

# Consumer Responses to the Food Industry's Proactive and Passive Environmental CSR, Factoring in Price as CSR Tradeoff

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**Abstract** This study examines consumer reactions to the food industry's environmental corporate social responsibility (CSR) by varying levels of CSR and price as CSR tradeoffs. Findings reveal that proactive CSR programs generate more favorable attitudes toward and stronger intent to purchase from the company compared to passive CSR programs. Supportive communication intention also increases with CSR level in the low price condition. Regarding the impact of price, respondents showed more positive attitudes toward a company that charges cheaper prices in general. However, when a company demonstrates proactive initiatives, respondents did not distinguish between prices and showed generally positive intent to support and intent to purchase from the company. When a company practices passive CSR and offers cheaper products, respondents showed the weakest supportive and purchase intentions.

**Keywords** Food industry · Environmental CSR · CSR level · Product prices · CSR outcomes

## Introduction

The food industry faces increasing pressure to operate in a more eco-friendly manner. The industry's impact on the environment includes solid and liquid waste disposal including food packaging, deforestation, service wares

issues, water and soil pollution, and food waste (Boehlje 1993; Fox 1997; Wade 2001). For these reasons, stakeholders such as consumers, business leaders, activist groups, communities, and governments have called for the food industry to actively engage in addressing environmental issues. Businesses need to find ways to respond to these concerns and demands because perceived deficiencies of corporate social responsibility (CSR) in the food industry can be damaging to corporate image and profitability (Maloni and Brown 2006). Given that stakeholders consider environmental CSR to be the most important aspect of a company's CSR efforts (Kassinis and Vafeas 2006; Welford et al. 2007), food companies cannot afford the financial and reputational risks associated with lack of environmental commitment.

To address environmental concerns, the food industry has begun to adopt a variety of environmentally responsible programs (Maloni and Brown 2006; Torugsa et al. 2012; Wu 2008). For example, Starbucks has launched a comprehensive campaign to reduce its environmental impact comprised of building greener stores, reducing energy and water consumption, improving food packaging, creating cup recycling solutions, and reducing waste (Starbucks 2012). McDonald's requires a minimum of 35 % post-consumer recycled content in all corrugated shipping boxes, and converted from using polystyrene foam packaging and supplies to unbleached paper-based carryout bags, coffee filters, Big Mac wraps, and napkins (Alliance 2011). Pizza Hut reduced the amount of paper fiber used in its pizza boxes by 15 % over the last decade, and by five percent in the last three years (Alliance 2011). As these examples show, some major food chains have demonstrated their commitment to environmental sustainability and have adopted programs to go beyond the standards required by law. However, not every company has

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proactively engaged in environmental CSR. Many have taken a quite contrary approach, so-called “passive CSR,” and expended minimum effort to comply with mandated regulatory standards enforced by government agencies. That is, companies exhibit different levels of commitment to environmental CSR.

Although businesses are encouraged to go beyond legal compliance and take proactive roles as important social entities (Torugsa et al. 2012), Mohr and Webb (2005) note that companies often struggle when deciding to what extent they should get involved in CSR. Because “the payoff from socially responsible programs is not guaranteed and may take time” (Mohr and Webb 2005, p. 122), business managers are hesitant to invest in costly CSR initiatives that might lead to increased costs they must pass on to consumers that erode their competitive position. Without solid evidence of CSR-related financial payoffs, a passive approach appears to be a safer, easier option that enhances shareholder values and fulfills basic societal requirements. In this respect, Martin (2002) argues that going beyond the obligatory baseline of social expectations (i.e., laws, regulations) is hindered by a “lack of executives’ vision in that the financial return is [at] risk” (p. 70). Part of the hesitation to commit to a CSR program is that little is known regarding how stakeholders perceive and react to passive CSR versus proactive CSR practices.

Despite academic research’s growing attention to CSR and its outcomes, most prior research has focused on the empirical link between CSR performance and its outcomes (Margolis et al. 2007), without considering the degrees of CSR involvement as a factor. CSR operations should be viewed as a continuum with different levels of involvement that produce varying outcomes and stakeholder reactions (Torugsa et al. 2012). This continuum should be kept in mind when predicting stakeholders’ CSR-related responses including attitudes, supportive communication intentions, and purchase intentions.

Furthermore, while prior research has focused on establishing general knowledge that applies across industries, each industry has a unique set of business circumstances and distinct stakeholder relationships (Maloni and Brown 2006; Schroder and McEachern 2005). The general understanding of CSR outcomes does not fit all industries, and additional studies are necessary to explore industry-specific CSR issues (Banerjee et al. 2003). For example, previous research has demonstrated positive relationships between CSR and consumers’ evaluations of a company and its products (Brown and Dacin 1997; David et al. 2005; Forehand and Grier 2003). However, studies with an industry-specific approach have discovered different and even contradicting results. Kim (2011) found that in an industry with risk-related offerings (e.g., information and

technology industry), CSR has much weaker influences on product evaluations compared to other industries. Yoon et al. (2006)’s research showed that in a stigmatized industry, CSR can backfire. As such, “the generalized findings of CSR practices have limitations on the accuracy of the results of empirical studies which do not take industry specific focus” (Guthrie et al. 2008, p. 2).

This study investigates stakeholders’ reactions to the food industry’s environmental CSR approaches by varying levels of CSR and price as CSR tradeoffs. The reason to consider the effect of price on attitudes, supportive and purchase intentions is that consumers often must make tradeoffs, such as paying a higher price for environmentally responsible, CSR-backed production processes. These tradeoffs can influence consumers’ responses to, and actions as a result of, a company’s environmental CSR efforts.

This study focuses on the food industry because it is a multi-trillion dollar contributor to the U.S. economy that affects a great amount of consumers daily (Maloni and Brown 2006). Restaurants retain \$683.4 billion in annual revenues (NRA 2014). The segment employs 13.5 million individuals and remains the second largest private sector employer in the U.S. (NRA 2014). Consumers make food-related purchase decisions frequently, and the general price of food products is cheap enough for consumers to potentially reward companies’ CSR efforts by paying more (Auger et al. 2003). Due to its impact on individuals’ health, the industry is consistently under media scrutiny. Media outlets also broadcast information about these companies’ environmental conduct. Given the industry’s significance in daily consumer life, its impact on the U.S. economy and its unique dynamic of consumer relations, this study examines the environmental CSR practices of the restaurant and food service segment of the U.S. food industry.

Despite increasing voices urging businesses to remember their obligations to the environment, business managers have a difficult time deciding to what extent to show their commitment to environmental sustainability. This study is one of the few to explore perceptions of and reactions toward the food industry’s environmental CSR programs by degree of CSR involvement and price differences. This study advances understanding of CSR outcomes; it provides empirical information about how stakeholders perceive and react to passive CSR versus proactive CSR practices; it answers the more practical question of how stakeholders react when CSR comes at a cost to the company and to themselves. Business managers will find the results useful for making informed decisions; especially when they assess, revise, or develop a proper CSR approach, and when they decide to what extent their company will commit to environmentally proactive CSR practices.

## Literature Review

### Corporate Social Responsibility

The concept of CSR has consistently evolved during the past several decades (Carroll 1979, 1999). It has been defined through a range of economic, legal, ethical, and voluntary activities (Carroll 1979).

A line of scholars including Friedman (1962) argues that profit-making is the only social responsibility companies need to assume. Others argue that businesses should act responsibly toward society as a whole, share concern for the broader social system, and actively contribute to social and environmental solutions (Bowen 1953; Swanson 1995). Realizing that the social-obligation perspective is too broad and ambiguous “to facilitate the effective management of CSR” (Maignan and Ferrell 2001, p. 4), scholars have proposed the stakeholder-obligation CSR approach: that businesses need to be responsible for their stakeholders who affect or are affected by corporate behaviors (Donaldson and Preston 1995). Under this approach, a company is thought to be an active system that interacts with various stakeholders and businesses, and should meet the interests and ethical demands of all stakeholders to be sustainable (Donaldson and Preston 1995; Maignan and Ferrell 2001).

Integrating the various perspectives of CSR including shareholder-obligation, social-obligation, and stakeholder-obligation, Carroll (1979) provides a comprehensive definition that embodies economic, legal, ethical and discretionary dimensions of business performance. Carroll (1979) defines and views CSR as a continuum with different levels, from obligatory bottom-line responsibility (i.e., economic) to philanthropic, voluntary responsibility (i.e., discretionary). According to Carroll (1979), businesses' foremost and fundamental responsibility is pursuing profits to meet shareholders' interests. Businesses have “a responsibility to produce goods and services that society wants and to sell them at a profit” (Carroll 1979, p. 500). Just as society expects companies to maximize profits, it also expects companies to comply with legal requirements. “The law represents the basic rules of the game by which business is expected to function,” Carroll (1979) writes, and “society expects business to fulfill its economic mission within the framework of legal requirements set forth by the society's legal system” (Carroll 1979, p. 283). These two basic responsibilities address the baseline of social demands and do not necessarily embrace any moral or ethical principles.

However, because businesses “exist within larger political and social entities and are subject to pressures from other members of those networks” (Martin 2002, p. 70),

meeting other entities' ethical demands over and above legal obligations becomes an important element of CSR. Thus, Carroll (1979) adds ethical and discretionary responsibilities as major CSR components. While ethical responsibilities indicate corporate behaviors that meet demanded moral norms that are not codified into law but are nonetheless anticipated by stakeholders, discretionary responsibilities represent corporations' voluntary and philanthropic responsibilities that are “guided by companies' desire to engage in social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense” (Carroll 1979, p. 500).

In other words, CSR broadly refers to a corporate commitment to operating a business in a manner that meets or exceeds the economic, legal, and ethical expectations demanded by society, and especially by its stakeholders, while corporations voluntarily engage in discretionary practices. This study embraces this definition of CSR, which clearly shows the varying nature of CSR degrees from obligatory bottom-line responsibility (i.e., economic) to philanthropic, voluntary responsibility (i.e., discretionary). At the same time, this study acknowledges that the degree of CSR of involvement varies greatly by company, and proposes to distinguish between CSR levels for realistic insights into CSR-related outcomes.

While the above discussion specifies the nature and degrees of CSR, some researchers pay more attention to the CSR issues or topical areas to which these four responsibilities are tied (Carroll 1979). For example, Jenkins (2009) and Torugsa et al. (2012) discuss three topical areas within CSR for which companies have a responsibility: economic, social, and environmental issues. Economic issues refer to companies' attempts to preempt complaints related to customer satisfaction, product quality, and safety. Social topics are about addressing social and ethical issues, such as employee discrimination. The environmental dimension is about company attempts to minimize the ecological impact of their products and business operations. Within each topical area, the depth and breadth of CSR practices vary. For example, some businesses go beyond social expectations to keep their customer relations in top shape, while others act upon what brings back the most financial returns for the business and its shareholders.

The distinctions between CSR topical areas provide a useful framework when exploring the status of CSR performance (e.g., Torugsa et al. 2012), but not for all occasions. The “issues approach” to CSR has several drawbacks: it cannot identify the social issues a business must address in an exhaustive manner; relevant issues change greatly over time due to changing social needs and values; particular CSR issues that concern a business differs based on the industry in which they exist (Carroll 1979).

Given that exploring a broad range of CSR issues in the food service industry is not the focal point of the study, this study does not attempt to examine stakeholder responses to a variety of CSR issues. This study is interested in stakeholder responses toward environmental CSR practices in the food service industry, which stakeholders consider to be the most important aspect of a company's CSR efforts (Kassinis and Vafeas 2006; Welford et al. 2007). The subsequent chapter will further discuss the importance of environmental CSR in the food service industry.

### Passive Versus Proactive CSR

Despite social pressures for assuming greater environmental responsibilities, executive managers face difficulties when deciding to what extent to show their commitments to such activities. This is because implementing CSR practices requires upfront costs and intensive efforts. It may diminish shareholder returns and put companies at risk of losing their competitive positions. Most shareholders will not welcome costly yet environmentally responsible approaches if such approaches mean failure to serve shareholder interests. They further criticize such approaches when company manager benefits remain generous (Martin 2002). However, if companies do not address society's environmental concerns, they will face stricter government regulations that place burdensome costs on themselves and jeopardize their intangible business assets such as stakeholder trust, consumer loyalty, and corporate reputation (Martin 2002). Because of these complications, some businesses side with shareholders and strictly adhere to the minimum prescribed by laws and regulations, while others choose to undertake ethical and discretionary activities exceeding legal demands. In this study, I refer to the former as passive CSR and the latter as proactive CSR.

Passive CSR indicates responsible business conduct that enhances shareholder values by complying with the law. The scope of passive CSR is limited to the "baseline [economic and legal] responsibilities" (Carroll 1979). For example, obeying food waste regulations and acquiring environmental permits are passive ways to demonstrate environmental CSR that serve mostly shareholders and meet the mandatory expectations of society. This style of passive CSR often occurs when well-enforced regulations exist and effective industrial self-regulations are in place (Babiak and Trendafilova 2011), or when businesses use an environmentally friendly approach to production as a risk reduction strategy to avoid negative consequences (e.g., bad publicity, damaged brand image) linked with perceived CSR deficiencies (Welford and Frost 2006).

Proactive CSR is defined as "responsible business practices adopted voluntarily by firms that simultaneously support sustainable economic, social and environmental

development at a level above that required to comply with government regulations" (Torugsa et al. 2012, p. 2). Companies that practice proactive CSR willingly engage in ethic- and moral-based conduct, generally value long-term sustainability, and try to meet the expectations of various stakeholders (customers, employees, suppliers, communities, and society), even if profitability is reduced (Donaldson and Preston 1995; Mohr and Webb 2005). Empirical studies have found that engaging in proactive CSR creates a competitive advantage for companies (Becker-Olsen et al. 2006; Bhattacharya and Sen 2003; Kim and Choi 2012; Sen et al. 2006; Torugsa et al. 2012). CSR programs enhance consumer attitudes toward companies (Barone et al. 2000; Berens et al. 2005; Kim and Choi 2012). Proactive CSR leads to stronger employment intent (Kim and Choi 2012) and investment intent (Sen et al. 2006). A proactive CSR program contributes to a company's distinctive identity as being responsible (David et al. 2005). The quest for legitimacy and associated advantages are strong motivators for proactive engagement (Babiak and Trendafilova 2011).

As noted, proactive CSR has great potential to give companies a competitive advantage. However, without industry-specific evidence showing that proactive CSR not only leads to better social and environmental outcomes for all stakeholders, but is also economically advantageous to companies and shareholders, business managers may still view proactive initiatives as mere expenditures without a reasonable return on investment. Thus, this study examines the effects of proactive and passive CSR on stakeholders' attitudes toward a company, on their supportive communication intention, and on their purchase intention within the food industry.

### Environmental CSR Approaches in the Food Industry

The food industry, a multi-trillion dollar industry, is one of the major contributors to growth of the U.S. economy and has historically shown consistent annual growth (IMAP 2010). Restaurants retain \$683.4 billion in annual revenues and employ 13.5 million people (Association 2013). The food processing and distribution sector generates more than \$1 trillion in sales annually, which accounts for more than 8 percent of the U.S. gross national product (Nestle 2013). Apart from its status in the U.S. economy, the food industry is important because it supports and directly affects the daily lives of individuals across the U.S. (Maloni and Brown 2006). Therefore, it is not surprising that the industry has received significant attention from NGOs, consumers and the media. Yet there have been few descriptive, exploratory studies that review the industry's CSR practices (Maloni and Brown 2006) and motivational factors of



CSR (Wu 2008). There has been a noticeable paucity of academic attention to how the food industry's environmental CSR practices can empirically bring competitive advantages to the industry through quantitative methods. Accordingly, this study takes an industry-specific approach to its focus on the food industry's CSR practices.

Environmental sustainability has become progressively more important to the food industry as critics notice and speak up about the sector's environmental impact. The industry has been criticized as having relatively lower levels of environmental concern and fewer long-term strategies for sustaining its supply chains despite its significant environmental impact (Banerjee et al. 2003). Food packaging is a major contributor to municipal solid waste because food packaging accounts for more than sixty percent of total packaging waste (Marsh and Bugusu 2007). In addition, food waste and waste disposal (Boehlje 1993; Zaror 1992), to-go containers and service wares waste (Leanpath 2013), water and soil pollution (Fox 1997; Zaror 1992), deforestation, and global warming from methane (Fox 1997) have been discussed as parts of the industry's negative environmental impact.

Accordingly, "food industry retailers must not only be prepared to offer environmentally friendly products to consumers but also demonstrate responsible environmental care practices in their supply chains" (Maloni and Brown 2006, p. 41). In recent years, to reduce the impact of packaging and service wares, the food industry has begun following EPA guidelines and using greener, more biodegradable materials to produce and package food (Marsh and Bugusu 2007). Businesses have been encouraged to develop pro-environmental policies, conduct waste audits, and develop a relationship with food donation programs (Foodservice 2013). Some restaurants use food waste as animal feed (Westendorf 2000), and promote energy and water conservation strategies (Starbucks 2012). Many provide reusable service wares and promote consumer recycling of product packaging (Alliance 2011).

Multinational food chains tend to have comprehensive, committed, environmentally responsible logistics beyond governments' environmental policy (Wu 2008). For smaller and medium-sized businesses, regulatory forces are the main driver behind environmental CSR implementation (Torugsa et al. 2012) although commitment by management, public concern, and competitive advantage can also make a difference in the extent and implementation of CSR programs (Banerjee et al. 2003). Babiak and Trendafilova (2011) propose two main incentives for engaging in CSR: institutional forces (meeting government policies and industrial self-regulations) and desire for legitimacy.

Companies often want to be viewed as more meaningful and trustworthy so they can attain competitive advantages, including, but not limited to, the ability to compete for

resources, improved stakeholder relationships, and support during crises (Babiak and Trendafilova 2011). It is natural that the degree of environmental CSR performance varies greatly across companies according to how much they value competitive advantages and organizational legitimacy to implement CSR.

### Effects of Proactive and Passive CSR

This study focuses on stakeholder attitudes toward a company (i.e., evaluative judgments of a company), supportive communication intentions and purchase intentions to examine environmental CSR-related stakeholder responses.

The accumulating body of empirical findings supports that an attitude is a strong precursor to the establishment of meaningful relationships with stakeholders (e.g., loyalty), to the formation of a distinctive corporate image and to favorable behavioral intentions. Here, attitudes refer to "a psychological tendency that is expressed by evaluating a particular entity with some degree of favor or disfavor" (Eagly and Chaiken 1993, p. 1). Simply put, attitudes are "likes and dislikes" about someone or something based on personal cognitive and emotional evaluations on the subjects (Bem 1970, p. 14). Because establishing an enduring positive attitude made of positive judgments of a company becomes an important strategic and economic task for businesses, prior studies emphasize exploration of stakeholders' attitude toward or evaluation of a company to gauge their evaluative judgments (Brown and Dacin 1997).

Besides attitude toward a company, this study examines supportive communication intent. The study defines supportive communication intent as individuals' intention to actively engage in information-seeking behaviors and word-of-mouth (WOM) communication behaviors, with the aim of demonstrating their interest and support for the company. With the emergence of new communication technologies on the Web (blogs, social networks), stakeholders have the power to communicate about corporate behaviors with great volume and reach (Hong and Yang 2011). One of the main reasons companies implement environmental CSR is to manage stakeholders' supportive communications toward the company. This study uses participants' intent to care about and seek more information about a company's CSR, and to discuss its CSR practices with others, as indicators of supportive communication intent (Bhattacharya and Sen 2003; Gremler et al. 2001). Positive WOM communication, defined as "information communications directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers" (Westbrook 1987, p. 261) has been recognized as a measure of supportive intent. WOM is a valuable asset that enhances companies'

relationships with stakeholders and that promotes companies' products and services (Gremler et al. 2001). Positive WOM communication indicates an increase in customers' trust and support (Gremler et al. 2001). Scholars have emphasized the importance of supportive communication behaviors toward organizations in that it helps establish positive two-way relationships with stakeholders and predicts probable growth and revenue for the organization (Godes and Mayzlin 2004; Gremler et al. 2001; Hong and Yang 2011; Laczniaik et al. 2001).

Lastly, purchase intentions are explored. The association of CSR with financial outcomes requires further investigation due to prior studies' inconsistent findings; some discovered the potential that proactive CSR may result in positive financial performance, with increased consumer preference of new products (Brown and Dacin 1997) and favorable intentions to pay more (Trudel and Cotte 2008). Others found a weak relationship or no relationship between CSR and corporate financial returns (Sen et al. 2006).

Prior literature documents the notion of consumer-corporate identification (c-c identification) and its impact on consumer attitudes and purchasing behaviors (Bhattacharya and Sen 2003; Brown and Dacin 1997; David et al. 2005; Sen et al. 2006). When a company has a desirable identity (e.g., eco-friendly, socially responsible), consumers like to associate themselves with that company and develop a sense of belonging to the company (Bhattacharya et al. 2009; David et al. 2005). The c-c identification has merits in that a strong c-c identification enables stakeholders to become advocates for the company by showing positive attitudes (Brown and Dacin 1997), being loyal (Bhattacharya and Sen 2003), valuing the company more (David et al. 2005), being supportive through communications (e.g., recommendations, word of mouth) (Bhattacharya and Sen 2003; Gremler et al. 2001), and showing favorable purchase intentions (Mohr and Webb 2005). Implementing environmental CSR initiatives is one-way to attain c-c identification. Studies have empirically shown that c-c identification contributed to consumers' supportive communication intent (e.g., talk positively about the company and its products) and CSR initiatives are an effective vehicle to establish strong c-c identification (Bhattacharya et al. 2009; Bhattacharya and Sen 2003). Thus, it is logical to think that proactive environmental stewardship practices enhance consumers' desire to associate with a company, and lead to better CSR outcomes such as positive attitudes, increased support, and stronger purchase intentions than passive practices.

Besides the rationale based on the discussions regarding c-c identification, empirical studies in the environmental CSR realm find that when stakeholders perceive a company's environmental CSR as legitimate and useful for

society, they evaluate the company to be more caring (Livesey and Kearins 2002), and support the company by displaying resilience to negative information about the company (Bhattacharya and Sen 2003). Mohr and Webb (2005) also found that a company's level of environmental sustainability influences people's evaluation of their products' value. Consumers prefer to purchase from more environmentally responsible companies (Bortree 2009). Based on these discussions, the following hypotheses are derived:

**H1** Consumers show more favorable attitudes toward a company when a company implements environmental CSR in a proactive way compared to a passive way.

**H2** Consumers show more favorable intent to support a company by engaging in positive communications about a company when a company implements environmental CSR in a proactive way compared to a passive way.

**H3** Consumers show more favorable intent to purchase from a company when a company implements environmental CSR in a proactive way compared to a passive way.

### Price as CSR Tradeoff

Being green is not always easy for businesses or for consumers. Environmentally friendly business operations often require customers to make tradeoffs in return for some important attribute of service or product, such as a higher price tag, or reduced product size or scope of service (Mohr and Webb 2005; Olson 2013). These "green tradeoffs" can significantly limit the appeal of environmental CSR to consumers (Olson 2013, p. 181) and therefore businesses fear that implementation of environmentally sustainable practices beyond what is required by law or regulation will lead to lower sales (Mohr and Webb 2005). If conventional attributes of products and services from companies with eco-friendly operations are equal to those from non-green ones, it is more simple for consumers to make a decision between products or companies, and for non-eco-friendly operations to capitalize on price advantages. However, the reality is that supporting eco-friendly business operations may cost consumers in different ways (Olson 2013). It is logical to assume that when consumers need to pay more, choose from limited choices, or experience reduced convenience or comfort, they may hesitate to show supportive attitudes or behaviors toward companies that proactively demonstrate environmental responsibilities (Pelsmacker et al. 2005). As discussed earlier, uncertainties about how stakeholders react toward possible cost increases pose barriers for businesses to commit to proactive environmental CSR as well. Thus, factoring price difference as the environmental CSR tradeoff to examine the impact of

environmental CSR on stakeholders' responses is critical to identifying the realistic and practical implications of this study.

Researchers have pointed out that the assumption that consumers only care about price is a myth; individuals care more about whether prices are fair, reasonable, honest or from ethically responsible companies (Auger et al. 2003; Choi and Ng 2011; Mohr and Webb 2005). When companies proactively implement CSR, consumers evaluate those companies more favorably and evaluate their products' value higher than those from companies without proactive CSR policies (Brown and Dacin 1997). That is, by adding value to companies and their products, environmental CSR allows consumers to perceive the relatively higher price from eco-friendly operations as fair and reasonable. Auger et al.'s (2003) findings show that individuals express a willingness to pay more for products from responsible companies. With that in mind, to what extent will consumers accept green tradeoffs?

Mohr and Webb (2005) found that when a company doesn't show any commitment to environmental issues, respondents care more about prices, whereas when a company proactively implements environmental CSR and talks about that commitment, the price effect on purchase intention is relatively weaker. Similarly, the findings of Choi and Ng's (2011) study reveal that respondents do not show favorable reactions toward low prices when a firm has poor environmental sustainability. These empirical findings imply possible ordinal interaction effects between prices and the level of environmental CSR. This study argues that when food service companies practice proactive CSR, the impact of price on consumer attitude and intent to support the company will be weaker compared to the impact of price that results from other food companies' passive CSR. In other words, a price increase in the proactive CSR condition is anticipated to lead to a relatively minor decrease in consumer attitudes, supportive and purchase intentions than in the passive CSR condition. Thus, the following hypotheses are derived:

**H4** Consumers show more favorable attitudes toward a company (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer attitudes.

**H5** Consumers show more favorable intent to support a company by engaging in positive communications about a company, (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer supportive intent.

**H6** Consumers show more favorable intent to purchase from a company (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer purchase intent (Fig. 1).

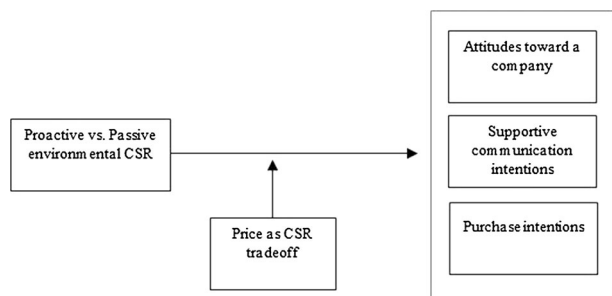
## Method

This study employed a randomized 2 (CSR level: proactive vs. passive)  $\times$  2 (price: high vs. low) full factorial design to examine the hypotheses. The study used a scenario-based experiment. This format was chosen because scenario settings allow subjects to be involved and play themselves in familiar roles, yielding valuable insight into individual attitudes, beliefs and intentions (Greenberg and Eskew 1993).

## Stimuli

For stimuli, the study used a fictitious restaurant named "A.A. restaurant," and described it as a business with quality foods and services across four conditions (proactive CSR and high price, proactive CSR and low price, passive CSR and high price, passive CSR and low price). A fictional company that produces good products was purposely chosen to control for subjects' attitudes toward and perceived corporate abilities (e.g., quality products) of real companies. Pre-attitudes toward a company and perceived corporate ability are major factors that influence consumers' corporate evaluation and product evaluation (Brown and Dacin 1997). Studies have also reported that the two affect CSR outcomes (Brown and Dacin 1997; David et al. 2005). Thus, this study used a hypothetical company to enhance the internal validity of the study. To manipulate the level of environmental CSR, this study selected the topic of food service wares and packaging because it is one of the most important and visible environmental issues in the food industry (Leanpath 2013; Marsh and Bugusu 2007).

One news article and four scenarios were created to manipulate CSR level and price. The news article contained information about newly passed regulations regarding the use of disposable service wares across four conditions. The news article was designed to inform respondents about the required environmental responsibilities food chains must comply with regarding use and disposal of service wares. Respondents read the same news article across conditions, but read different scenario for the given condition. In the scenarios, respondents were asked to imagine buying a burger and a salad for lunch at a food court where there are several restaurant options to choose



**Fig. 1** Influence of proactive and passive CSR on stakeholder responses factoring in price

from. Then, the scenarios provide a brief description of A.A. restaurant which serves quality foods, followed by explanations about product prices. Prices were manipulated by describing a relatively higher price or lower price compared to similar restaurants in the area. The following paragraph manipulated the company's environmental CSR efforts. The company with proactive CSR was described as offering durable tableware instead of disposable plastic ware and planning to hire additional staff members for dishwashing and table service to go beyond the new regulations for plastic ware usage. The company with passive CSR was described as providing durable wares upon customer request, and complying with new regulations for disposable ware usage. For example, the scenario for the passive CSR program and low price condition contained a general description of role playing (i.e., imagine yourself in the food court), a company's ability to produce quality foods, the relatively lower product price, and passive CSR. All other elements beside CSR level and price were the same across scenarios. Examples of the news article and scenarios are attached in Appendix.

A pretest was conducted with 35 college students to check the manipulations of stimuli. Students were randomly assigned one of the four conditions. Each subject first read a news article and then a scenario for the assigned condition before filling out a questionnaire.

To check manipulations of CSR level and price, the questionnaire included two 1 item manipulation check questions with answer options along a seven-point Likert scale. Respondents were asked to rate their level of agreement with the following sentences: "I think A.A. Company is very environmentally responsible," and "I think A.A. Company's products are expensive." In addition, the study checked how believable the stimuli were through 1 item on a seven-point semantic differential scale: "completely unbelievable" to "completely believable" (Mohr and Webb 2005).

Participants who were exposed to proactive CSR conditions perceived CSR level significantly higher than those responding to a passive CSR condition [ $M = 5.73$  vs.  $3.11$ ,

$F(1,29) = 38.99$ ,  $p < .001$ ]. Perceptions of price varied as expected [ $M = 5.92$  vs.  $3.00$ ,  $F(1,29) = 89.54$ ,  $p < .001$ ]. There was no significant difference in terms of believability of the given stimuli among different conditions, and participants perceived the stimuli as generally believable ( $M = 5.71$ ,  $SD = 1.5$ ). Because the manipulation was successful, the study used the developed stimuli for the wider experiment.

## Data Collection

Participants were recruited from diverse courses at a large university in the southeastern United States. Young adults aged 18–25 years, including college students, are one of the major target publics for the food industry (Harris et al. 2010). They make decisions for food consumption daily and eat in restaurants more frequently than any other age group (Stockton 2013). Besides being active consumers, students classify themselves as food industry stakeholders because they are likely to seek employment with food companies (Sen et al. 2006). As they expect to earn incomes, they see themselves as future investors in such companies (Sen et al. 2006). Because "college students are active agenda builders via online media" (Bae and Cameron 2006, p. 147), they can impact a company's CSR activities. Thus, understanding college students' perception toward environmental-related CSR programs in the food industry is critical to understanding the effects of such programs. In addition, college students serve as good samples for researching a hypothesized relationship between variables (Basil 1996).

The researcher emailed a link to the study experiment to students. Once students clicked the invitation link, the experiment site used a simple randomization function to assign students to one of the four conditions (proactive CSR and high price, proactive CSR and low price, passive CSR and high price, passive CSR and low price). Students were asked to first read a news article and then a scenario for the assigned condition before filling out a questionnaire. A total of 960 invitations were sent and 665 respondents participated in the experiment. The response rate was 65 %. Students received extra course credit as compensation. Participants were distributed across the different experimental conditions fairly evenly: 178 (26.8 %) for proactive CSR and high price, 153 (23.0 %) for proactive CSR and low price, 164 (24.7 %) for passive CSR and high price and 170 (25.6 %) for passive CSR and low price.

A total of 665 respondents participated in the experiment. 234 (35.2 %) were male and 428 (64.4 %) were female. Given that the gender distribution on college campuses was about 60 % female in 2005 and that the gender gap was projected to widen (Marklein 2005), the ratio was not over-representing female students. When



asked their ethnicity, 431 (64.8 %) reported as Caucasian, 83 (12.5 %) reported as African American, 71 (10.7 %) reported as Asian, and 68 (10.2 %) reported as Hispanic/Latino. The average age of participants was approximately 21 years old ( $SD = 1.52$ ).

### Measurement

Attitude toward a company was evaluated using three items with a seven-point semantic differential scale (Cronbach's  $\alpha = .97$ ); bad/good, unpleasant/pleasant, and unfavorable/favorable (MacKenzie and Lutz 1989).

Supportive communication intent was evaluated with three items using a seven-point Likert scale (1-strongly disagree, 7-strongly agree; Cronbach's  $\alpha = .86$ ): "I would be willing to discuss the company's pro-environmental activities with others," "I would be willing to search for more information on their eco-friendly practices," and "I would be willing to pay more attention to the company's environmentally responsible programs." Previous studies used the following items to measure supportive communication intents (Bhattacharya and Sen 2003; Hong and Yang 2011; Kim and Choi 2012): intent to talk to positively about the company to others, intent to pay close attention to the company's news, and intent to mention the company to others frequently. This research adapted these measures but changed the wording to fit the context of the current study. For example, instead of using "willingness to pay attention to the company's news" in a general sense, the study used "willingness to pay attention to the company's environmentally responsible programs". Exploratory factor analysis showed that this multi-item scale was unidimensional.

For measuring purchase intent, participants were asked to answer three items with a seven-point semantic differential scale about how likely they would pay for products (Mohr and Webb 2005); very unlikely/very likely, impossible/very possible, and no chance/certain (Cronbach's  $\alpha = .96$ ).

As a control variable, environmental concern was assessed using five items with a seven-point Likert scale (1-strongly disagree, 7-strongly agree; Cronbach's  $\alpha = .92$ ): "the environment is one of the most important issues that the world is facing," "issues relating to the environment are very important to me," "the increasing destruction of the environment is a serious problem," "we are not doing enough in this country to protect the environment," "it is important for me that we try to protect our environment for future generations," (Abdul-Muhmin 2007). Basic demographics such as gender, race, and age were also used as control variables because they have been found to be related to attitudes and intent relating to CSR in general (Kim and Choi 2012) (Tables 1, 2).

### Results

Manipulation checks revealed that participants exposed to proactive CSR stimuli ( $M = 5.19$ ,  $SD = 1.33$ ) perceived the level of CSR significantly higher [ $F(1,662) = 436.98$ ,  $p < .001$ ,  $h_p^2 = .40$ ] than those of passive CSR ( $M = 2.98$ ,  $SD = 1.35$ ). Participants' perception of price [ $M = 5.42$  vs. 3.01,  $F(1,662) = 329.40$ ,  $p < .001$ ,  $h_p^2 = .38$ ] varied as expected. In terms of believability of stimuli, the mean across conditions was 5.44 ( $SD = 1.39$ ) which is above the midpoint on a seven-point scale, and there was no significant difference among groups. That is, manipulations produced intended effects and participants perceived stimuli as similarly believable.

### Testing Hypotheses

Hypothesis one tested the main effects of CSR level on consumer attitudes toward a company; "consumers show more favorable attitudes toward a company when a company implements environmental CSR in a proactive way compared to a passive way". First, a two-way analysis of covariance (ANCOVA) test was performed to determine whether a significant interaction effect of CSR level and price on attitudes exist, while controlling for the effects of demographic variables and environmental concern. Because there were no significant interaction effects on attitudes toward a company, a one-way analysis of covariance (ANCOVA) test was performed to examine the main effects of CSR on attitudes. Proactive CSR engendered more positive attitudes toward a company ( $M = 5.30$ ,  $SD = 1.29$ ) than passive CSR ( $M = 2.99$ ,  $SD = 1.12$ ). The mean difference in attitudes was statistically significant [ $F(1,638) = 584.39$ ,  $p < .001$ ,  $h_p^2 = .48$ ]. Thus, hypothesis one was supported.

Hypothesis two examined the main effects of CSR level on supportive intent; "consumers show more favorable intent to support a company by engaging in positive communications about a company, when a company implements environmental CSR in a proactive way compared to a passive way." A two-way analysis of covariance (ANCOVA) test was performed to determine whether significant interaction effects of CSR level and price on supportive intents exist, while controlling for the effects of demographic variables and environmental concern. Because the test revealed a significant interaction effect on intent to support [ $F(1,646) = 8.33$ ,  $p < .005$ ,  $h_p^2 = .01$ ], follow-up tests checked the simple main effects of CSR level on intent to support across different price conditions. After splitting the data by price, a one-way analysis of covariance (ANCOVA) test was performed. The results showed that proactive CSR produced more favorable

**Table 1** Measures

Variables	Measure items	Cronbach's $\alpha$
Attitudes toward a company	Bad/good	.97
	Unpleasant/pleasant	
	Unfavorable/favorable	
Supportive communication intention	I would be willing to discuss the company's pro-environmental activities with others	.86
	I would be willing to search for more information on their eco-friendly practices	
	I would be willing to pay more attention to the company's environmentally responsible programs	
Purchase intention	Very unlikely/very likely	.96
	Impossible/very possible	
	No chance/certain	
Environmental concern	The environment is one of the most important issues that the world is facing	.92
	Issues relating to the environment are very important to me	
	The increasing destruction of the environment is a serious problem	
	We are not doing enough in this country to protect the environment	
	It is important for me that we try to protect our environment for future generations	

**Table 2** Hypothesis tests results

Hypothesis		
H1	CSR levels $\rightarrow$ attitudes	Supported
H2	CSR levels $\rightarrow$ supportive communication intention	Supported
H3	CSR levels $\rightarrow$ purchase intention	Supported
H4 (a)	Price $\rightarrow$ attitudes	Supported
H4 (b)	Price $\times$ CSR levels $\rightarrow$ attitudes	Not supported
H5 (a)	Price $\rightarrow$ supportive communication intention	Not supported
H5 (b)	Price $\times$ CSR levels $\rightarrow$ supportive communication intention	Not supported
H6 (a)	Price $\rightarrow$ purchase intentions	Supported
H6 (b)	Price $\times$ CSR levels $\rightarrow$ purchase intentions	Supported

H4, H5, and H6 propose the ordinal interaction effects between price and CSR levels. H4 (a), H5 (a), and H6 (a) anticipated more favorable consumer responses (attitudes, supportive/purchase intentions) when prices are cheaper overall, while H4 (b), H5 (b), and H6 (b) tested a price increase leads to a relatively minor decrease in consumer reactions when a company implements environmental CSR in a proactive way compared to a passive way. Table 2 simplifies the suggested hypotheses for readers

supportive intent than passive CSR across low- and high price conditions. The differences were statistically significant with a lower price condition [ $M = 4.47$  vs.  $3.83$ ,  $F(1,314) = 37.12$ ,  $p < .001$ ,  $h_p^2 = .11$ ] and not significant with a higher price condition ( $M = 4.28$  vs.  $4.29$ , n.s.). Since consumers show more favorable intent to support a company by engaging in positive communications about a company, when a company implements environmental CSR in a proactive way compared to a passive way, hypothesis two was supported.

Hypothesis three tested the main effects of CSR level on purchase intent; "consumers show more favorable intent to purchase from a company when a company implements environmental CSR in a proactive way compared to a passive way." A two-way analysis of covariance (ANCOVA) test

was performed to determine whether significant interaction effects of CSR level and price on purchase intent exists while controlling for the effects of demographic variables and environmental concern. No significant interaction effect was found. Thus, a one-way analysis of covariance (ANCOVA) test was performed to examine the main effects of CSR on intent to purchase, while controlling for the effects of demographic variables and environmental concern. Respondents revealed significantly more favorable intent to purchase from the company when they were exposed to proactive CSR than passive CSR [ $M = 4.43$  vs.  $3.29$ ,  $F(1,641) = 146.03$ ,  $p < .001$ ,  $h_p^2 = .18$ ]. Thus, the third hypothesis was supported.

Hypothesis four examined an ordinal interaction effect between CSR level and price on consumer attitudes toward

a company; “consumers show more favorable attitudes toward a company (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer attitudes.” As reported earlier, there were no significant interaction effects. However, significant main effects of price on attitudes were found [ $F(1,638) = 15.57, p < .05, h_p^2 = .02$ ]. Respondents showed significantly better attitudes toward the company when prices were cheaper, across CSR levels ( $M = 4.24$  vs.  $4.00$ ). Thus, hypothesis 4 (a) was supported, but not hypothesis 4 (b).

Hypothesis five tested the interaction effects between price and CSR levels on intent to support; “consumers show more favorable intent to support a company by engaging in positive communications about a company, (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer supportive intent.” A two-way analysis of covariance (ANCOVA) test was performed, while controlling for the effects of demographic variables and environmental concern. The test revealed significant interaction effects on supportive communication intent [ $F(1,646) = 14.37, p < .001, h_p^2 = .02$ ]. Follow-up tests were performed to see the interaction effects on supportive intent more closely. As Fig. 2 shows significant simple main effects of price on supportive communication intention were found under a passive CSR condition, and relatively small simple main effects under a proactive CSR condition; when a company with passive CSR programs provides cheaper items, respondents show the weakest

supportive intent toward the company [ $M = 4.28$  vs.  $3.83, F(1,325) = 5.71, p < .05, h_p^2 = .02$ ]; when a company has proactive CSR initiatives, respondents do not substantially distinguish price differences, and show generally positive supportive intent ( $M = 4.48$  vs.  $4.29$ , n.s.). Because respondents do not show stronger supportive intent for cheaper prices overall, hypotheses 5 (a) was not supported. Hypotheses 5 (b) was not supported because price increases do not lead to a significant decrease in consumer supportive intent.

Hypothesis six tested the interaction effects between price and CSR levels on intent to purchase; “consumers show more favorable intent to purchase from a company (a) when prices are cheaper overall, but (b) when a company implements environmental CSR in a proactive way compared to a passive way, a price increase leads to a relatively minor decrease in consumer purchase intent.” As reported earlier, there was no interaction effect on purchase intent but simple main effects were found. Follow-up tests were performed to closely look at the simple main impact of price on intent to purchase. After splitting the data by CSR level, a one-way analysis of covariance (ANCOVA) test was performed while controlling for the effects of demographic variables and environmental concern. As Fig. 3 shows, respondents showed significantly better intent to purchase products when a company with passive CSR programs offers cheaper products [ $M = 3.13$  vs.  $3.44, F(1,322) = 4.77, p < .05, h_p^2 = .02$ ]; and slightly better intent to purchase when a company with proactive CSR programs offers cheaper products ( $M = 4.50$  vs.  $4.38$ , n.s.) indicating that respondents did not substantially distinguish prices when a company implements a proactive CSR

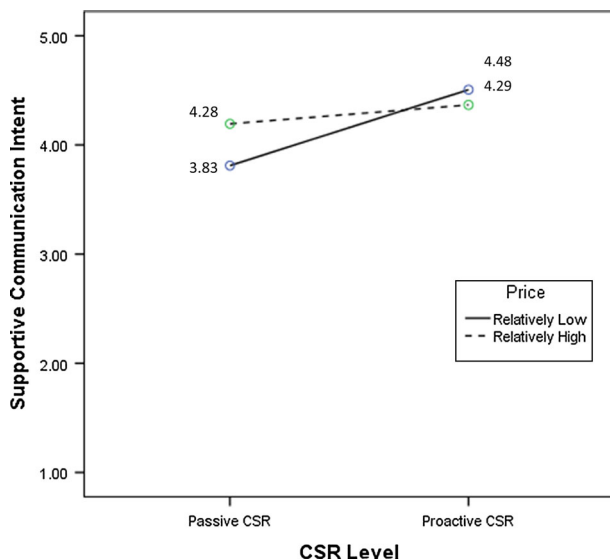


Fig. 2 Interaction effects between CSR level and price on supportive communication intent

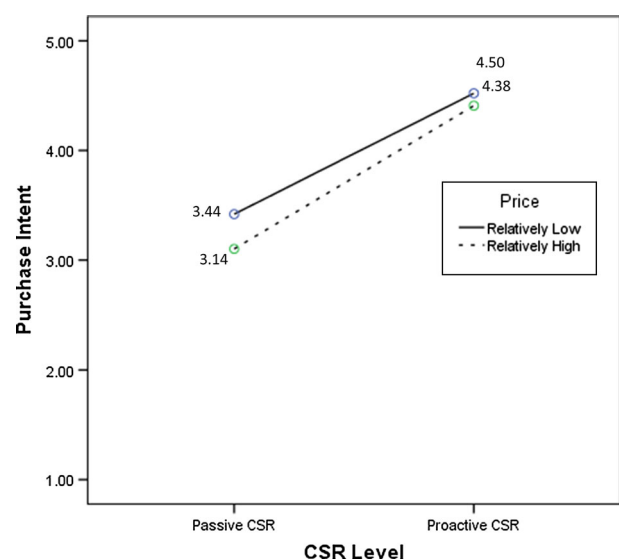


Fig. 3 Interaction effects between CSR level and price on purchase intent

programs and shows generally positive intent to purchase. Overall, respondents show more favorable intent to purchase from a company when prices are cheaper and therefore, hypothesis 6 (a) was supported. Hypothesis 6 (b) was also supported because a price increase leads to a relatively minor decrease in consumer purchase intent when a company implements environmental CSR in a proactive way compared to a passive way.

## Discussion and Conclusion

Despite growing interest in environmental CSR and its outcomes, I found few empirical studies regarding consumers' perception of and responses to different CSR levels and CSR-influenced prices. Also, because each industry has a unique set of business circumstances and distinct stakeholder relationships (Maloni and Brown 2006; Schroder and McEachern 2005), there was need to explore industry-specific CSR issues (Banerjee et al. 2003). Thus, this study examined how proactive and passive CSR programs influence individuals' attitudes toward, intent to support a company by engaging in positive communications about, and intent to purchase from a company in different price conditions. Given the food industry's significance to the U.S. economy and individuals' daily lives and its uniqueness in consumer relations, environmental impact and product prices, this study focused on environmental CSR practices in the food industry.

The findings reveal that proactive environmental CSR approaches, which go beyond minimal regulatory standards, generate more favorable attitudes toward and stronger intent to purchase from the company compared to passive CSR programs. Supportive communication intention also increases with CSR level under a low price condition. That is, the empirical findings of this study indicate that proactive CSR bestows more pronounced competitive advantages for companies than passive CSR. These findings support notions of previous research that people place greater value on an environmentally sustainable company and its products (Bhattacharya and Sen 2003; Mohr and Webb 2005). When companies have comprehensive, committed, environmentally responsible logistics beyond their governments' environmental policy, consumers acknowledge and appreciate their efforts, and it positively affects how they evaluate and feel about the company (i.e., attitude), how they talk about the company, and whether they are willing to purchase products from the company.

The other focal point of the study is to investigate whether proactive CSR programs compensate for CSR-induced high prices. The findings show that price is still one of the important attributes for consumer attitudes; respondents showed more positive attitudes toward

companies that charge cheaper prices across proactive- and passive-CSR conditions. As discussed earlier, establishing an enduring positive attitude fostered by a company's positive judgment is an important strategic and economic task for successful businesses. Thus, providing reasonably cheaper price cannot be ignored in establishing positive consumer attitudes. In this sense, the hesitations of business managers to jump into proactive environmental CSR seem to be understandable.

However, when it comes to supportive communication intentions and purchase intentions, the study findings revealed a different scenario. Respondents reacted differently to low- or high-priced product offerings depending on CSR situation. When companies demonstrate proactive environmental initiatives, respondents did not substantially distinguish between prices and expressed a generally positive intent to support and purchase from a company. In other words, higher prices do not lead any significant decrease in consumer supportive intentions or purchase intentions for a company with proactive CSR. Instead, consumers are positive about purchasing its products, paying attention to the company's programs, seeking more information about their efforts, or communicating with others about the company. This suggests that proactive environmental CSR can compensate for high prices in terms of supportive intentions and purchase intentions. The results provide empirical support to previous research (Choi and Ng 2011; Mohr and Webb 2005), that argues price has a weak impact on intent to support or purchase when a company is proactively involved in ethical, voluntary CSR practices.

More interestingly, the study revealed the possible backlash of a passive environmental CSR approach; when a company practices passive CSR and provides cheaper products, respondents exhibited the weakest purchase intentions. That is, individuals do not appreciate cheaper prices when a firm takes a passive approach and simply adheres to the minimum required by the law/regulations to meet society's demands for environmental responsibility. Thus, they don't tend to reward such a company by purchasing its products. Given that the industry has been criticized as having lower levels of environmental concern and fewer long-term strategies for sustaining its supply chains despite its significant environmental impact, emphasizing cheaper prices with limited engagement in its environmental CSR can backfire.

Researchers point out that the idea that consumers only care about cheap prices is a myth because there are other attributes they consider such as quality, CSR, and brand image (Auger et al. 2003; Choi and Ng 2011; Mohr and Webb 2005). This study's results support this notion. Prices remain an important attribute for consumer attitudes, but price does not determine individuals' intent to



communicate about or to purchase products from a company. Cheaper prices with limited environmental CSR involvement can backfire.

There are some limitations to this research. This study chose one topic, a food service wares and packaging issue, to represent an environmental CSR program in a single industry. The sample was limited to college students. The scenario-based experiment design with a hypothetical company has limited external validity. Topics other than service wares and packaging issues should be examined with a broader range of consumers. For advancing the generalization of study findings, research using a survey method to test stakeholders' reaction toward real companies and their environmental CSR programs will be necessary.

Despite the drawbacks, this study has important theoretical and practical implications. Theoretically, this study shows the necessity of distinguishing the degrees of environmental CSR practices by providing empirical findings that proactive initiatives lead to more desirable CSR outcomes than passive CSR. The study finds that cc-identification is a useful theoretical notion to explain how proactive CSR adds value to products or companies in consumers' mind. Future studies should directly examine how cc-identification mediates the impact of CSR. Another major finding of the study is that higher price as a "green tradeoff" does not necessarily reduce the appeals of environmental CSR to consumers. Indeed, price is less of a concern for consumers when a company proactively demonstrates its commitment to environmental CSR practices. This study shows that competitive advantages can be obtained through proactive environmental CSR including positive attitudes, supportive communication intents, and purchase intents, although a direct contribution to profitability is difficult to ascertain only based on this study findings.

Business managers will find these study findings useful in that proactive CSR can be a smarter way to practice CSR programs because it has a potential to satisfy both social demands for ethical operations and shareholder requests of pursuing profitability. It is important to note the basic assumption behind the positive effects of proactive CSR is that consumers are well aware of a company's commitment to environmentally responsible operations. That is, for positive consumer responses to result from proactive environmental CSR, a company needs to consistently and effectively communicate its sustainable efforts with its consumers.

Regarding the impact of price as a CSR tradeoff, the results should be interpreted carefully because price choices in the food industry are relatively limited to small costs (e.g., sandwich, salad), unlike prices in other industries. Consumers face small differentials in price when it comes to purchasing food, which makes paying extra to

reward a company for proactive environmental CSR easier. These findings may be applicable for similar industries that produce relatively cheap consumable products, but may not be applicable for industries that produce durable goods with higher prices (e.g., automotive) or for stigmatized industries for which society holds higher ethical demands. Future study should consider different industry types to examine environmental CSR practices and outcomes.

## Appendix: Sample Stimuli

### News Article

The Orlando City Council announced newly enacted legislation that will become effective on February 1. The legislation limits the use of disposable products and encourages using recyclables. Under this law, at least eighty percent of the disposables used by businesses must be recyclable and set aside for recycling. Local businesses that fail to meet this requirement are subject to fines of up to thirty thousand dollars.

The decision corresponds with the Environmental Protection Agency's nationwide effort to reduce the amount of waste from certain industries such as food, clothing, and paper manufacturers and suppliers. "Many companies use disposable products for their convenience and for economic efficiency. But the toll on the environment has begun to outweigh the convenience", said city councilman Kerri Anderson.

Anderson explained that because of the legislation, plastic ware usage among fast-food chains will be greatly affected. Beginning in February, customers who do not want to consume disposable plastic ware will have the option of using durable plastic cups and porcelain plates in Orlando restaurants.

### Scenario

Imagine that you are at the food court to eat lunch. There are several fast-food chains that you can select from. You want to eat a hamburger and a chicken salad. You find a hamburger franchise called "A.A.", which is a fast-food chain that has a reputation for making good-quality burgers and great salads. The food price at A.A. is relatively higher compared to similar restaurants in the area.

You recently heard that the fast-food chain A.A. plans to offer durable tableware in place of disposable plastic service ware and accordingly, plans to hire additional employees for dishwashing and table service. A.A. has also announced that they will expand their environmental sustainability budget by 5 % the following year. The sustainability budget is meant to address eco-friendly

environmental goals of improving waste management practices and reducing the impact of non-biodegradable materials.

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