

The Relationship Between Consumers' CSR Participation, Identification, and their Intention to Purchase: A Case Study on Inner Mongolia Yili Industrial Group Co., Ltd.

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Abstract

This survey research aims to investigate the relationship between consumers' CSR participation, identification, their purchasing intention towards the products and service of Inner Mongolia Yili Industrial Group Co., Ltd. The sample was selected using non-probability purposive sampling and convenience sampling to participate in the survey research, two hundred samples are analyzed by descriptive statistics and hypothesis testing by Chi-square analysis, MANOVA analysis and Spearman Correlation with Alpha .05. The findings revealed the following results: (1) The samples' demographic characteristics in respect to *age* are significantly correlated with their CSRI participation, including corporate social marketing, corporate philanthropy and socially responsible business practices. Samples' demographic characteristics in respect to *gender* are significantly correlated with their CSRI participation, including corporate social marketing and corporate philanthropy, but yield no significant relationship with social responsible business practices. Samples' demographic characteristics in respect to the educational level was correlated with their participation in social responsible business practices but not correlated with their corporate social marketing and corporate philanthropy: Samples' demographic characteristics in respect to personal income per month are significantly correlated with their CSRI participation, including corporate social marketing, corporate philanthropy and socially responsible business practices. (2) The samples' CSRI participations (corporate social marketing, corporate philanthropy, and socially responsible business practices) significantly influenced their self-perceived identification with the Company. (3) There is a significant positive relationship between consumers' CSRI participation and their intention to purchase the products or of Yili. (4) There is significantly positive relationship

between the consumers' self-perceived identification and their intention to purchase products or services of Yili Company.

Background

Corporate Social Responsibility is a demonstration of company's true intention to identify with the stakeholders by promoting a shared value with the customers through ethical business operation and upgrading quality of life in the society. Corporate social responsibility (CSR) is defined as "CSR is a commitment to improve community well-being through discretionary business practice and contributions of corporate resources" (Kotler & Lee, 2005, p. 3). Corporate social responsibility initiatives (CSRIs) can be divided into 6 categories: (1) Cause promotions, (2) Cause-related marketing, (3) Corporate social marketing, (4) Corporate philanthropy, (5) Community volunteering, (6) Socially responsible business practices (Kotler & Lee, 2005, p. 24). Dodds (1991) indicated that consumers' purchase intention is the possibilities of consumers to purchase specific goods and services. Bruce (1996) pointed out that consumers' purchase intention as an important predictive indicator of consumers whether or not to buy again, have a direct impact between them. Mullet and Karson (1985) believed consumers' attitude toward the product combined with some external factors affect the consumers' purchase intention formed, and the consumers' purchase intention can be used to predict consumers' buying behavior. The stakeholder theory shows that corporate business activities cannot be separated with stakeholder's participation, and corporate must be responsible for these stakeholders. In these stakeholders, consumers' purchase intentions and behaviors directly affects the company's financial performance and even the survival condition (Bhattacharya & Sen, 2004; Podnar & Jancic, 2006), consumer is the most important stakeholder of business interests; consumers and enterprise have a very close relationship (Mitchell, Agle & Wood, 1997; Schuler & Cording, 2006; Friedman & Mile, 2006).

Problem Statement

In recent years, China's dairy industry product quality issues are emerging, which severely reduced the consumer's trust in the dairy business, reducing consumers buying behavior. Thus, the corporate social responsibility of dairy product enterprises should be improved immediately. Substandard quality of dairy products will not only affect the health of the consumer, but also affect consumer trust in dairy companies and reduce consumers buying behavior of dairy products. Throughout the domestic and foreign dairy CSR literature, the focus of attention of scholars mainly about dairy corporate social responsibility affects

corporate performance, and the lack of in-depth study of corporate social responsibility for dairy particular stakeholder.

Objective

Yili has been always leading Chinese dairy industry. In this paper, the researcher use the case study of Inner Mongolia Yili Industrial Group Co., Ltd.'s CSR initiatives in China to examine the following research objectives: (1) To examine the relationship between consumers' demographic factors of consumers respect to age, gender, education level, and personal salary per month and their CSRI participation. (2) To examine the influence of consumers' CSR participation organized by Inner Mongolia Yili Industrial Group Co., Ltd. on their self-perceived identification with the company. (3) To examine the influence of consumers' CSRI participation organized by the Inner Mongolia Yili Industrial Group Co., Ltd. on their intention to purchase Inner Mongolia Yili Industrial Group Co., Ltd. products. (4) To examine the correlation between consumers' self-identification to the company and their intention to purchase Inner Mongolia Yili Industrial Group Co., Ltd. products.

Methodology

Inner Mongolia Yili Industrial Group Co., Ltd (hereinafter referred to as Yili) is the enterprise in China's dairy industry with the largest scale and most robust product line, Every day, there are nearly 1.1 billion pieces of Yili's products reaching to Yili's consumers. Researcher selected 200 hundred samples by using non-probability purposive sampling and convenience sampling. And the pre-test was conducted with 50 samples to test the reliability of the instrument.

The questionnaire with 4 sections and 18 questions was employed in this study. The first part consists the basic demographic data questions, which were included gender, age, level of education and monthly income. Second part designed to explore the consumers' participation in three CSR initiatives of Yili. The researcher defined the three CSR initiatives of Yili, and provides the appropriate answers that can represent the responder. The third section of questionnaire is consisted of eight questions designed to measure consumers' identification with Yili company. The fourth section of questionnaire is consisted of questions designed to measure the behavioral intention base on Berens, Van Rile and Van Bruggen's research in 2005. To test the reliability of the questionnaire, the findings revealed that Cronbach's Alpha of all sections is higher than 0.7, earning acceptable reliability. The Cronbach's Alpha for the consumers' identification scale was 0.950. The Cronbach's Alpha for the consumers' purchasing behavior scale is 0.922. The means, standard deviation of data were tabulated and

analyzed by Chi-Square analysis for testing the first hypothesis, MANOVA analysis for testing the second and third hypothesis and Spearman Correlation analysis for testing the fourth hypothesis.

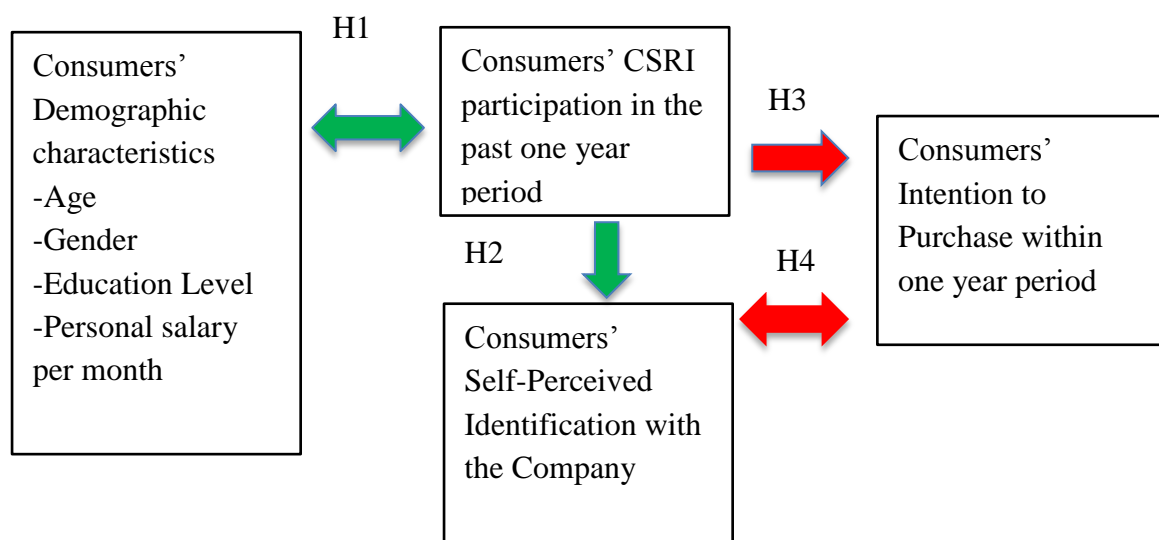
Hypothesis 1: Consumers' demographic characteristics in respect to age, gender, education level, and personal salary significantly correlate with their CSRI participation (corporate social marketing, corporate philanthropy, and socially responsible business practices).

Hypothesis 2: Consumers who participated in different CSRI participations (corporate social marketing, corporate philanthropy, and socially responsible business practices) will exhibit different levels of self-perceived identification with the Inner Mongolia Yili Industrial Group Co., Ltd.

Hypothesis 3: Consumers with different CSRI participations (corporate social marketing, corporate philanthropy, and socially responsible business practices) have significantly different intention to purchase the products or services of Inner Mongolia Yili Industrial Group Co., Ltd.

Hypothesis 4: Consumers' self-perceived identification is positively correlated with their intention to purchase products or services of Inner Mongolia Yili Industrial Group Co., Ltd.

Figure 1: Theoretical Framework



Conclusion and Significance

The findings of hypothesis 1 confirmed that consumers' demographic characteristics in respect to age are significantly correlated with their CSRI participation, including corporate

social marketing, corporate philanthropy and socially responsible business practices. Consumers' demographic characteristics in respect to gender are significantly correlated with their CSRI participation, including corporate social marketing and corporate philanthropy, but yield no significant relationship with social responsible business practices. Consumers' demographic characteristics in respect to the educational level are no significant relationship with their CSRI participation, including corporate social marketing and corporate philanthropy. But it's significant correlated with their participation in socially responsible business practices. Consumers' demographic characteristics in respect to personal income per month are significantly correlated with their CSRI participation, including corporate social marketing, corporate philanthropy and socially responsible business practices. These findings expands the research of Karande, Rao, Singhapakdi and Vetell (2001), which highly regarded consumers' demographic characteristics as a consumer individual factor when studied the relationship between CSRI and consumers' purchase intention, and help to find out the correlation between consumers' demographic characteristics and their participation in CSRI of YILI Company. According hypothesis 2, the analysis of MANOVA revealed that consumers' CSRI participations (corporate social marketing, corporate philanthropy, and socially responsible business practices), significantly influenced consumers' self-perceived identification with the Company. The findings supported the Social Identity Theory (Gond, El-Akreimi, Igalens & Swaen, 2010), which proposes that an individual's self-image is influenced by image, groups and organizations recognized reputation for social involvement and responsibility. The findings of hypothesis 3 confirmed that there is significant positive relationship between consumers participated in Yili CSRI, including corporate social marketing, corporate philanthropy and socially responsible business practices, and their intention to purchase the products or services of Yili. This finding supported the previous study of of Bhattacharya and Sen (2004), which found that many consumers take CSR information into account for purchasing. YILI Company can use CSRI as a viable promotion strategy that bring benefits to company (Lichtenstein, Drumwright, & Braig, 2004). The findings of hypothesis 4, the Spearman Correlation analysis showed that there is significantly positive relationship between the consumers' self-perceived identification and their intention to purchase products or services of Yili Company. This finding supported the Social Identity Theory (Gond, et al., 2010), which stated that self-image of individuals can be influenced by the image and reputation of groups and organizations in terms of their social engagement and responsibility.

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