

Corporate Social Responsibility Initiatives during the Covid-19 Pandemic: The Effect of CSR Motives Attributions on Advocacy*

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Abstract

The Corona Disease 2019 (COVID-19) pandemic has changed the world considerably and has disrupted businesses and people's lives globally. In response to the pandemic, businesses have seen increased demand for corporate social responsibility (CSR). Businesses can increase their investments in CSR initiatives during the pandemic through various actions. This study examines how the various motives of philanthropy CSR influence perceived quality of life, company image, and advocacy. This study employed surveys of 719 respondents from five regions in Indonesia that had the highest number of COVID-19 cases in the country. A structural equation model was used to test the hypothesis. The results showed that value and strategic motives positively influenced the perceived quality of life and corporate image, while the egoistic motive was negatively associated with both the perceived quality of life and the image of the company. The study also suggested that advocacy was strongly related to the perceived quality of life instead of a corporate image. The results indicate that, during a pandemic, both public- (i.e. value) and firm-serving (i.e. strategic) motives can have the same impact as long as people perceive that the businesses are sincere.

Keywords: Advocacy, COVID-19, CSR motive, Indonesia, quality of life.

Introduction

The emergence of the Coronavirus Disease 2019 (COVID-19) pandemic has affected many countries, including Indonesia. The total number of COVID-19 cases in Indonesia as of November 2020 has reached more than 500,000 (Komite Penanganan Covid-19 dan Pemulihan Ekonomi Nasional, 2020). During this pandemic, many parties have undergone activities to address its overall impact. Many companies in Indonesia have also initiated involvement in Corporate Social Responsibility (CSR) initiatives to help those who have been affected. Businesses are allowed to operate for profit, but individuals also interact with businesses in one or more roles (i.e. stakeholders), and without stakeholders' support, it would not also be possible for business to survive. According to van der Vegt et al (2015), there is a mutual dependency between companies and their

stakeholders, which generates a moral responsibility for companies to support their stakeholders during crisis, whether it is a financially rewarding move or not.

Corporate Social Responsibility (CSR) is an activity that creates a potentially strong relationship between the company and stakeholders (Peloza and Shang 2011), and customers and society are included in these stakeholders. The ability of CSR to create corporate value depends on its ability to develop positive relationships with stakeholders (Barnett, 2007). CSR and sustainability issues are two themes that are consistently used in discussions related to economic, social, and environmental contributions and as a consequence of business activities (Torugsa et al. 2013). Various types of social activities have been carried out by companies that refer to the company's internal policies, programs, and activities to reflect the company's relationship with its stakeholders (Öberseder et al. 2013).

The most popular CSR activities include donating money to the community, voluntary participation in community activities, and increase in energy efficiency or waste treatment measures (Raleigh 2014). Various types of CSR activities aimed specifically at stakeholders will contribute different benefits and values for all parties related to these CSR activities.

While many companies have carried out CSR activities, stakeholders are the entities that encourage these activities, either directly or indirectly (Kiessling et al. 2016). Moreover, while these activities aim to support social and environmental issues, demonstrated by the company's attention and concern for those problems, these CSR initiatives do not necessarily lead to a positive outcome. This is because the community has different perceptions of the reasons companies carry out these activities (Balqiah et al. 2017; Baskentli et al. 2019; Lee et al. 2018), and thus it has a different impact on the company and society. This study aims to explore whether philanthropy CSR initiatives will deliver positive perceived CSR motives by communities, which in turn has a positive impact on CSR beneficiaries, and further has a financial impact on the company.

Literature Review

CSR motive and corporate image

Scholars have conducted research on CSR activities and their relative influence on the consumers' perception, attitude, and behaviour (Nyarku and Ayekple 2018). Some studies have noted that CSR practices conducted by some firms are initiated by different motives, such as sustainability, legitimacy, and profit. However, Brønn and Vidaver-Cohen (2008) believe that these are not the only main motives. Ellen et al (2006) explores four type of CSR motives: value-driven, stakeholder driven, strategic driven, and egoistic attribution. Value-driven motives arise when a company cares about social activities. Stakeholder-driven motives reflect the belief that CSR initiatives are conducted to fulfill stakeholder expectation. The strategic-driven motive is perceived when the motive is driven by business objectives (e.g., retaining new customers, attracting new customers), and the egoistic motive is perceived negatively because CSR activities are pursued to bring benefits to the business (e.g., to gain publicity or to write off the taxes)

When a company engages in CSR activities, costumers or the community probably question the businesses' intentions toward their CSR activities. According to Ellen et al (2006), CSR motives could be categorized as firm serving (i.e. for the interest of the company) and public-serving motives (i.e. to respond to the community's issue or to serve the community). In general, people or costumers specifically could still perceive positively the strategic motive, but they evaluate negatively any selfish motives which bring action only intended to further the firm's interest (Ellen et al. 2006). Research has proven that CSR activities enhance corporate image and reputation (e.g. Chung et al. 2015; Weber 2008). The adoption of CSR activities and people's awareness of these activities have contributed substantially to the building and establishment of a good long-term corporate image and reputation (Perks et al. 2013). In the context of this discussion, therefore, this study proposes the following hypothesis:

H1a-d: The customer's perception of value, stakeholder, strategic, and egoistic CSR motives will influence firms' corporate image

CSR motives and the perception of quality of life

Quality of life (QOL) is defined as the degree to which human needs are fulfilled based on the subjective well-being perception of individuals or groups (Costanza et al. 2007). These human needs cover aspects such as security, affection, subsistence, and reproduction. Subjective well-being is a term used to refer to the level of well-being that an individual experiences based on his or her evaluations of their lives. Those evaluations include the individual's judgment and feelings about his or her life satisfaction, and the evaluation can be both positive and negative and have any affective reactions to a person's important domains (e.g., life events, health) (Diener and Ryan 2009). The QOL philosophy provides direction for business and marketing specifically to develop products, services, and programs that can improve consumer welfare and minimize the negative effects on consumers and society (Sirgy et al. 1982). According to Öberseder et al (2013), social initiatives in business are defined as programs, policies, or practices that are conducted by a firm to increase value or benefit to society, which are mostly assumed by customers to have mixed motives. CSR initiatives that are perceived to have good

intentions and motives can also be associated with having an impact on increasing customers' quality of life, and vice versa (Yuliati et al. 2017). Hence, this study proposes the following hypothesis:

H2a-d: Customers' perception of value, stakeholder, strategic, and egoistic CSR motives will influence the perception of quality of life.

Corporate image (CI) and advocacy

Various previous studies have proven that companies that conduct CSR activities sincerely will positively affect the perception of a firm's corporate image (CI), reputation, and consumer attitudes and also improve the relationship between the company and its customers. In other words, CSR activities can be beneficial for businesses to form a positive image (DY. Kim and J. Kim 2014). According to Faria and Mendes (2013), CI has a strong connection with customer satisfaction, behavioral intention, and loyalty. A good corporate image will present a higher chance to be positively communicated. Brand advocacy is usually related to positive word of mouth (PWOM) as a result of customers' positive experiences toward products, services, and providers (Westbrook 1987). Hence, this study proposes the following hypothesis:

H3: Company image influences advocacy

Quality of life (QOL) and advocacy

One of the purposes of CSR activity conducted by a firm is to contribute to economic sustainability and to improve customers' and community's quality of life (Amoroso and Roman 2015). A study conducted by Balqiah et al (2013) showed a relationship among QOL, corporate reputation, CSR belief, and CSR awareness. The result emphasized that, by contributing to customers' quality of life, these individuals would be very loyal and protect the brand or the product's reputation. Therefore, this study proposes the following hypothesis:

H4: The perception of quality of life influences advocacy.

Method

Data were collected using an online cross-sectional survey among 719 respondents in seven provinces in Indonesia. These provinces were chosen due to their number of COVID-19 cases. First, the respondents were given articles related to COVID-19 CSR philanthropy, conducted by two companies in Indonesia that were specifically intended to support medical personnel (i.e. providing personal protection equipment, masks, and sanitizer). Second, the respondents responded to a five-point Likert scale questionnaire that consisted of 11 items regarding CSR motives adapted from Ellen et al (2006), 3 items regarding corporate image adapted from Latief et al (2020), 4 items about advocacy adapted from Baskentli et al (2019), and 10 items on quality of life adapted from Lee et al (2018). The data were tested using the structural equation model (SEM) with AMOS to test the hypotheses.

Results

At first, the measurement model exhibited inadequate fit and needed to be modified based on the modification indices information. After performing the modification, the measurement model exhibited adequate fit X^2 (1070.795), RMSEA (0.056), CFI (0.920), GFI (0.91), CMIN/DF (3.265), and SRMR (0.052). Reliabilities were also assessed, and all measures exemplified acceptable construct reliability (CR), ranging from 0.60-0.94 by exceeding the recommended 0.60 threshold (Hair et al., 2014). The average variance extracted ranged from 0.350-0.697, exceeding the recommended 0.30 threshold recommended by Igbaria et al. (1995) and could be considered as acceptable. The structural model and hypotheses were evaluated after attaining a validated measurement model. The original model exhibited a good model fit: X^2 (1076.139), $p < 0.05$, CFI (0.920), GFI (0.901), TLI (0.908), and RMSEA (0.056). Hypothesis testing results are provided in Table 1.

H1a-H1d predicted direct effects between CSR motives and corporate image. The results showed that value motive and strategic motive are positively related to corporate image, while egoistic motive had a negative direct effect on corporate image. Thus, H1a, H1c, and H1d were supported. There was no significant result regarding the relationship between the stakeholder motives on corporate image. The same results were also found for the relationship between CSR motives and the perception of quality of life. The perceived value motive and strategic motives were positively related to the perception of quality of life (thus confirming H2a and H2d). However, the perceived egoistic motive of CSR is negatively related to quality of life, thus H2c was also supported. There was no significant relationship between stakeholder motive and perceived quality of life (H2b was not supported). The study also found that individuals were willing to engage in the advocacy action when they perceived good quality of life (H4 was supported). There was no significant influence between company image and advocacy in this study (H3 was not supported).

Table 1: TEST OF HYPOTHESES

Hypothesis	Critical ratio/Tvalue	P-value	Result
H1a: Value motive → corporate image	5.986	***	Supported
H1b: Stakeholder motive → corporate image	1.874	0.061	Not supported
H1c: Egoistic motive → corporate image	-2.254	0.024	Supported
H1d: Strategic motive → corporate image	3.033	0.002	Supported
H2a: Value motive → quality of life	5.986	***	Supported
H2b: Stakeholder motive → quality of life	1.291	0.197	Not supported
H2c: Egoistic motive → quality of life	-2.776	0.006	Supported
H2d: Strategic motive → quality of life	3.978	***	Supported
H3: Corporate image → advocacy	1.311	0.190	Not supported
H4: Quality of life → advocacy	2.533	0.011	Supported

Discussion

This study is consistent with the results of previous studies (e.g. Ellen et al. 2006) that value motive would be perceived positively for a firm's image. However, the egoistic motive would bring some suspicions and doubts which could damage the corporate image, because people would see that CSR initiatives conducted by a company are not sincere (Ellen et al., 2006). Egoistic and strategic motives have always been seen as firm-serving motives, but people seem to react differently to these motives. In terms of the strategic motive, respondents still perceive that the motive is not totally selfish, because they accept that businesses need to create profit as long as they can contribute to society, and the corporate image will also be positively influenced (Chung et al. 2015).

Similar to the previous results, value and strategic motives facilitate positive evaluations of one's life. These positive affections are related to the perception of individuals' judgment about their life. If these individuals perceive the CSR motives of the company, they will feel more content with or positive about their own well-being (Diener and Ryan 2009). However, if individuals perceive that the motive is not genuine or is selfish, these individuals will feel that they are betrayed or manipulated, thus evoking negative reactions, anger, or unhappy feelings. These negative reactions will lower one's quality of life.

Surprisingly, in the context of this study, corporate image was found not to have a relationship with advocacy. This result is quite different from that of previous studies (e.g. Faria and Mendes 2013; Keller 2007). The result probably relates to the context of the pandemic during which there are pressures and greater priorities for firms to shift their CSR initiatives in order to directly respond to situations that could minimize the negative impact of the pandemic (e.g., fear, low security, deteriorating health). Thus, firms that can engage in any actions to help increase the perceived quality of life will gain more support, positive communication, and high advocacy.

Conclusion

The study provides an extension for studying CSR motives in the context of the pandemic, specifically with respect to CSR motives, corporate image, quality of life, and advocacy, which are perceptual in nature. The results indicate that, to gain support and advocacy, the companies need to conduct CSR initiatives with good intentions. A public serving motive is naturally positively perceived, but a company that has a strategic motive that usually focuses in serving the company could also bring a good impact as long as it is perceived genuinely.

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