11)***
CE (+)–LOY	H6	0.25 (13.91)***
IDE (+)–LOY	H7	0.42 (3.35)***
R^2 CE = 0.33; R^2 IA = 0.57; R^2 IDE = 0.38; R^2 LOY = 0.52		

***$p < 0.01$.

An alternative model was also estimated adding the path from identity attractiveness to loyalty. Results show that the coefficient is not significant ($t = 0.15$), and a chi-square difference test revealed a non-significant improvement in fit ($\Delta\chi^2 = 1.28$; ΔDF = 1, $p > 0.01$). Another alternative model also estimated adding the path from CSR to loyalty with similar results ($t = 0.02$; $\Delta\chi^2 = 0.33$, ΔDF = 1, $p > 0.01$).

In addition, the influence of IS as a moderating variable affecting three paths (H8a, H8b, and H8c) in the model was analyzed using multi-group LISREL analysis. A median split was conducted to separate participants into high and low IS groups based on a summed measure (Mantel and Kardes, 1999). The resulting mean composite IS scores (18.23 and 34.83, for high and low IS subjects, respectively) were significantly different between the two groups ($p < 0.01$). Both groups contained 200 subjects each.

Second, a model that imposes equality constraints on the three parameters (CSR-IDE, IA-IDE, and IDE-PI) and a general model that allows all of these parameters to vary freely across subgroups were compared. A chi-square difference test revealed that the unconstrained model represented a significant improvement in fit over the constrained model ($\Delta\chi^2 = 46.66$; ΔDF = 3, $p < 0.01$). This result provided initial evidence to support the moderating effect of IS on the structural model measuring the consequences of CSR on consumer behavior.

TABLE IV

Standardized model estimates

Relationship	High IS (N = 200)	Low IS (N = 200)	$\Delta\chi^2$ (ΔDF = 1)
CSR–IDE	0.29***	0.27***	−0.23
IA–IDE	0.36***	0.21**	5.76**
IDE–LOY	0.53***	0.11	38.29***

Results of multi-group analysis.
***$p < 0.01$; **$p < 0.05$.

A further series of tests identified the specific paths that are moderated by IS (Table IV). More specifically, the results show a significant moderating impact for two out of the three effects proposed in H8. The standardized parameters for the two groups are shown in Table IV. Inspection of the corresponding parameter estimates indicates support for hypotheses H8b and H8c. For high IS individuals, the influence of IA on IDE is stronger than for low IS individuals. The same pattern of results occur with the effect of IDE on loyalty.

Discussion

In a business world characterized by increasing competition and in which corporate actions are being employed to complement marketing activities in order to gain a sustainable competitive advantage, the present research contributes to our understanding of the effects of CSR on consumer behavior. Specifically we show that CSR initiatives influence consumer behavior through multiple paths, including the traditional path through company evaluation as well as the recently proposed path through consumer–company identification. We found that CSR contributes to these two variables, in a model that also considers identity attractiveness as third direct consequence of CSR actions. Higher levels of consumer CSR associations are linked to stronger loyalty behavior, both because the consumer develops a more positive company evaluation, and because he/she identifies more strongly with the company.

While literature has shown that CSR associations are linked to consumers' positive product and brand evaluations (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Sen et al., 2006), and even to consumer loyalty (Pirsch et al., 2007), our research contributes to this literature by examining the variables that mediate and moderate the link between CSR initiatives and consumer loyalty. The proposed model not only includes three internal outcomes previously shown as linked to CSR initiatives, company evaluation (Brown and Dacin, 1997), identity attractiveness (Marin and Ruiz, 2007), and consumer identification (Sen et al., 2006), but also demonstrates that there is a framework of relationships among these variables that allows for a better understanding of how consumers build identification with a company.

This research also contributes to the literature on Social Identity Theory (Tajfel and Turner, 1985) by demonstrating the relevant role of consumer–company identification on the effect of CSR on loyalty. Originally developed in the areas of social psychology and organizational behavior, identification satisfies the need for social identity and self-definition, and in turn, has been demonstrated to fully mediate the effect of perceived company identity on both product utilization (Ahearne et al., 2005) and loyalty (Mael and Ashforth, 1992).

Moreover, IS is shown to play a crucial role in the influence of CSR initiatives on consumers' loyalty when this influence occurs through consumer–company identification. The moderating effect of IS on the relationship between identity attractiveness and consumer–company identification suggests that consumers are more likely to adopt social identities (to identify with social identities) that they consider to be self-important (Reed II, 2004), while in low IS contexts it is more difficult to reach a state of identification. In addition, a strong identifier is not necessarily in a constant state of salience (Forehand et al., 2002); however, activating the IS of a particular consumer social identity (a company) will affect consumer reactions to product stimuli, increasing consumer loyalty.

In addition, the flow of effects included in the model, from CSR associations to consumer loyalty, adds an important new perspective to managers' understanding of the possibilities of the company CSR investments. In particular, our framework demonstrates that companies may not only benefit from a strong, consistent global company evaluation, which may vary in the short term according to the variations of CSR investments, but also to a more committed and meaningful relationship with their consumers. Part of this deeper commitment is obtained through the perception of a shared set of values (identity attractiveness) that the consumer believes can satisfy basic self-definitional needs (Bhattacharya and Sen, 2003).

In summary, our results provide support for the potential relational benefits of an identity-revealing CSR focus, while complementing previous research on customer–company identification (Bhattacharya and Sen, 2003; Lichtenstein et al., 2004). Consistent with Du et al. (2007), the demonstrated link between CSR and loyalty suggests that CSR is less of a short-term, sales-generating mechanism as it is one that deepens consumer relationships over time; thereby creating brand loyalty through consumer identification with the company.

These results are relevant to the current issue, as consumers are concerned with the lengths firms will go to in order to attract and keep their customers. They view company relationship marketing actions with suspicion, as many do not believe that companies engage in activities for the sole benefit of their consumers (O'Malley and Prothero, 2004). Therefore, companies must overcome perceptions that relationship marketing exists only at the level of discourse (Fitchett and McDonagh, 2000). As such, CSR actions are of high importance, given their contribution to a company or brand's long-term reputation (Du et al., 2007).

The implication for marketing managers is straightforward: investing in CSR initiatives is an important strategic task that provides enduring consumer loyalty, based on intangible company assets. Marketing these intangibles assets to their consumers, companies go beyond the conventional marketing mix. They can include corporate-level intangible assets, such as their identities and reputations and the goodwill associated with being a good corporate citizen, into their marketing initiatives in an effort to garner sustainable competitive advantages (Sen et al., 2006). As pointed out by Aaker (2004), organizational attributes are more enduring and resistant to competitive claims than are product attributes. It is easier for competitors to copy product attributes than organizational attributes based on CSR initiatives that enhance C–C identification.

It is also very important that managers take into account the relevance of the company identity for their target market. Marketing communications that attempt to connect a product or brand to a social identity must consider the extent to which that social identity is valued by the target consumers, and what aspects can be leveraged to increase perceptions of self-importance associated with that identity. Even more, communication activities must provide cues with regard to how the target consumer should respond to the stimuli (Reed II, 2004), i.e., cues about how the company or product is related to the identity that is relevant to the consumer.

Third, managers may reinforce the relationship marketing strategy through their investment in CSR initiatives. This strategy is more than just an emotional position derived from these CSR initiatives (Mahajan and Wind, 2002), as companies will enhance consumers' beliefs regarding their ability to deliver superior functional benefits through their products (Du et al., 2007). A company that provides benefits to stakeholders (e.g., customers) through their various CSR activities will be perceived as a company that is both able and interested in caring for their consumers.

Despite the contributions of this article, the generalizability of this study's findings is limited by its examination of the CSR associations of a single company. For instance, the effects of CSR associations might differ substantially in companies with which consumers do not maintain long term and periodical relationships, such as the relationship with a bank. While we have focused our attention on CSR as the only corporate association, we believe that introducing corporate ability and marketing activities into the model may increase the understanding of how consumer loyalty is generated for a company. These limitations constitute the basis of future investigations of consumer reactions to CSR initiatives undertaken by a company. These future studies might consider multiple companies, corporate ability, and marketing actions, composing a model with greater possibilities to analyze direct and indirect effects. Future research might also analyze the moderating role of consumer personality traits such as innovativeness, that may also impact corporate character and contribute to consumer–company identification in dimensions other than those generated by CSR initiatives. Additionally, as suggested by one of the reviewers, future research may benefit the development of a scale that captures the entire domain of CSR.

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