

Corporate Social Responsibility and Brand Advocacy in Business-to-Business Market: The Moderating Effect of Attribution

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Abstract

This paper examines how industrial buyers' attributions of their suppliers' actions of corporate social responsibility were related to both the brand advocacy and brand equity. Using a sample of 173 questionnaires gathered in Taiwan, we found that corporate social responsibility perceptions of industrial buyers were more strongly, positively related to brand advocacy and brand equity when industrial buyers interpreted corporate social responsibility activities of their suppliers as driven more by intrinsic motives and less by extrinsic motives. Brand advocacy also had mediating effects on the relationship between corporate social responsibility and brand equity.

Introduction

Although prior studies have indicated that brand equity is "alive and well" in industrial markets (Davis, Golicic, & Marquardt, 2008), research of brand equity in business-to-business (B2B) market is still astonishingly rare compared to that in B2C market. Empirical evidence

increasingly demonstrates that when making their buying decisions, industrial buyers are not only influenced by tangible attributes such as price and quality, but also by intangible features such as trust and brand association (Mudambi, 2002). This suggests that the intangible emotive aspects of brand equity may be important sources of sustainable competitive advantage. However, they are under-emphasized in past research. Since brands are a matter of perceptual and emotional subjectivity, we try to study the emotional effects of industrial brands, focusing on the influences of corporate social responsibility (CSR) on brand advocacy and industrial brand equity.

Furthermore, many studies in consumer markets have indicated that CSR induces positive brand perceptions of a corporation's products (Smith & Higgins, 2000; Varadarajan & Menon, 1988). However, no related research exists in B2B markets. The current study investigates whether buyer's perception of CSR activities of an industrial firm can enhance the level of brand advocacy, and thus leading to its brand equity in B2B markets. Because CSR is still an evolving concept lacking a unified definition, this research defines CSR as 'activities taken by corporations to enhance economic, social, and environmental performance voluntarily' and treats CSR as a whole construct without discussing its constitutive elements.

Referring to previous literature in business-to-customer (B2C) studies (Bhattacharya & Sen, 2003), brand advocacy is defined as industrial buyer's behavior 'intending to try new products of the brand, spreading favorable word-of-mouth, and being resilient to negative information.' Examining the effects of CSR beliefs on customers' brand advocacy in B2C context, Du, Bhattacharya and Sen (2007) indicated that only when customers believe that the company truly engages in CSR activities will they contribute to the longer-term 'relational' benefits such as brand advocacy for the company. When they interpret the company's underlying motives as self-interest, they tend to regard this company as calculating, unreliable, and manipulative. In this condition, the supplier's CSR activities will not be associated with high level of brand advocacy. As such, we argue that the supplier's CSR activities will not necessarily lead buyers to reap this rarer, longer-term relational benefits such as brand advocacy, this effect is moderated by buyers' CSR attributions.

The purpose of this study is therefore threefold: (1) to explore the relationship between CSR perceptions of industrial buyers and brand advocacy, (2) to examine how industrial buyers' interpretations of their suppliers' motives for CSR activities influence the relationship of CSR perceptions and brand advocacy, and (3) to investigate the mediating role of brand advocacy in the relationship between CSR perceptions and industrial brand equity.

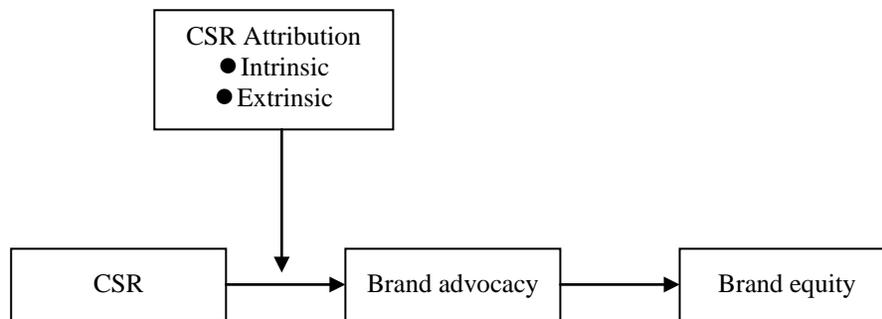
The rest of this paper proceeds as follows: the next section develops the research framework and formulates hypotheses and discusses if buyer's CSR perception influences brand advocacy and industrial brand equity. The methodology section describes the measures, sample, and data. The

following section presents statistical results. Finally, the last section discusses the results and proposes theoretical and managerial implications as well as directions for future researchers.

Discussion and hypotheses

This section derives hypotheses from the research framework shown in figure 1.

FIGURE 1
Research Framework



CSR and brand advocacy

A growing body of primarily experimental studies has demonstrated that, all else being equal, consumers are more likely to purchase from companies that engage in CSR activities (Klein & Dawar, 2004; Sen, Bhattacharya, & Korschun, 2006). This accumulating evidence in B2C market has also stimulated managers in B2B market to adopt brand management strategy that is socially responsible.

Effective branding strategies can bring about substantial benefits for industrial companies. Jones (2005) proposed that the more fulfilled the stakeholders' expectations, among which socially responsible behavior is one of the most proposed, the more valuable is the brand. Brickley, et al. (2002) also acknowledged that a company's reputation for socially responsible behavior constitutes an important part of its brand capital. In the context of B2C, Du, et al. (2007) indicated that buyers of a CSR brand will display higher levels of brand advocacy because the socially conscious customers concretely and solidly identifies with a brand that makes CSR its core essence and integrates its CSR activities into its business strategy. We expect the same situation in B2B market. Following this logic, we propose the following hypothesis:

Hypothesis 1. CSR perceptions of industry buyers are positively related to brand advocacy.

The moderating role of CSR attribution

Researchers have stated that customers make attributions about corporate behavior and that such attributions will affect customers' actions toward those companies they purchase products (Klein & Dawar, 2004; Sen, et al., 2006). When evaluating CSR activities conducted by the company, customers not only perceive what it is doing in terms of social initiatives but also make inferences about why it is doing so. In other words, CSR perceptions, in and of itself, will not necessarily turn into favorable long-term 'relational' behavior such as brand advocacy. Brand advocacy is likely to be contingent on attributions an industrial buyer makes about the motives underlying his supplier's CSR actions. It appears that investigating how an industrial buyer attributes the motives of his supplier for engaging in CSR actions is essential for full understanding of the effects of such behavior. Batson (1998) indicates that these ascribed motives are likely to be divided into two kinds: extrinsic and intrinsic. Extrinsic or self-interested motives primarily aim to increase the company's own welfare such as the enhancement of corporate impression or the increase of profitability, whereas intrinsic or selfless motives have the ultimate goal of doing good for the whole society without thinking how this behavior will benefit the corporation.

We posit that how industrial buyers interpret the motives driving the CSR activities of the company plays an important role in determining whether such behavior is associated with high level of brand advocacy from industrial buyers. Where an industrial buyer interprets the motivation behind a company's CSR action as from intrinsic motives, he tends to regard the company's behavior as an ends in itself not as a means for its own welfare. Industrial buyers tend to appreciate this type of CSR-related effort from the company and they are likely to reciprocate by offering special benefits, forming a more solid identity with this company and the brand they buy, which is conducive to higher level of brand advocacy.

Where an industrial buyer interprets CSR activities of his supplier as driven by extrinsic motives, for example, as a tactic used by the company to impress its buyers and to ultimately increase its profit, things are different. This kind of supplier may be viewed by the buyer as untruthful, calculating, and unreliable, thus its CSR efforts may be perceived as manipulative and aimed at achieving its economic goal because individuals usually form negative attitudes about others whom they identified as having attempted to manipulate their impressions. If the industrial buyer attribute his supplier's CSR activities to extrinsic motives, the behavior is less likely to create a good impression for the buyer. As a result, the industrial buyer tends to be unwilling to advocate the brand manufactured by the supplier, and the CSR behavior is less likely to be associated with high level of brand advocacy. Hence, we predict:

Hypothesis 2a. The positive association between CSR and brand advocacy is stronger the more that industrial buyers interpret the behavior as driven by internal motives.

Hypothesis 2b. The positive association between CSR and brand advocacy is stronger the less that industrial buyers interpret the behavior as driven by external motives.

The mediating role of brand advocacy

We contend that brand advocacy may mediate the relationship between CSR and industrial brand equity. As noted above, more intense CSR perception is expected to be related to a higher level of brand advocacy from industrial buyers because such perception may stimulate industrial buyers to form a clearer identity with their suppliers' brands and strengthen the buyer-brand relationship, leading to a range of advocacy behaviors. In addition, we expect brand advocacy from industrial buyers can enhance industrial brand equity because buyers truly indentify with this brand and are willing to maintain a long-term relationship with this brand (Du, et al., 2007) by trying new products from this brand, spreading favorable word-of-mouth, and being resilient in the face of negative information about the brand (Klein & Dawar, 2004). As for the definition of brand equity, Mudambi, et al. (1997: 434) defined brand equity as 'the total value added by the brand to the core product'. This paper follows their definition and regards industrial brand equity as brand value brought to industrial buyers.

Although CSR activities are generally believed to have a positive effect on corporate performance, in empirical studies that effect has mixed results (Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003), leading us to believe that there exists some mediators between these two variables. We believe that the industrial buyer's interpretation may influence the effect of CSR on industrial brand equity in the same way as it influences the effect of such behavior on brand advocacy. Hence, it is argued that how the buyer attributes may interrupt the buyer-brand relationship triggered by CSR behavior. Specifically, such behavior will only be positively related to brand advocacy and industrial brand equity when the buyer attributes the CSR behavior as driven more by intrinsic motives and less by extrinsic motives. However, if the industrial buyer attributes the CSR behavior as driven less by intrinsic motives and more by extrinsic motives, the behavior may be less likely to induce constructive long-term 'relational' behavior such as brand advocacy and enhance industrial brand equity. Thus, we predict there is a mediated moderation relationship and formulate the following hypothesis:

Hypothesis 3a. Brand advocacy mediates the interactive effects of CSR and CSR intrinsic attribution on industrial brand equity.

Hypothesis 3b. Brand advocacy mediates the interactive effects of CSR and CSR extrinsic attribution on industrial brand equity.

RESEARCH METHOD

Sample and data collection

Empirical data were gathered in a questionnaire survey of purchasing managers of manufacturing and service companies in central Taiwan. Questionnaires were mailed to 300 companies of which 106 returned after 2 weeks. After telephone calls had been made and questionnaires mailed for a second time, another 67 questionnaires were received 2 weeks later. Thus, the total number of returned questionnaires was 173 (response rate, 57.67%). We use *t*-test to determine whether there are significant differences in terms of the CSR, CSR attribution, brand advocacy, and brand equity before and after the telephone calls. Since the *p*-value calculated is between 0.33 and 0.99, we conclude that there are no significant differences and find it appropriate to combine questionnaires from both groups for statistical analysis.

Measures

There are five parts of the questionnaire with CSR, CSR attribution, brand advocacy, and brand equity assessed separately and in the last part is basic demographic information about respondents. All items except demographic information were measured on a 7-point Likert-type scale from 'strongly disagree' (1) to 'strongly agree' (7). The informants were asked to answer questions according to the perceptions of their suppliers.

CSR items were adapted from Maignan, Ferrel and Hult (1999). CSR attribution items were adapted from Du, et al. (2007). Brand advocacy were captured by three items: intention to try new products of the brand (Bhattacharya & Sen, 2003), favorable word-of-mouth (Aaker, 1996), and resilience to negative information (Klein & Dawar, 2004). Brand equity measured items from Aaker's (1996) proposed scales were combined with measures drawn from Davis, et al. (2008) study of brand equity in supply chain relationships.

Analyses and results

Tests of hypotheses

We conducted a hierarchical multiple regression to test Hypotheses 1, 2a and 2b following the steps suggested by Muller, Judd and Yzerbyt (2005). After regressing brand advocacy on the control variables in step 1, we entered CSR in step 2. CSR was found to be positively related to brand advocacy ($\beta=0.38$, $p<0.01$, $\Delta R^2=0.14$), lending support to Hypothesis 1, which predicts that CSR is positively related to brand advocacy. In step 3, we entered the CSR attribution, and interactions were entered in step 4. CSR intrinsic attribution ($\beta=0.42$, $p<0.01$, $\Delta R^2=0.04$) and CSR extrinsic attribution ($\beta=-0.32$, $p<0.05$, $\Delta R^2=0.04$) moderated the link between CSR and brand advocacy.

To determine whether the forms of the interactions matched those suggested by Hypotheses 2a and 2b, we tested the simple slopes of strong CSR intrinsic attribution (one standard deviation below the mean) and weak CSR intrinsic attribution (one standard deviation above the mean). In support of Hypothesis 2a, we found that CSR was more positively related to brand advocacy when CSR as driven by strong CSR intrinsic attribution (simple slope test: $\beta=0.31, p<0.05$) than when CSR as drive by weak CSR intrinsic attribution (simple slope test: $\beta=0.14, n.s.$). Furthermore, in support of Hypothesis 2b, we found that CSR was more positively related to brand advocacy when CSR as being drive by weak extrinsic attribution (simple slope test: $\beta=0.26, p<0.05$) than when CSR as being drive by strong extrinsic attribution (simple slope test: $\beta=0.41, n.s.$).

In addition, we conducted a hierarchical regression analysis to test the hypotheses and the mediated moderation model. As shown in Table 1 (model 1), the interaction of CSR and CSR intrinsic attribution ($\beta=0.46, p<0.01, \Delta R^2=0.05$) and the interaction of CSR and CSR extrinsic attribution ($\beta=-0.30, p<0.05, \Delta R^2=0.05$) both had significant effects on brand equity. The results fulfill the first requirement of mediated moderation.

Next, CSR was positively related to brand advocacy ($\beta=0.43, p<0.01, \Delta R^2=0.15$; Table 3, model 2), thus meeting the second requirement of mediation moderation and lending support to Hypothesis 1. In addition, we found that the interaction of CSR and CSR intrinsic attribution ($\beta=0.42, p<0.01, \Delta R^2=0.04$) and the interaction of CSR and CSR extrinsic attribution ($\beta=-0.32, p<0.05, \Delta R^2=0.04$) had significant effects on brand advocacy (Table 4, model 2).

Finally, model 3 of Table 4 reveals a significant effect of brand advocacy on brand equity ($\beta=0.59, p<0.01, \Delta R^2=0.30$) which meet s the third requirement for mediated moderation, while the interactions of CSR and CSR intrinsic attribution ($\beta=0.21, n.s., \Delta R^2=0.05$) and CSR extrinsic attribution ($\beta=-0.10, n.s., \Delta R^2=0.05$) are no longer significant; these findings meet the fourth requirement for mediated moderation. These results suggest that brand advocacy completely mediated the interaction effects of CSR and CSR attributions on brand equity. Therefore, Hypotheses 3a and 3b were supported.

TABLE 1
Results of Regression Analysis for the Mediated Moderation Model

Variables	Model 1: Brand equity		Model 2: Brand advocacy		Model 3: Brand equity	
	β	<i>T</i>	β	<i>t</i>	β	<i>t</i>
<i>Independent</i>						
CSR	0.35	2.92**	0.43	3.63**	0.10	0.97
ΔR^2	0.12**		0.15**		0.12**	
<i>Moderator</i>						
CSR intrinsic attribution	-0.04	-0.38	-0.16	-1.36	0.05	0.47
CSR extrinsic attribution	0.07	0.68	0.12	1.23	0.00	0.00
ΔR^2	0.00		0.01		0.00	
<i>Interactive effects</i>						
CSR × CSR intrinsic attribution	0.46	3.02**	0.42	2.84**	0.21	1.65

CSR ×						
CSR extrinsic attribution	-0.30	-2.04*	-0.32	-2.18*	-0.10	0.80
ΔR^2	0.05**		0.04*		0.05**	
<i>Mediator</i>						
Brand advocacy					0.59	8.58**
ΔR^2						0.30**
<i>Interactive effects</i>						
Brand advocacy ×						
CSR intrinsic attribution					0.00	0.01
Brand advocacy ×						
CSR extrinsic attribution					-0.06	-0.60
ΔR^2						0.00

* $p < 0.05$

** $p < 0.01$

Conclusions

This paper investigates the effects of CSR and CSR attributions on brand advocacy and industrial brand equity. The empirical results support our hypotheses and indicate that CSR perceptions of industrial buyers are more strongly, positively related to brand advocacy and industrial brand equity when industrial buyers interpret CSR activities of their suppliers as driven more by intrinsic motives and less by extrinsic motives. Brand advocacy also has mediating effects on the relationship between CSR and industrial brand equity.

Managerial implications

According to the above results, we propose the following managerial implications. Firstly, since buyers' perceptions about supplier's CSR activities affect their willingness to advocate the brand of supplier's products, we urge managers in the B2B market to engage in CSR activities to enable their buyer's perception of them. Secondly, this research also has implications for how high level of brand advocacy might be established. Although CSR perception from the industrial buyer can contribute to building a good brand-buyer relationship, this relationship won't last long if he does not attribute the supplier's CSR actions to intrinsic motives. In other words, if the buyer feels that the corporation does not 'truly' 'do the good', but 'do the good' for its benefits, he will be discouraged to maintain this relationship longer. As a result, he not only doesn't advocate the brand of the supplier but also is likely to refuse to buy this brand anymore in that his identification with this brand/company may be crumble suddenly. As such, the supplier has to sincerely devote its resources to CSR-related activities, not only as a tactic to manipulate buyer's impression. It must go beyond just engaging in CSR and espouse CSR as the core value of its business as well as to pervade this value to every aspect of its business. Only in this way will be likely that the industrial

buyer really identifies with this brand and actively engages in the advocacy of this brand. The last but the most important managerial implication of this study is, we think, that the company must do its best to maintain the buyer-brand relationship as long and strong as possible to the extent that the buyer truly identifies with this brand.

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