

**RESEARCH ARTICLE**

# Corporate Social Responsibility and Consumers' Reaction: An Experiment

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**Abstract:** Companies differ in their motivation to corporate social responsibility (CSR) practices, with some companies taking a genuine, altruistic approach and others preferring an opportunistic approach (and attempting to mimic the former). If consumers can distinguish them, they will eventually reward the altruistic (being willing to pay more) and penalize the opportunistic ones. This paper performs an experimental study to assess whether differences in consumers' willingness to pay are statistically significant for different classifications of CSR activities: i) proactive or reactive, ii) environment, employees, or social, iii) involving more or less expensive products, iv) being performed by firms facing competition or not. Results show that consumers are willing to reward CSR initiatives that follow a reactive approach; consumers' decisions are more moderate when rewarding initiatives associated with more expensive products; the rewards provided depend on the CSR dimension; a relationship between market structure and consumers' reaction to CSR was not found.

**Keywords:** Corporate social responsibility, Genuine versus opportunistic approach, Experiment, Consumers' reaction, Reward versus penalty

## 1. Introduction

As in Reder <sup>[1]</sup> we define Corporate Social Responsibility (CSR) as “the way a company conducts its internal operations, including the way it treats its workforce, and its impact on the world around it”. Companies undertake

CSR initiatives through corporate philanthropy, cause-related marketing, minority support programs, and socially responsible work practices <sup>[2]</sup>. Existing studies (e.g. <sup>[3]</sup>) have shown that consumers expect companies to operate responsibly on social and environmental issues, and to

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produce responsible products whenever possible. As such, we will look to CSR on three dimensions: Employees, Social (Community) and Environmental.

Due to the growing consumers' concern on ethical and environmental issues, it is important to understand their perception of the corporate motivation for CSR activities, given that this perception influences consumers' attitude and behaviour towards the products and services offered. Under the categorization developed in the CSR literature<sup>[4,5]</sup>, there are four categories of CSR: reactive, defensive, accommodative, and proactive. In this paper, we divide social responsibility and behaviour into two types: proactive and reactive CSR. Proactive CSR comprises the company's business practices that are adopted voluntarily by firms and that go beyond the laws and regulations to support sustainable economic, social, and environmental development. Reactive CSR is defined as the company's behaviour aiming at applying only the minimum level of effort required for non-voluntary regulatory compliance, reacting to a changing environment, or responding to competitors' challenge<sup>[6,7]</sup>. Hence, we distinguish proactive CSR, in which companies have a genuine and altruistic approach focussed on long-term interest in society<sup>[8]</sup>, and reactive CSR as an opportunistic approach where companies seek to imitate and to be pooled with the altruistic rivals.

Also, we are interested in finding out if consumers responses to CSR are sensitive to CSR dimensions, following the KLD Research & Analytics' classification (now MSCIKLD). Sen et al.<sup>[9]</sup> established that consumers are motivated by the affinity with the CSR issue and with the altruistic and egoistic nature of the CSR effort and called for the need to characterize consumer reactions in terms of CSR dimensions. Baskentli et al.'s<sup>[10]</sup> research found that CSR dimensions provoke different reactions from consumers depending on the extent to which CSR initiatives are perceived as individual-oriented vs. group-oriented. We want to extend their research by exploring three group-oriented dimensions and compare the reactions (in terms of willingness to pay) to initiatives on the environmental, employees and social dimensions of CSR.

Summarizing, we analyse the companies' CSR approach with an empirical study. More specifically, we intend to find out, for different CSR initiatives, how consumers' willingness to pay (WTP) is affected, in terms of rewarding or penalizing the company, by different classifications of CSR activities, namely proactive or reactive nature, environment, employees or social dimension, involving more or less expensive products, and being performed by firms facing competition or not.

The rest of the paper is organized as follows. Section

2 reviews the existing literature and methods to analyse consumer behaviour towards CSR. In section 3 we present the methodology used. The experimental procedure is described in section 4. Results are presented and discussed in section 5. Finally, section 6 concludes.

## 2. Literature Overview

The concept of CSR derives from the impact that companies' business activities have on society<sup>[11]</sup>. Corporate Social Responsibility is noticeable in several dimensions, such as, working conditions, human rights, health, environment, innovation, education, and training. Being socially responsible implies investing in the well-being of workers, as well as in environmental initiatives and in the relations with the stakeholders.

### 2.1 Corporate Motivation for CSR

Companies can adopt a proactive attitude, actively supporting and participating in CSR (proactive CSR, e.g.,<sup>[12]</sup>) or they can follow a reactive strategy, investing in CSR only to follow competition and/or to protect their image after some irresponsible action has occurred<sup>[13]</sup>.

Literature (e.g.,<sup>[14,15]</sup>) shows that consumers react more favourably to proactive CSR (due to its altruistic nature) and, in contrast, negatively, to reactive CSR. Thus, while proactive initiatives result in more favourable attitudes towards the company, improving consumers' purchase intentions, reactive CSR leads to negative thoughts and attitudes towards the company<sup>[16]</sup>.

In addition to complying with stakeholders' requirements (mainly consumers), companies also have duties to shareholders, thus, it is necessary to reconcile responsibilities to both<sup>[17]</sup>. Burke and Logsdon<sup>[18]</sup> called the attention to the long-term investment characteristics of CSR. So, it is needed that the entrepreneurial effort is focused on identifying activities and actions that are believed to be good for both business and society<sup>[19]</sup>. Although it is not easy for companies to increase profits (at least short-term profits) for shareholders while fulfilling their responsibilities to society and other stakeholders, companies are increasingly interested in ways to achieve greater profit and better social performance<sup>[20]</sup>. Corporate Social Responsibility is regarded as a way to accomplish this purpose and may not be indifferent to the economic cycle<sup>[21]</sup> nor to market competition<sup>[22]</sup>.

Although corporate social involvement is often considered beneficial for companies and society<sup>[2]</sup>, stakeholders do not always respond well to the "use" of social causes to boost corporate performance<sup>[23]</sup>. Some of the social initiatives may result in consumer accusations that firms

are exploring social issues to increase sales, jeopardizing the involvement of organizations in social causes, and damaging their reputation<sup>[24,14]</sup>. Positively or negatively, we can conclude that the perception that consumers have about what is the company's true CSR motivation influences their behaviour regarding the companies and brands involved<sup>[16]</sup>. Literature claims that consumers accept corporate social activities from profit-driven companies (if perceived as sincere) because they are seen by society as for-profit entities<sup>[25]</sup>.

## 2.2 Reward vs Penalty

Literature on CSR points that consumers' responses differ across product types, product and firm characteristics<sup>[9,26,27]</sup>. Back in 1997, Brown and Dacin<sup>[28]</sup> had found that consumers consider the companies' involvement in CSR activities when making their purchasing decisions. But Creyer and Ross<sup>[29]</sup>, studying if consumers reward or punish ethical and unethical behaviour via their WTP, concluded that consumers punish unethical behaviour but do not reward ethical behaviour. Differently, other authors<sup>[30,31]</sup> concluded that consumers would be willing to pay a higher price for products from companies with greater CSR involvement. Even if consumers are not willing to pay a higher price, corporate involvement in CSR may justify a decision to buy products from companies that are socially responsible<sup>[32]</sup>. Consequentially, companies have increasingly adopted social causes, hoping that consumers will reward them for their support in social programs<sup>[33]</sup>. However, it is unlikely that consumers will blindly accept these initiatives as sincere, so they may or may not reward the company. In fact, it is possible to state that consumers will penalize companies that are perceived as dishonest in their social involvement<sup>[31]</sup>. Pressure from the local community and regulatory agencies, as well as from activist groups, are examples of penalties that companies may be subject to. However, these penalties can be extended to the price that the consumer is willing to pay for the company's products.

Even if the initiatives are well intended, when they are not related to the technological skills and the company's products, they can lead to negative evaluations by the consumers<sup>[31]</sup>. In these circumstances the CSR initiatives negatively influence consumers' beliefs, attitudes, and intentions, regardless of the company's motivation, resulting in a penalty. Environmental, employees or social CSR initiatives are not equally important for all companies, and some may be considered by the consumer as exhibiting a better fit with the company's activity. Looking also to CSR dimensions, Choi and Ng<sup>[34]</sup> concluded that consumer responses differ among corporate initiatives on the

environmental and the economic dimensions of sustainability.

Product types and product characteristics have also been explored regarding these issues: a higher level of perceived CSR was concluded to lead to a more positive consumer response for experience goods<sup>[35]</sup>, product quality<sup>[31]</sup>, quantity of green claims and product type<sup>[36]</sup>, and to a less positive consumer response for luxury goods, where consumers question the congruence between the luxury brand's self-enhancement concept with the CSR self-transcendence concept<sup>[37]</sup>.

## 2.3 Experimental Methods to Assess Consumer's Attitude

Experimental methods can be used to obtain consumers' WTP and assess whether companies' involvement in CSR practices influence the consumers' decisions. Ryals and Wilson<sup>[38]</sup> identify some experimental procedures, among which: a) laboratory experiments, in which the subjects perform some activity or task in a carefully controlled environment, making it possible to reduce the number of external variables (other than the variables under study) that may affect the dependent variable; and b) field experiments, which use the same logic as laboratory experiments, but where the hypotheses are tested in a context of purchases and consumption. In this paper we follow the lab experiment approach, as described next.

## 3. Methodology

Experimental Economics is a branch of Economics that studies human behaviour in a controlled environment (laboratory or field experience), testing for the subject's choices in specific situations. Within this, there are two main methods often used to understand consumer preferences measured by the price they are willing to pay - *BDM method* and *auction*.

For our goal, the BDM method was considered the most suitable: the experiment can be performed for only one participant at a time and individually<sup>[39]</sup>. Another advantage of using this method is that it compares the price that the participant is willing to pay with a random price, with no competition between participants (if it existed, as in the case of *auctions*, it could cause inflated WTP values), so the responses of each participant do not influence the behaviour of the other participants. Furthermore, if auctions were used instead of the BDM method, many more participants would be needed for each scenario addressed. Finally, another important and differentiating aspect in choosing the BDM method is the possibility that this procedure is more easily understood by the partici-

pants, when compared to auctions<sup>[40]</sup>.

In the BDM method, respondents are asked to offer a price for the product, which must be equal to the maximum price they are willing to pay for it. Then, the market price,  $p$ , for the product under study is randomly generated from a uniform distribution within the intervals specified. If it is less than or equal to the price indicated by the participant, he will have to “buy” the product at price  $p$ . If  $p$  is greater than the participant’s offer, the participant will not be able to “buy” the product and will not “receive” it. The dominant strategy for each participant is to declare the true WTP because if the participant indicates a price higher than the price he is really willing to pay, he may actually have to pay it; in turn, if the participant indicates a price lower than the one that he is really willing to pay, he may be disappointed by not being able to buy the product. This method was implemented via the *Qualtrics* program.

#### 4. Experimental Design

This section describes the experimental procedure implemented. Consumers’ willingness to pay is assessed for different products, with respect to proactive versus reactive CSR, environmental, employees and social CSR, the expensiveness (in terms of weight in the consumers’ budget) of the good sold by the company, and whether the company operates or not in a competitive market.

##### 4.1 Planning

Given the discussion in the previous sections, we intend to analyse consumers’ behaviour in relation to different CSR initiatives through the analysis of the WTP, with the purpose of: i) investigating the variation in rewards and penalties in response to a perceived proactive or reactive approach; ii) investigating the variation in rewards and penalties by CSR dimension (environmental, social and towards employees); iii) investigating the variation in rewards and penalties, depending on the type of product, that is, to understand if consumers are more willing to accept a variation in the price of a product from a socially responsible company when this product is less expensive and less prone to accept it when the product is more expensive (this classification of consumer goods follows the classification of Holbrook and Howard<sup>[41]</sup>, into convenience products, shopping or specialties, based on the buyer’s evaluation of expensiveness, measured by the price); iv) investigating the variation in rewards and penalties based on market structure, that is, if the existence of competition changes the consumers’ perception of the nature (altruistic or opportunistic) of the CSR investment and their respective WTP.

To accomplish these objectives, some text stories were presented to the study participants describing CSR initiatives of fictitious companies. As in other studies, fictitious companies were used to minimize any ambiguity related to pre-existing consumer ideas about them<sup>[28,42]</sup>. The companies were identified with letters (company A, company B, etc.).

Participants were randomly assigned to six groups, according to the representation in Figure 1. Three different products were selected, with different weights in terms of the consumers’ budget, intending to represent the consumer-goods classification<sup>[41]</sup>, and allowing to assess the influence of the type of product. To assess the influence of the market structure, two groups of participants were assigned to each product: one that received information about CSR initiatives by companies facing market competition and another one that received a story referring to companies facing no competition (monopolies). This would allow to understand if consumers perceived monopolistic companies with CSR initiatives as genuinely altruistic (since they have no competitors) and/or companies facing competition as potential opportunists, seeking to imitate and to be confused with altruistic companies so to obtain a competitive advantage over competitors. To assess the influence of the proactive/reactive nature of the CSR initiatives and the influence of the CSR dimension approached, two fictitious stories were presented: one referring to the reactive component of a company’s CSR initiatives and the other one referring to the proactive component. Similar to Groza et al.<sup>[8]</sup>, the reactive initiative was presented as part of a company’s response to a problem the company created and, under the proactive initiative the participant was informed of a company’s voluntary effort regarding a selected CSR dimension, such as environmental, employees or social.

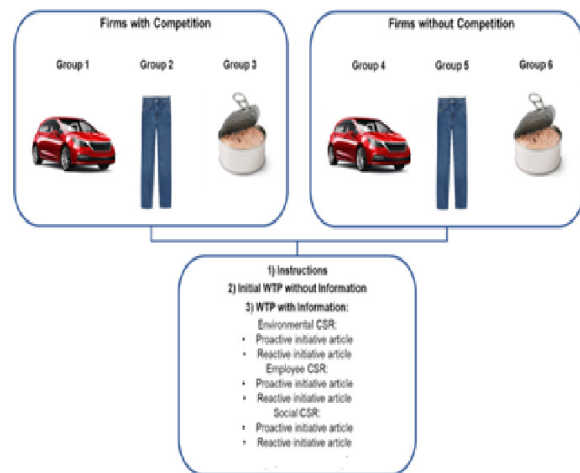


Figure 1. Scheme of the experimental procedure and distribution of participants



## 4.2 Experimental Procedure

The experimental procedure was implemented as follows: First, the participant was directed to a product description without any information about CSR initiatives. This represented the control situation, that is, the respondent, at this stage, would state the maximum price he or she was willing to pay for the product (without any type of information, and similar to Magstris et al. <sup>[43]</sup>). Consistent with the procedure adopted by Ding <sup>[44]</sup> in the control situation the BDM method was not applied.

Then, participants (from groups 1 to 6) were confronted with six descriptive stories about CSR initiatives from different companies. Respondents would then state the maximum price they were willing to pay for the product described. In these six situations, the BDM method was applied. The stories for the three groups of companies facing market competition were similar to those for companies with no competition (for the same product), differing only in the characterization of the company presented. In addition, respondents were informed that the descriptive stories presented referred to initiatives by companies that sold the product mentioned in the control situation (initial WTP without information). The text stories were inspired on real-life cases.

Altogether, this experiment involved six text stories per group: proactive environment, reactive environment, proactive employees, reactive employees, proactive social, reactive social. Since there were six groups (three for a competitive market and another three for a non-competitive market, in each case corresponding to the three different products traded), there was a total of 36 text stories. Additionally, there were text stories for the control situations (one per product). All these texts can be found in Appendix 1.

## 4.3 Sample

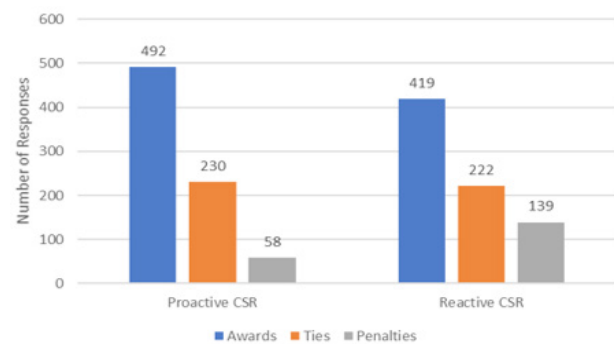
The experimental procedure was carried out online, targeted to a convenience sample of young adults as it was considered that this group constitutes a population segment that is usually openly concerned with the impact that companies have on society and on the environment. Hence, we intended to see if for that group those concerns actually affected their WTP. Due to the way the experimental procedure was disclosed, the sampling design chosen was a non-probabilistic convenience sample. This sampling technique is acceptable, and even advisable, for exploratory studies, such as the current one, in which the objective is the development of hypotheses rather than their testing <sup>[45]</sup>. The data gathered was mostly representative of young employees with higher education and

university students (men and women), with a household income corresponding to the Portuguese middle class. The products chosen (tuna, jeans, and car) were considered adequate for the targeted respondent profile, describing common purchases of convenience, shopping, and specialty products. Each participant was automatically redirected to one of the six experimental groups. A total of 262 responses were gathered, of which 260 were considered valid.

## 5. Results

Statistical tests were carried out for groups 1, 2, 3, 4, 5 and 6 individually, to ascertain whether the results for the two different market structures (with and without competition) were statistically different or not. Next, data from groups 1 and 4, 2 and 5, and 3 and 6 were aggregated, resulting in three new groups to assess the variation in WTPs as a function of the product type: car, jeans and tuna can, corresponding respectively to “Group 1+4”, “Group 2+5” and “Group 3+6”. Statistical tests were then carried out on these new groups’ responses, with the objective of verifying whether the differences between the initial WTP and the WTP given for each situation were statistically significant or not, and which conclusions could be drawn regarding objectives previously stated.

In a first approach, by simple observation of the numbers, we conclude that, as expected, the number of participants that reward proactive initiatives is greater than the number of participants that reward reactive initiatives. Still, a considerable number of participants rewards reactive initiatives. Also, the number of participants that penalize reactive initiatives is larger than the number of participants that penalize proactive initiatives (Figure 2).



**Figure 2.** Rewards, Ties and Penalties for Proactive and Reactive CSR in the total responses obtained

Two statistical tests, the *Paired Samples t-Test*, and the *Wilcoxon Signed Rank Test*, respectively parametric and non-parametric, were used to evaluate whether the differences between the control WTP and the WTP stated for each situation (corresponding to a different story) were

statistically significant. Although the sample was sufficiently large to accept normality, favouring the Paired Samples t-Test, the existence of some outliers demanded the use of the Wilcoxon Signed Rank Test. So, for robustness reasons, it was required that both tests led to the same conclusion regarding statistical significance. For a significance level of 5%, when the bilateral p-value led to the same conclusion, the statistical difference was taken as true, otherwise it was considered that it was not possible to conclude (unclear result). Table 1 depicts the results obtained. No statistically significant results were found describing penalties.

### 5.1 CSR Nature

As already explained, the existing literature suggests that proactive CSR results in a more favourable attitude towards the company and that reactive CSR leads to negative thoughts and attitudes by consumers [16,42,43]. Hence, it is expected that, regardless of the CSR dimension (environmental, employees or social) or industry (car, jeans, or tuna), participants reward CSR initiatives (increasing their WTP) that take a proactive approach and penalize those that take a reactive approach (reducing their WTP). However, from the sample results it appears that participants are willing to reward a premium (pay more) even when the strategy of certain companies follows a reactive approach. As we can see from Table 1, 14 out of 18 proactive CSR initiatives are rewarded with a statistically significant premium, whereas only 8 out of 18 reactive initiatives receive it. Furthermore, *ceteris paribus* proactive CSR is more rewarded than reactive CSR. As one would expect, for a given product, CSR dimension and market structure, when consumers do not reward a proactive initiative, they also do not reward the reactive initiative.

Although there are no penalties, there are less sig-

nificant differences between the original WTP and the declared WTP for reactive CSR initiatives. In a way, not having so many differences that indicate rewards can be understood as a form of “penalty”, since companies invested in CSR activities to “clean up” their image and to be perceived as friendly again (which involves costs). This apparent failure to penalize reactive strategies may be related to a) participants’ choice not to penalize a company because the corporate initiatives compensate the initial damage that led to the reactive strategy; b) participants not valuing the CSR initiatives described and only paying the price they initially indicated (without penalty) for the product.

### 5.2. CSR dimensions

In terms of CSR dimensions, the environmental is the one that receives more rewards (Tables 1 - 9 out of 12 situations), followed by employees (7) and social (6). However, when they exist, average rewards for social CSR are always higher than the corresponding ones for the other two dimensions. This is consistent with the literature which states that consumers tend to pay more attention to CSR initiatives that directly affect them than to those that aim to improve the well-being of the company’s employees [46].

### 5.3 Type of Product

The convenience good and least expensive product (tuna) is clearly the one that not only receives more rewards (12 out of the 12 possible situations), but where the rewards are also substantially higher than the rewards given to the other two products (jeans and car) under the same circumstances concerning CSR dimension, CSR nature and market structure.

The car industry received few rewards, almost all of

**Table 1.** Rewards (avg %) given in each group

		Firms facing competition			Firms facing no competition		
		Car Group 1	Jeans Group 2	Tuna Group 3	Car Group 4	Jeans Group 5	Tuna Group 6
Proactive CSR	Environmental	+5.34%	+13.31%	+21.81%	+12.65%	+15.70%	+15.92%
	Employees		+16.40%	+45.85%	+6.48%		+42.26%
	Social	+13.43%	+27.09%	+54.28%			+67.39%
Reactive CSR	Environmental		X	+21.78%	+10.44%		+35.80%
	Employees		+10.63%	+19.46%		X	+38.11%
	Social			+47.96%			+54.37%

Legend: + Reward; Blank Neither Reward nor Penalty; X Unclear result

them associated with the proactive approach and mainly with the environmental dimension, which may have to do with the fact that communication regarding the environmental impact of companies in this sector is more present (and evident) than the communication regarding their social impact or, even more, their behaviour towards employees. These interpretations are probably related with the type of product and not with its classification as an “expensive product”.

In the clothing industry, we can conclude for a reward in the employees’ dimension with reactive approach, although lower than the one attributed for the same CSR dimension under a proactive approach. One possible justification is that participants tend to reward the reactive employee’s dimension since they may consider that, despite the evidence of labour exploitation, this sector is one of the main sources of export earnings in developing countries and has the potential to create jobs and help local communities. Another possible explanation is that the content of the experimental story disclosed to the participants (focusing the investment on the education of employees) outweighs the damage caused by the companies. In this industry, the highest premium is presented by the social dimension under a proactive approach, a result that may be due to the communication of the social causes by companies in this sector or related with a higher consumer-company identification for social initiatives within this industry.

In the food industry, there were rewards revealed for both proactive and reactive approaches. In general, the rewards for proactive initiatives are significantly higher than for the reactive ones, except for the environmental dimension where there is a higher reward for the reactive alternative. A possible explanation may be the experimental design itself. The difference between the two stories presented to the participants for the food industry, in addition to the approaches, was that the participant could assume that when a company established an agreement with an NGO there was a minimum guarantee that the agreement would be fulfilled. This guarantee can imply

that a reactive initiative obtains a higher reward than an initiative of a company that follows a proactive approach. Nonetheless, it is not possible to conclude, with certainty, that this is the cause of the deviation from what would be expected. In addition, it appears that social initiatives have a reward, in percentage, higher than the remaining dimensions (both for proactive and reactive approaches). It can be derived that, when the product is from the food industry, participants can easily perceive the social initiatives, since the consumer relates food more easily with the problem of hunger in the world than with environmental issues.

Finally, we would expect participants to reward more companies whose product was cheaper (convenience good) and less companies whose product was more expensive (specialty good), since the consumer could be more willing to support a small variation in the price of a product from a socially responsible company when this product is “naturally” cheap than when it is “naturally” expensive. This expectation is aligned with the literature that suggests that customers are less price sensitive to low-cost items<sup>[47]</sup>. To evaluate this, for the results that represent a reward, it was assessed the percentage increase in the WTP that represents the prize (on average) that the participants attribute to the companies of each sector (Table 2). The results observed confirm the expectation, since the number of rewards as well as the percentage value of the rewards increase as the price of the product decreases (in accordance with what was described in the previous section). These results suggest that participants are more moderate in rewarding companies for CSR initiatives when products are more expensive, and more willing to reward companies for CSR initiatives (whether proactive or reactive) when products are less expensive.

To determine whether the scenarios referring to a reward (for the same type of product and for the same CSR dimension) were statistically different from each other, two tests were used, again a parametric and a non-

**Table 2.** Rewards (avg %) given for each dimension, approach and by product

	Proactive CSR			Reactive CSR		
	Environmental	Employees	Social	Environmental	Employees	Social
Car	+9.2%	+4.9%	+8.1%	X		X
Jeans	+14.6%	+10.9%	+18.5%	X	+8.8%	
Tuna	+19.3%	+44.3%	+59.8%	+27.7%	+27.3%	+50.7%

*Legend: + Reward; Blank Neither Reward nor Penalty; X Unclear Resultsx*

parametric test, for robustness reasons: respectively, the Independent Samples t-Test and the Mann-Whitney U Test. Similarly, to the previous analysis, when for both tests the p-value led to the same conclusion, the result was understood as true, otherwise no conclusion could be drawn. We observed that there were only statistically significant differences in the rewards given for the Proactive Environmental scenario between Groups 1 and 4 that referred to the car industry (competition vs no competition, respectively).

## 5.4 Market Structure

Concerning the relationship between market structure and CSR rewards, conclusions are not clear. Even though there are more rewards under a competitive market structure than under monopoly, their average value tends to be lower. Hence, although we would expect participants to reward more companies facing no competition, it is not possible to confirm it. Companies facing no competition are less often rewarded, but when they are the premiums tend to be higher than for competitive companies. This is particularly true for reactive CSR in the food (tuna) market. There are different possible explanations for this: a) consumers, when making their purchase decisions, may not consider the competition issue, that is, they focus only on the product and CSR initiatives; b) there are participants who reward initiatives from companies facing competition and participants who reward initiatives from companies with no competition, because some may consider that monopoly companies perform CSR in order to maintain the monopoly position<sup>[48]</sup>, while others may consider that companies facing competition seek to imitate altruistic rivals.

## 6. Conclusions

Corporate Social Responsibility plays a key role in companies' strategy. Its impact on firms' profits, however, depends on how consumers perceive it and are willing to grant an award to firms that act to the benefit of the environment, the employees, or the society. Knowing that some CSR is proactive, and some is reactive, this paper performs an experiment to assess consumers' response to these two types of CSR, in terms of awards or penalties. The paper examines an under researched effect of corporate social responsibility, namely that this practice can backfire on the company, and tests under which circumstances this is more or less likely to happen. The CSR dimension (environment, employees or social) was considered, as well as the type of product being traded (from specialty to shopping and convenience good, more or less

expensive, depicted as a product of the car industry, the clothing industry or the food industry, respectively) and the degree of market competition to which the firm is exposed. The BDM method was applied, and statistical tests were performed to assess whether the differences detected in the WTP were statistically significant for the different classifications of CSR activities considered.

This paper extends Creyer and Ross's<sup>[29]</sup> work by distinguishing CSR dimensions (if it is accepted that CSR is a multi-dimensional construct, it makes sense to compare dimensions) and by looking at different types of products (that are constant across the study). By exploring several CSR dimensions, it also contributes to deepen the knowledge on group-oriented CSR (Baskentli et al.<sup>[10]</sup> explored consumers' reactions to individual- versus group-oriented CSR but did not investigate specific dimensions). Moreover, by looking at the social dimension, the current paper addresses a literature call (Choi and Ng<sup>[34]</sup> explored consumer reactions to CSR as measured by a construct of purchase intentions but did not look at the social dimension and called for research on it).

Besides improving knowledge on consumer behaviour, the subject in this paper is also relevant in helping firms anticipate the right approach to CSR. This paper thus represents a contribution to the knowledge on CSR strategies and how companies should act when addressing their target group depending on product's type, corporate motivation for CSR, CSR dimension and degree of market competition. This knowledge is relevant for companies' practices and our results show that at least the first three aspects should be carefully accounted for when designing socially responsible strategies.

The results obtained show that consumers tend to reward more proactive CSR initiatives but are also willing to reward some CSR initiatives that follow a reactive approach. There are no significant penalties, but there are fewer rewards for reactive CSR initiatives. This failure to penalize reactive initiatives may be either because company's initiatives balance the damage caused by them, or because when consumers do not value reactive initiatives, they only pay the price of the product for its functional characteristics, without penalizing companies.

For each industry, there are dimensions of CSR that consumers reward more than others, depending on the type of product marketed. Thus, to extract the maximum benefits when investing in CSR initiatives, companies should evaluate the main mental association of consumers regarding the product and the most appropriate dimension of CSR initiatives.

Our findings also show that consumers are more moderate in their decisions to reward companies for CSR ini-



tiatives for specialty products, which involve higher effort and risk translated by being more expensive, and more prone to reward more convenience products, which are less expensive and obtained with less shopping effort and risk.

Finally, according to our results, there is no significant relationship between market structure (competition or absence of it) and consumer behaviour as a reaction to CSR initiatives. Although competitive companies are more likely to be rewarded for their CSR efforts, the relative magnitude of the reward is lower than for monopolistic companies.

Altogether these results shed light on the role of CSR in shaping consumers' buying behaviour and provide relevant managerial implications for companies when making CSR related decisions. The paper suggests that CSR is seldom penalized by consumers, which reduces the risk for firms who decide to pursue these activities. Because of the limited sample, results may lack generalisability, hence testing these findings in new samples is a further natural step.

### Authors' Contributions

This paper derives from ACR Master's dissertation. ACR wrote the first version of the main text and performed the experiment; MCL and ASC supervised the whole work, provided literature review and context, guided through methodology implementation and results' interpretation, and edited and prepared the manuscript for submission.

### Conflict of Interest

The authors declare no conflict of interest.

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