

"Exploring the Impact of Retail Stores' Service Quality on Consumers' Purchase Intention: The Moderating Role of CSR".

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Abstract: This quantitative field survey study examines the relationship between Service quality, Corporate Social Responsibility (CSR) and customer purchase intentions in context of multinational quick service restaurant (QSR) chains in Pakistan. The objectives of this study were to investigate the impact of Service Quality on Purchase Intention with moderating role of CSR. Based on convenience sampling due to lacking sampling frame, data was collected from 276 walk-in respondents at three major well known multinational fast food stores in Faisalabad and Lahore in Pakistan. Results of this study showed firstly that Service quality has significant and direct impact on the purchase intention. Secondly, CSR moderates between Service Quality and Purchase intention in Quick Service Restaurant Industry in such a way to strengthen the relationship between them. This study can contribute a lot to the retail business community, through understanding the drivers of customer purchase intention and the role of CSR in impacting the purchase intention. The firm manifesting CSR role must clearly communicate and promote their activities to the community to get a positive response. Furthermore, these activities must not give a manipulative reflection or give an impression to increase the prices of product due to cost incurred by CSR activities. Lastly, this study is helpful for marketers and retailers to apprehend the service quality from customer's perspective. In future, there is need to understand that among set of CSR activities, what particular activities are most likely to affect purchase intentions of customers.

Key words: Service Quality · Corporate Social Responsibility · Purchase Intention · Quick Service Restaurant Industry · Pakistan

INTRODUCTION

Problem Statement: Although previous studies in different countries substantiate that there is positive relationship between Corporate Social Responsibility (CSR), service quality and purchase intention, but this relationship is yet to be validated in Pakistan, manifold. In summary, this study investigates the direct effects of service quality and moderating effect of Corporate Social Responsibility on purchase intention in Pakistani Quick Service Industry (QSR).

Research gap exists between corporate abilities for being social and customer perception in (Quick Service Restaurant) QSR industry. CSR is whatever organizations are doing for in fields of Education, volunteering or social welfare and giving away donations etc. This research

addresses moderating effect of Corporate Social Responsibility (CSR) between Service Quality and Purchase Intention in QSR industry.

Furthermore, previously the moderating role of corporate social responsibility between linkages of purchase intention and its antecedent's needs to be examined across various industries, observing various research subjects across different time points so that the genuine influences of CSR on purchase intention and its related linkages be transparently examined from a longitudinal aspect.

The remaining of the paper is organized as follows: Objectives, hypothesis, theoretical framework, research methodology; analysis, results and managerial implications of the findings and finally limitations and future studies.

Introduction: QSR industry is a multi-billion dollar global industry that consists of multiple and diverse players in a market such as McDonalds, KFC, Burger King and many others. Asians consider eating, especially at a restaurant, as more of a social, family-related, or entertaining practice, out of their hectic routines [1]. The key success factors related to this business are hybrid combination of offering remarkable customer service bundled with a great tasting product. Industry leaders use strategic methods and tactics like differentiation, separating their products from the competition, to cost-leadership, becoming the lowest cost producer, to a focused target, where a firm tailors the products to specific customers, to a combination off all three. Yet, standing out or even staying relevant in this industry is an extremely hard task. To make speedy service possible and to ensure accuracy and security, many fast food restaurants have incorporated hospitality point of sale systems. This makes it possible for kitchen team to view orders placed at the front counter or drive through in real time. Wireless systems allow orders placed at drive through speakers to be taken by cashiers and cooks. Drive through and walk through configurations allow orders to be taken at one register and paid at another. Modern point of sale systems operate on computer networks using a variety of software programs. Sales records can be generated and remote access to computer reports can be given to corporate offices, managers, troubleshooters and other authorized personnel. Companies must maintain their strong standardized organizational design in order to make a profit through high volume while realizing and accepting the fact that the QSR Industry is one of the fastest evolving industries in the world, where competition is fierce, profits are slim and competition is high, 'staying on top' is a daily struggle. QSR's take advantage of today's busier lifestyle, rising population and increase in disposable income [2]. The multinational fast food chains often have to adapt themselves according to consumer trends, economic conditions, demographics, traffic patterns and concerns about the nutritional content of its food in a specific country or region.

Although much has been deliberated vis-à-vis different dimensions of QSR industry in International scenario, especially in developed countries and BRIC (Brazil, Russia, India and China) but investigation in other developing and particularly Islamic countries is still unfolded. Furthermore, the impact of Service Quality and CSR on the purchase intention in QSR Industry is yet needed to be explored.

History of QSR in Pakistan: There are many international chains in operating in Pakistan, including Nandoes, KFC, McDonalds, Dunkin' Donuts, Subway, Pizza Hut, Hardees, Gloria Jean's etc. In addition to the international chains, in local cuisine people in Pakistan like to have Biryani, Bun kebabs, Nihari, Kebab rolls etc. as fast food. Particularly, in Pakistan, Muslims are conscious about Halal food, so the QSR industry multinationals have to adapt according to local products, certifications and processes in Muslim countries like Pakistan.

Pakistan is witnessing a major transformation in organized retailing like India and China, since year 2003. The increase in the number of retail businesses across the country is an indication that organized retailing is emerging as an industry and will boom in a big way in a recent future, provided stability sustains. Pakistani consumers spend a large share of their income on food, with a share of expenditures on food and beverages estimated at 42% (Rashid Y. Raja, 2011). Since this industry is still in its inception in Pakistan and yet lot has to be explored about it, therefore, we will investigate the extent to which the multinational fast food chains should focus on CSR activities.

In Pakistan the multinational QSR players manifest their involvement in CSR activities. For instance, KFC arranges Faryad program to create awareness regarding environmental friendliness among the stakeholders. Another great initiative by KFC is regarding collaboration with schools. McDonald's often proclaims itself as a company with a strong sense of corporate responsibility. Their vision, however, does not directly address this point. The first strategy includes the development of their people, especially those working within the restaurants. Also questioned is the level of nutrition McDonald's offers in their food, the adverse effect McDonald's restaurants have on the environment, the effect McDonald's advertising campaign has on influencing children, issues regarding expansion into non-Western cultures and their use of political and legal muscle in limiting free speech against their practices. McDonald's often proclaims itself as a company with a strong sense of corporate responsibility. Their vision, however, does not directly address this point. The first strategy includes the development of their people, especially those working within the restaurants. Also questioned is the level of nutrition McDonald's offers in their food, the adverse effect McDonald's restaurants have on the environment, the effect McDonald's advertising campaign has on influencing children, issues regarding expansion into non-

Western cultures and their use of political and legal muscle in limiting free speech against their practices. However in Pakistan, McDonalds` has initiated Green Park in Islamabad, Sheba Park for the residents of DHA Lahore, Support for Thalassemia Society Pakistan and many such activities as part of their CSR initiatives. Pizza Hut has been contributing by donating funds for flood affected as well as SOS orphanage village.

Objectives: The major objectives of the thesis were as follows:

- To investigate the relationship between service quality and purchase intention.
- To investigate the moderating relationship of Corporate Social Responsibility between service Quality and Purchase Intention.

Literature Review

Service Quality: [3] defined “service quality” as the degree and direction of discrepancy between a customer’s perceptions and expectations; whereas the gap between customer’s expectations and perceptions is customer satisfaction. According to [4] service quality in the delivery of service is as the conformance to consumer requirement. [3] summarized ten factors of service quality, based on which they later on constructed a five-factor model (SERVQUAL) to measure service competence in 1988. Since then this five factor model has been universally acknowledged as an effective instrument of assessing service quality for the food and beverage industry. Customers evaluate not only the quality of food but also service encountered during their dining experience (Liu & Jang, 2009); Kivela, Inbakaran and Reece (1999, 2000) showed that one reason for return patronage’s satisfaction with a certain restaurant is the good service quality. Thus, Guan (2007) pointed out that requesting and improving service quality can indeed enhance brand value and create a good reputation. Better quality of service leads to greater customer satisfaction (Su, 2004). (Rust and Oliver, 1994) designed a service quality model consisting of serving products, delivery and environment (Yong and Donna, 2004) constructed a four dimension model covering the project, interactive, result and environment quality. Service quality is a high-order construct consisting of three sub dimensions, interaction quality, service environment quality and Outcome quality [5]. Interaction quality is about that individual’s judgment who buys goods or services for

consumption purpose and not for resale intention about the excellence of staff at the time of interaction with them, whereas service environment quality directs towards buyer judgment about the whole surroundings and outcome quality refers to buyer judgment about the knowledge and know how in the stores.

The corporations that offer better quality services can get upper than ordinary market growth [6]. Study about the association between service quality and profit is not clear cut (Zahorik and Rust, 1992). This study adapts [5] three dimensions of service quality that were used as total customer perception and evaluation of three dimensions of the service encountered as the base of measuring service quality. These dimensions were (1) Store ambiance-the total or overall environment and atmosphere of store. (2) Interaction quality-interaction between staff and customers. (3) Outcome quality-actual customer service receives.

Corporate Social Responsibility: CSR can vary in definitions and refers to the moral obligations that maximize the positive influence of the firm on its social environment (e.g., environmental protection, social charities, etc.) and minimize the negative influence (Berens *et al.*, 2005; de los Salmones *et al.*, 2005). Turker (2009) defined four major aspects to CSR, environmental, internal employment, ethical and legal. Each aspect covers a range of sponsorship, donation, work/life balance and environmental questions. CSR refers to socially responsible acts performed by companies to benefit their stakeholders, shareholders and communities (Cetindamar and Husoy, 2007). Porter and Kramer (2002) described CSR as a form of corporate philanthropy, which can be combined with economic benefits to provide a form of competitive advantage. (Wood’s, 1991) definition included both, stakeholder relationships and CSR strategy in regards to the creation of social programmes and policies.

According to Frederick (1994), CSR became a new practice for many companies in 1970. Many companies were involved with CSR activities such as social welfare, education, volunteering and global CSR; consumers’ awareness remains low and the organizations still have unsatisfactory performance despite the dedication of large amount of resources to the cause (Lee *et al.*, 2008). Increasing corporate reputation and giving public positive impressions as good citizens are the main drivers of companies’ CSR activities. (Cetindamar and Husoy, 2007). Year 2000 was a turning point for CSR. It is no longer a

nice-to-have element of business strategy-it has evolved to must-have status (Catchpole, 2009). Organization is more likely to achieve a positive financial outcome, or no change, when participating in CSR activities (Prado-Lorenzo *et al.*, 2009). Consumers prefer to buy products from a brand with good social responsibility, even though they have to pay a premium price (Quelch and Jocz, 2009). Investment in social reputation and CSR initiatives should be combined with product lines that have good fit to appeal to a variety of stakeholders (Castaldo *et al.*, 2009). Many QSR companies have adopted CSR as part of their Strategy. For example, Starbucks Coffee Company has made CSR one of its six principles of business. Similarly, KFC Pakistan focuses on CSR through "Faryad" (an environmental friendly) activity held every year. Furthermore, employs young people with disabilities in the restaurants. The development of positive reputations and consumer attributions by an organization serves two purposes, to improve economic gains and address sincere social concerns (Ellen *et al.*, 2006). [7] and (Filho, 2009) summarized various definitions of CSR that were proposed by academics and organizations (Appendix II). Companies participating in CSR attract a quality work force that ultimately helps develop a competitive advantage. The purpose of CSR is to promote an image and enhance reputation, but trust helps maintain long term relationships with the consumer (Delgado-Ballester and Munuera-Aleman, 2001). Concepts of CSR ranges from a wide view of "actions that appear to do some social good, beyond the interests of the firm and what is required by law" (McWilliams and Siegel, 2001, p. 118). Market surveys (e.g. Dawkins, 2003) and scholarly research (e.g. Sen and Bhattacharya, 2001) suggest consumers increasingly anticipate business to go beyond delivering economic outcomes and also contribute to society's welfare and sustainability by being socially-responsible and will support them if they do so. CSR aids the building of brand equity, especially when there is a consistent commitment to CSR efforts in the long term by an organization. One example is the company Salesforce.com who donate 1% of company profits, 1% of employee time and 1% of equity to other charities (BBC News, 2006). Coke Chairman and CEO E. Neville Isdell stated, "The Coca-Cola Company must be both a great business and a great corporate citizen" (as cited in Price, 2007, p. 652). However, research shows that corporate philanthropy produced the most positive attitude among the types of CSR. (D. Chaisurivirat, 2009). Positive

relationship exists between CSR and Brand Trust (A.J. Barnes, 2011). In another study, positive relationships exists among attitude toward CSR, attitude toward brand and purchase intention, regardless of the type of CSR initiative (D. Chaisurivirat, 2009). Projecting good CSR practices presumably influences a corporation's image since corporate image is the result of interactions between organizational members and publics as well as a corporation's attempts to engage in impression management (Balmer, 2001; Hooghiemstra, 2000). In past studies of consumers' responses to firms' CSR initiatives, awareness has been either assumed to be present or created under experimental conditions (e.g. Mohr, Webb and Harris, 2001; Maignan & Ferrell, 2001). But Auger *et al.* (2003, p.299) observe that "most consumers do not understand the ethical dimensions of the products that they purchase."The limited amount of research on CSR and consumer behaviors to date has determined that CSR affects consumers both indirectly and directly, through company evaluations and purchase intentions, but the effects are unpredictable (Sen and Bhattacharya, 2001). Measurement of CSR can be done on the basis of multiple areas including legal, environment, employee and ethics (Turker, 2009). Examples of CSR practices include protecting the environment, building long-term customer relationships, competing fairly and telling the truth (Maignan and Ferrell, 2001; Sen and Bhattacharya, 2001). Another scale (Curra's-Pe' rez *et al.*, 2009) measures include items related to good activities the company supports, environmental concern and on how the company acts as socially responsible from customers' point of view. (Bilious, 2010) suggests that economic crisis can cause a firm's equity to decline and when this happens sustainable development can experience a downturn (Mason and Simmons, 2011). Framework of CSR drivers and constraints that stakeholders want organizations to act on (Appendix IV).

The CSR Drivers Are:

- Positive customer, employee, investor expectations.
- Recruitment and retention of talented human resources.
- Opportunity to access ethical investment.
- Creation of ethical capital.
- Realization of differentiation as a competitive advantage.
- Achieving legitimacy(i.e. a business cannot have good reputation without gaining legitimacy).

- Facilitates innovation & learning.
- Contributes to reputation & brand identity.

The constraints to CSR adoption, on the other hand, include the following:

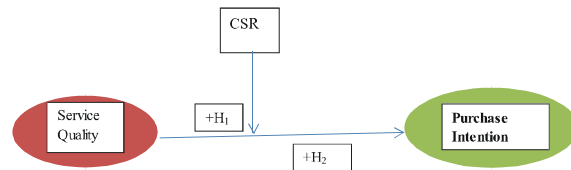
- Issues with defining and operationalizing CSR.
- The return on CSR fails to meet the minimum attractive rate.
- Perceived limited benefits for CSR followers.
- Limited availability of CSR investment funds.
- Distraction from core business.
- CSR is only for businesses pursuing a niche market.
- Not supportive of customer priorities.
- Short-term stock market focus.

Furthermore, (Mason and Simmons, 2011) presented the stage models of CSR. They claimed that stage models “view the integration of CSR as an evolutionary process whereby organizational capabilities are progressively applied to societal issues as individual employees and organization functions internalize CSR values”. This means that the formation and internalization of shared commitments by the owners, managers and employees of a business to the human/social, environmental and economic dimensions of CSR are characterized by individual and group development processes. A 2011, SIDA report stated that very few businesses in Asia are developing and implementing sustainability-like climate change adaptation strategies. Consumers’ lack of awareness about CSR initiatives is a major limiting factor in their ability to respond to these initiatives. Companies therefore need to work on increasing awareness levels. However, it is important to remember that any communication surrounding CSR is a slippery slope-while consumers like to hear the facts, attempts to “sell” CSR may actually backfire. Thus, in devising effective communication strategies, marketers need to make both source and message decisions that minimize unfavorable attributions. If a substantial proportion of a company’s potential customers believe that CSR initiatives are typically realized at the expense of investments in the company’s core business, then CSR efforts may actually hurt. Thus, companies may benefit from informing customers that its CSR actions do not detract from its ability to produce quality products.

Purchase Intention: Purchase intention is an important concept in marketing. When company’s ethical behavior exceeds the customer expectation, it will positively

correlate with purchase intention (Creyer and Ross 1997). Consumer attitude also effect on purchase intention. Purchase intention is affected by market conditions and favorable approaches based on consumer’s financial position. (Smith, 1965) defines an interesting discussion on use of purchase intention in the evaluation of effectiveness of automobile advertising. Purchase intention is used as input for model of new product by (Silk and Urban, 1978). (Bass, Bessemer & Lehmann, 1972) used purchase intentions in their well-known soft drink study. (Knight and Kim, 2007) used two item measure for purchase intention. Consumers increase the frequency of purchase of those products on which they trust. (Pirsch *et al.*, 2006), Consumers are increasingly factoring companies’ business practices and exercise their perception into their purchasing decisions (Sen and Bhattacharya, 2001). Trust of consumers is defined as a belief that the product or service provider can be relied on to behave in such a manner that the long-term interests of the consumers be served (Crosby *et al.*, 1990). Previous literature recognizes trust as a prerequisite for building customer relationship and consequently facilitating purchase intention (Bhattacharya and Sen, 2003; Vlachos *et al.*, 2009). More specifically, purchasing intention necessitates consumer trust (McCole and Palmer, 2001), because the present of trust increases consumers’ belief that the retailers will not engage in opportunistic behavior (Gefen, 2000). Comparisons can be made with CSR in other companies in a particular industry, region, country or worldwide. CSR assessment can be carried out by industry bodies, government, international agencies or environmental activists – and unsurprisingly these evaluations produce conflicting results (Fray, 2007).

Framework of Study:



Independent Variable: Service Quality
 Moderating Variable: Corporate Social Responsibility (CSR)
 Dependent Variable: Purchase Intention

Hypothesis Development

Service Quality and Purchase Intention: There is a connection between service quality and behavioral intention (Brady *et al.*, 2002). Better service leads to a

positive behavioral intention and increases the purchase intention of the consumers and the frequency of going to the store (Carrillat *et al.*, 2009; Cronin and Taylor, 1992; Fornell, 1992; Szymanski and Henard, 2001; Zeithaml *et al.*, 1996). This indicates that when a store provides good service quality, consumer satisfaction with the store increases and the purchase intention of the products in the store also increases.

Objective: To investigate the relationship between service quality and purchase intention.

H₁: There exists a relationship between Service Quality and Purchase Intention.

CSR as Moderator Between Service Quality and Purchase Intention: Customer's willingness to purchase the company's products increases by CSR programs (Brown and Dacin, 1997; Sen and Bhattacharya, 2001). CSR perceived by customers is critical during the communication between the customers and their product or service providers (Becker-Olsen *et al.*, 2006; Berens *et al.*, 2007; Sen and Bhattacharya, 2001). Previous research linking CA and CSR to purchase intention has rarely examined their potential mediators (Mohr *et al.*, 2001; Ross *et al.*, 1991, 1992). Some studies suggest a positive relationship between CSR communications and consumers' positive attitudes toward a corporation and its products or services [8], Creyer and Ross, 1997; Pam *et al.*, 2000), other studies suggest the impact of CSR communications can vary depending on conditions (Dean, 2002; Sen and Bhattacharya, 2001; Wang, 2007). The associations with a company's CA and its CSR dominate product or service evaluations (Berens *et al.*, 2005, 2007), ultimately affecting purchase intention and its mediators (Marin and Ruiz, 2007; Vlachos *et al.*, 2009). It is too arbitrary and assertive to conclude that companies can successfully obtain customers due to CA or CSR without understanding their key mediators that actually drive their purchase intention. There is growing research evidence about the link or connection between CSR initiatives and customers' perception on a company's reputation and their attitude towards corporate societal behavior (Louie, 2013). Consumers prefer to buy products from a brand with good social responsibility, even though they have to pay a premium price (Quelch and Jocz, 2009). Importantly, socially and politically active consumers are even more likely to have a positive image (94%) of firms practicing cause marketing and to change brands (79%) or retailers (77%) to support these companies. According

to another research paper, a number of consumers desire a greater knowledge of the social responsibility records of companies. Indirect evidence of consumer interest is also provided by the fact that 2.16 trillion U. s. dollars are now estimated to be invested in socially responsible funds, an increase of 82 percent between 1997 and 1999 (Scherreik, 2000).

More specifically, previous literature finds that CSR dominates product or service evaluations (Berens *et al.*, 2005, 2007), ultimately affecting purchase intention and its mediators (Marin and Ruiz, 2007; Vlachos *et al.*, 2009). A survey in a previous study revealed that approximately 80% of consumers had greater trust and affective identification on companies that supported CSR and 86% would switch their purchase to a CSR-related product when faced with a choice of equal product price and quality [9]. CSR as a moderator can change and reduce customers' weight on negative publicity that otherwise hurts trust and affective identification (Klein and Dawar, 2004). Consumers' support of the CSR issues emerged as one of the key moderators of their reactions to a company's CSR efforts; the more supportive consumers were of the CSR issues, the more positive the outcomes. Similarly, consumers appear to vary in the extent to which they support companies' engagement in CSR activities, particularly if they believe that such activities detract from the company's ability to produce high-quality products and services. Results of our experiments show that such beliefs are likely to be stronger when a company makes a "mediocre" product yet has an "excellent" CSR record. Overall, consumers with more favorable views on CSR in general are, not surprisingly, more likely to demonstrate positive internal outcomes. Furthermore, samples across various industries and observing research subjects across various times point so that influences of CSR on purchase intention and its mediators can be transparently examined from a longitudinal aspect (Cheih *et al.*, 2011). According to (Bhattacharya and Ben, 2004), CSR awareness is stumbling block for many business organizations, which can only get benefits from CSR once consumer awareness is increased. Secondly, since the corporate social responsibility activities are criticized for bearing costs that cannot be performed free of cost, therefore indirectly are to be paid up by the consumers. That is why; consumers and respondents feel Corporate Social responsibility (CSR) to be a set of manipulative activities that increase the cost of the products they purchase (Creyer and Ross, 1997). Lastly, the importance and awareness of CSR activities vary in developing countries in comparison to that of developed countries. As in the case of the

relationship between the CSR inputs and the internal outcomes, the extent to which the internal outcomes pertaining to the company, consumer and issue/cause translate to favorable external outcomes will depend on a set of consumer-, company- and competition-specific moderators.

Specifically, key multipliers of the internal-external outcomes relationship will be several characteristics of the company's target segment(s), such as their disposable income and their access to not only the company's products, but also the nonprofit or cause that is part of the company's CSR efforts (Sen and Bhattacharya, 2001). For instance, consumers who have positive attitudes towards the company may still not buy its products if they consider them unaffordable, perhaps as a result of its CSR efforts. Similarly, consumers can have positive attitudes towards the nonprofit supported by a company but may not be in possession of the resources to lend their individual support (time and/or money) to that organization. In our study, consumers' support of the CSR issues emerged as one of the key moderators of their reactions to a company's CSR efforts; the more supportive consumers were of the CSR issues, the more positive the outcomes (Sen and Bhattacharya, 2001). Similarly, consumers appear to vary in the extent to which they support companies' engagement in CSR activities, particularly if they believe that such activities detract from the company's ability to produce high-quality products and services. Results of our experiments show that such beliefs are likely to be stronger when a company makes a "mediocre" product yet has an "excellent" CSR record. Overall, consumers with more favorable views on CSR in general are, not surprisingly, more likely to demonstrate positive internal outcomes. CSR as a moderator is yet to be investigated in retail industry (QSR Industry) between service quality and purchase intention, particularly in Pakistan.

Objective: To investigate the moderating effect of Corporate Social Responsibility (CSR) between Service Quality and Purchase Intention.

H₂: Corporate Social Responsibility moderates between Service Quality and Purchase Intention.

Mehodology/Design

Population: We considered consumers of three representative companies from QSR industry by delimiting the population from two major cities of Punjab; Lahore and Faisalabad.

Research Approach and Sampling Procedure: Mall intercept survey was conducted at three convenient and well-known multinational QSR firms involved in CSR across multiple age groupings in Lahore and Faisalabad. Based on convenience sampling technique, 100 responses from each of the three firms i.e. KFC, McDonald's and Pizza Hut were collected making in total 300 responses. However, out of three hundred responses, 276 questionnaires were utilizable for our data analysis.

Mechanics: This survey took three weeks from 3 outlets in two different cities of Punjab, Pakistan for a total of 300 responses. Consideration was given to timings, days, multi-ages of both the genders as well as respondents from different occupation to get as much as of unbiased results.

Research Instrument: A questionnaire, comprising of 14 items adapted from previous studies were considered as a research tool for data collection (Appendix 1).

Measures and Measurement: The following section summarizes the measurement scales, which were considered valid and reliable and have been adapted from previous studies.

Service Quality: Service quality is a high-order construct consisting of three sub-dimensions, interaction quality, service environment quality and outcome quality (Brady and Cronin, 2001). Interaction quality refers to consumers' evaluation of the quality when interacting with the staffs; service environment quality refers to consumers' judgment about the overall environment of the store, whereas outcome quality refers to consumers' evaluation of the purchase experience in the store.

Corporate Social Responsibility: Is measured using 5 point Likert scale adapted from Perceived corporate social responsibility by Curra's-Pe'rez *et al.*, 2009 consisting of six items. The first item is to inquire the good activities the company supports, whereas the second and third items are dedicated to environmental concern. Fourth, Fifth and sixth items are focused on how the company acts as socially responsible firm from customers point of view.

Purchase Intention: This study adapts the 2-item scale established by [10] to measure the purchase intention of the product. All items used for measuring constructs of sub-dimensions were measured on a 5-point Likert scale anchored by "1 = Strongly Disagree" and "5 = Strongly Agree".

RESULTS AND DISCUSSION

Results were computed with Service Quality as Independent variable, CSR as a moderating variable and Purchase Intention as dependent variable. SPSS version 20 was used to compute the analysis of data and also descriptive statistics were considered for the sample and variables.

Descriptive Statistics: The mean and standard deviation of each variable are shown in the Table 6.1 a as below.

Out of 300 questionnaires total number of responses was 276 comprising of 94 females (34%) and 182 males (65.94%) respectively. The ages were divided among six slabs as shown in. Highest responses were received from age bracket below 25 years (39.4 %) and least response was received from 51 years (0.4 %) and above. The occupations were categorized in six slabs, among the list of occupations; students were the most active respondents (58.9 %), followed by Private Service (13.8 %), Self-employed (13.1%), entrepreneurs (10.8 %) and house wives (7.6 %) respectively. The respondents varied in their responses regarding visits to their opted restaurant as Daily Visitors 1.4 %, Twice a week 5.7 %, Weekly 19.1 %, Fortnightly 4.6 %, Monthly 48.6 %, Quarterly 14.2 % and others 4.3 %. Highest percentage of the respondents visited monthly whereas lowest percentage of respondents visited daily.

Reliability Analysis: After tabulating the data from the filled questionnaires, into the SPSS version 20, the missing values were replaced with series mean. As a rule of thumb, we require a Cronbach's alpha (reliability) of 0.70 or higher (obtained on a substantial sample) before they use any instrument (Nunally, J.C., 1978) further. On computation of our variables, α Cronbach value of Service Quality, Corporate Social Responsibility (CSR) and Purchase Intention were found to be 0.723, 0.721 and 0.760 respectively as shown in Table 6.1.a. Thus the selected scales fulfill the requirement of reliability test.

Correlations: The correlation coefficient is used to indicate the relationship of two random variables. It provides a measure of the strength and direction of the correlation varying from -1 to +1. Positive values indicate that the two variables are positively correlated, meaning the two variables vary in the same direction. Negative values indicate that the two variables are negatively correlated, meaning the two variables vary in the contrary direction. Values close to +1 or -1 reveal the two variables are highly related. Correlations accepted values are

.14 significant at $p < .05$ and higher are .17 significant at $p < .01$ (Raja *et al.*, 2004). There are several correlation coefficients, often denoted ρ or r , measuring the degree of correlation. The most common of these is the *Pearson correlation coefficient*, which is sensitive only to a linear relationship between two variables (which may exist even if one is a nonlinear function of the other). This correlation table also shows that there exists a positive relationship between service quality and Purchase intentions as well as CSR and Purchase Intention. The values are shown in the tables and figure below (Table 5.2.f). The three variables were positively correlated and had statistically significant relationship.

Results of Moderator Regression Analysis: CSR: Upon running regression and testing moderation, we applied hierarchical regression including service quality as independent variable and Purchase Intention as dependent variable. Firstly, we standardized all variables to make interpretations easier afterwards and to avoid multicollinearity. The ANOVA results of models were significant and the results below in Table 6.5.a show that the amount of variance accounted for in Model 2 (with interaction term) is significantly more than the Model 1 respectively (without interaction). Is the model 1 (without interaction) significant? Yes, $F(1, 274) = 179.115, p < .001$. Is model 2 (with the interaction term) significant? Yes, $F(2, 273) = 99.849, p < .001$.

Collinearity Diagnostics: The collinearity diagnostics confirms whether there are problems with multicollinearity or not. In practice, if one independent variable has a high squared multiple correlation (r-squared) with the other independent variables, it is extremely unlikely that the independent variable in question contributes significantly to the prediction equation. Among the Collinearity statistics, Variance Inflation Factor (VIF) measures how much multicollinearity has increased the variance of the slope estimate. VIF and tolerances are both widely used measures of the degree of multi-collinearity of the i^{th} independent variable with the other independent variables in a regression model. VIF's greater than 10 are a sign of multicollinearity. A tolerance of less than 0.20 or 0.10 and/or a VIF of 5 or 10 and above indicates a multicollinearity problem (but see O'Brien 2007). Unfortunately, several rules of thumb – most commonly the rule of 10 – associated with VIF are regarded by many practitioners as a sign of severe or serious multicollinearity [11-34]. When VIF reaches these threshold values researchers often attempt to reduce the collinearity by eliminating one or more variables from their analysis;

Table 6.1 a: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Mean_SQ	276	1.50	5.00	3.9016	.57968
Mean_CSR	276	1.83	5.00	3.7295	.57864
Mean_PI	276	1.00	5.00	3.9441	.78485
Valid N (listwise)	276				

Table 6.2.a: Means, Standard Deviations and Reliabilities

Variables	Mean	Std. Deviation	Reliability α
SQ	3.901	.5798	0.723
CSR	3.729	.5786	0.721
PI	3.944	.7848	0.760

N=276

Table 6.3.a: Correlation Matrix

		Service Quality	CSR	Purchase Intention
Service Quality	Pearson Correlation	1	.511**	.629**
	Sig. (2-tailed)	.000		
CSR	Pearson Correlation		1	.463**
	Sig. (2-tailed)	.000		
Purchase Intention	Pearson Correlation			1
	Sig. (2-tailed)	.000		

Table 1: **.Correlation is significant at the 0.01 level (2-tailed).

N=276, *P< 0.05, ** P <0.01

Table 6.5.a: ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	66.962	1	66.962	179.115	.000 ^b
	Residual	102.434	274	.374		
	Total	169.396	275			
2	Regression	71.564	2	35.782	99.849	.000 ^c
	Residual	97.832	273	.358		
	Total	169.396	275			

a. Dependent Variable: Mean_PI

b. Predictors: (Constant), Mean_SQ

c. Predictors: (Constant), Mean_SQ, Mean_CSR

Table 6.5.b: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.623	.251		2.483	.014		
	Mean_SQ	.851	.064	.629	13.383	.000	1.000	1.000
2	(Constant)	.171	.276		.618	.537		
	Mean_SQ	.719	.072	.531	9.917	.000	.739	1.354
	Mean_CSR	.260	.073	.192	3.584	.000	.739	1.354

a. Dependent Variable: Mean_PI

The above coefficients show that independent variables are significantly

Table 6.5.c: Excluded Variables^a

Model	Beta In	T	Sig.	Partial Correlation	Collinearity Statistics			
					Tolerance	VIF	Minimum Tolerance	
1	Mean-CSR	.192 ^b	3.584	.000	.212	.739	1.354	.739

a. Dependent Variable: Mean_PI

b. Predictors in the Model: (Constant), Mean_SQ

Table 6.5.d: Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions		
				(Constant)	Mean_SQ	Mean_CSR
1	1	1.989	1.000	.01	.01	
	2	.011	13.559	.99	.99	
2	1	2.978	1.000	.00	.00	.00
	2	.012	15.892	.65	.01	.80
	3	.011	16.754	.35	.99	.19

a. Dependent Variable: Mean_PI

Table 6.5.e: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.623	.251		2.483	.014
	Mean_SQ	.851	.064	.629	13.383	.000
2	(Constant)	.171	.276		.618	.537
	Mean_SQ	.719	.072	.531	9.917	.000
	Mean_CSR	.260	.073	.192	3.584	.000
3	(Constant)	-3.371	1.150		-2.931	.004
	Mean_SQ	1.642	.300	1.213	5.473	.000
	Mean_CSR	1.277	.329	.942	3.884	.000
	INTERACTION	-.262	.083	-1.254	-3.169	.002

a. Dependent Variable: Mean_PI

Table 6.5 f: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.629 ^a	.395	.393	.61143	.395	179.115	1	274	.000
2	.650 ^b	.422	.418	.59863	.027	12.842	1	273	.000
3	.666 ^c	.443	.437	.58896	.021	10.042	1	272	.002

a. Predictors: (Constant), Mean_SQ

b. Predictors: (Constant), Mean_SQ, Mean_CSR

c. Predictors: (Constant), Mean_SQ, Mean_CSR, INTERACTION

using Ridge Regression to analyze their data; or combining two or more independent variables into a single index. These techniques for curing problems associated with multi-collinearity can create problems more serious than those they solve. Because of this, we examine these rules of thumb and find that threshold values of the VIF (and tolerance= 1/VIF) need to be evaluated in the context of several other factors that influence the variance of regression coefficients. Values of the VIF of 10, 20, 40, or even higher do not, by themselves, discount the results of regression analyses, call for the elimination of one or more independent variables from the analysis, suggest the use of ridge regression, or require combining of independent variable into a single index. The VIF values in Collinearity statistics indicate to be below the collinearity threshold i.e. 10, thus terminating any chance of multicollinearity. Furthermore, a tolerance of less than 0.20 or 0.10 indicates

a multicollinearity problem (O'Brien 2007). Here in the table below the tolerance is above 0.20 which mitigates the problem of multicollinearity.

Furthermore, eigenvalues closer to 0, indicate that the predictors are highly intercorrelated and that small changes in the data values may lead to large changes in the estimates of the coefficients is the undesirable situation when one independent variable is a linear function of other independent variables. The coefficients below indicate that the predictors Service Quality (SQ) and Corporate Social Responsibility (CSR) significantly contribute to the equation. Since the values in the models are not very close to zero (such as 0.0001) therefore chances of multicollinearity are mitigated here too.

Regression Analysis: The unstandardized beta coefficients from the regression analysis indicate that the unstandardized regression coefficient value of service

quality (0.851) is greater than that of corporate social responsibility(CSR) (0.260), therefore service quality is relatively more important variable than CSR.

R-Square and R-Square (Change): The R-square is most often seen as a number between 0 and 1.0. Furthermore, it is used to describe how well a regression line fits a set of data. An R² near 1.0 indicates that a regression line fits the data well, while an R² closer to 0 indicates that the regression line does not fit the data very well. It is the proportion of variability in a data set that is accounted for by the statistical model. The R² value below shows that among many other variables, Service Quality and CSR affect the variation in purchase intention up to 42.2 percent, keeping all other variables constant. As significant value is less than 5%, so both the variables (service quality and CSR) have high impact on variation in dependent variable (Purchase intention).As shown in Table 5.4.c the change in R² 39.5 % shows that among many other variables service quality quite some affect on purchase intention. The R-Square shows that the CSR as a moderating variable affects around 2.1 % between service quality and Purchase Intention.

RESULTS AND CONCLUSION

Main Effects Hypotheses

Hypothesis 1: There is a positive relationship between Service Quality and Purchase Intention.

The Correlation between Service Quality (SQ) and Purchase Intention (PI) is 0.629 and significant. Service Quality has positive relationship with Purchase Intention with unstandardized regression co-efficient value as .851 (B= .851) with p<0.05. That means that the improved Service Quality including interaction quality, service environment quality interaction quality and outcome quality will definitely affect the Purchase willingness of the consumers. Interaction quality between the staff and the consumers can be increased by hiring extrovert and sociable human resource and training employees for empathy. The service environment quality can be improved by well-planned layout, training of employees and letting consumers to access the maximum updated product information. Excellent outcome quality can be offered by reducing customer wait time and offering low cost with more value. Similarly, marketing managers can improve the store image by increasing variety of products, better in-store ambiance and offering the products in the price worthy of value. The hypothesis for the relationship between Service Quality and Purchase

Table 7.3.a: Results of Moderator Regression Analysis: CSR

Predictors	β	R ²	ΔR^2
Moderator Analysis			
Service Quality		.404	
Step 2			
CSR	.260		
Service Quality	.719	.431	.027
Step 3			
Service Quality × CSR	-.226	.452	.021

N=276; Control Variables are Age, Gender and Education.

CSR: Corporate Social Responsibility

p<0.05 *p<.01 **p<.001***

Intention is accepted.R² shows that among the other variables, service quality affects the purchase intention unto 39.5 %. Enough evidence is found to support our hypothesis H₁ to be true.

Moderating Effect Hypothesis

Hypothesis 2: CSR moderates between Service Quality (SQ) and Purchase Intention (PI).

On hierarchically regressing CSR as moderator, the value of unstandardized regression co-efficient beta 0.260 of CSR is significant with p>0.05. Furthermore, R²(change) 2.7 % shows that the moderation exists between service quality and purchase intention. A moderation effect could be (a) Enhancing, where increasing the moderator would increase the effect of the predictor (IV) on the outcome (DV); (b) Buffering, where increasing the moderator would decrease the effect of the predictor on the outcome; or (c) Antagonistic, where increasing the moderator would reverse the effect of the predictor on the outcome (Aiken, L. S. and West, S. G., 1991). Here increasing magnitude of moderating predictor strengthens the effect of the predictor on the outcome, thus moderating positively. Therefore, the unstandardized beta coefficient value 0.260 elucidates that the presence of CSR activities as a moderator enhances the impact on relationship between service quality and purchase intention.

Thus all the hypotheses are proved to be true as assumed earlier.

Moderation Table

Moderation Graph: Examination of the interaction showed unstandardized beta coefficient value of -0.262. Interaction term cannot conclude anything until moderation graph is considered (Cohen and Wills, 1985). On computing all the variables in the moderation graph, the relationship is graphically shown in the moderation chart below Fig. 1.2. The chart indicates that moderation exists between service quality and purchase intention.

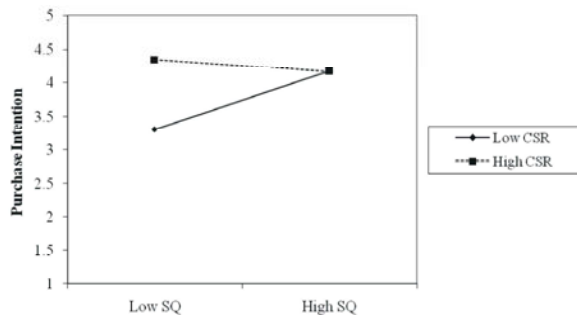


Fig. 1.9:

CONCLUSION

There is a significant and positive relationship between Service Quality and Purchase Intention, proving H_1 to be correct. In a previous research conducted in Brazil, it was found that Service quality has a direct and positive impact on products image and certainly on purchase intention (C.S.Wu, G.Y.Yeh and Chieh-Ru. H, 2011). Additionally, among the other factors affecting the purchase intention, service quality has vital impact. That means that the improved Service Quality including interaction quality, service environment quality interaction quality and outcome quality will definitely affect the Purchase willingness of the consumers. Interaction quality between the staff and the consumers can be increased by hiring extrovert and sociable human resource and training employees for empathy. The service environment quality can be improved by well-planned layout, training of employees and letting consumers to access the maximum updated product information. Excellent outcome quality can be offered by reducing customer wait time and offering low cost with more value. Similarly, marketing managers can improve the store image by increasing variety of products, better in-store ambiance and offering the products in the price worthy of value. Corporate social responsibility (CSR) enhances the relationship between Service Quality (SQ) and Purchase Intention (PI), proving H_2 to be true., the unstandardized beta coefficient value 0.260 elucidates that the presence of CSR activities as a moderator enhances the impact on relationship between service quality and purchase intention. A survey in a previous study revealed that approximately 80% of consumers had greater trust and affective identification on companies that supported CSR and 86% would switch their purchase to a CSR-related product when faced with a choice of equal product price and quality (Gupta and Pirsch, 2006). CSR as a moderator can change and reduce customers' weight on negative publicity that otherwise hurts trust and affective

identification (Klein and Dawar, 2004). Furthermore, samples across various industries and observing research subjects across various times point so that influences of CSR on purchase intention and its mediators can be transparently examined from a longitudinal aspect (Cheih *et al.*, 2011). In a previous study, consumers' support of the CSR issues emerged as one of the key moderators of their reactions to a company's CSR efforts; the more supportive consumers were of the CSR issues, the more positive the outcomes. Similarly, consumers appear to vary in the extent to which they support companies' engagement in CSR activities, particularly if they believe that such activities detract from the company's ability to produce high-quality products and services.

This study indicates that perceived CSR as a moderator strengthens the relationship between service quality and purchase intention provided the consumers are well aware of the cause related activities practiced by the organization.

Utilization of Research Results: Retail (QSR Company) owners and managers can use the results of this study as learning for their strategy for stores. For instance, interaction quality between the staff and the consumers can be increased by hiring extrovert and sociable human resource and training employees for empathy. The service environment quality can be improved by well-planned layout, training of employees and letting consumers to access the maximum updated product information. Excellent outcome quality can be offered by reducing customer wait time and offering low cost with more value. Similarly, marketing managers can improve the store image by increasing variety of products, better in-store ambiance and offering the products in the price worthy of value.

A little is known about the consumers' attitude towards CSR programs, especially in case of developing countries. The research will help understand this missing link. Further, it will be useful for academicians and corporate managers; wherein they will be able to use the finding to understand consumer behavior towards companies involved in CSR activities. The role of CSR in today's business world goes without saying, provided the organizations communicate the performed CSR activities to its stakeholders clearly.

Limitations and Future Research: This study has some limitations. Firstly, although the chains selected from the two cities represent our population of study but it is imperative to conduct extensive research in additional

cities in order to get better generalisability of results. Secondly, the awareness of CSR activities among the respondents was found low. They could comment on the CSR activities of a particular fast food chain, only after they were hypothetically given an idea of what CSR activities generally are. Thirdly, as this research was conducted in individual capacity without any sponsorship, therefore the resources were scarce. This was one of the major reasons of delimitating our research to two cities only.

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Appendix I

Perceived corporate social responsibility (CSR) (Curra's-Pe'rez <i>et al.</i> , 2009)						
1.	CSR1. [Name of the company] supports good causes.	1	2	3	4	5
2.	CSR2. [Name of the company] behaves responsibly regarding the environment.	1	2	3	4	5
3.	CSR3. [Name of the company] is aware of environmental issues.	1	2	3	4	5
4.	CSR4. [Name of the company] fulfills its social responsibilities.	1	2	3	4	5
5.	CSR5. [Name of the company] gives back to society.	1	2	3	4	5
6.	CSR6. [Name of the company] acts in a socially responsible way.	1	2	3	4	5
Service quality (Brady and Cronin, 2001)						
<i>Interaction quality</i>						
7	Overall, I'd say the quality of my interaction with this store's employee is excellent.	1	2	3	4	5
8	I would say that the quality of my interaction with this store's employee is high.	1	2	3	4	5
<i>Service environment quality</i>						
9	I would say that store's physical environment is one of the best in its industry.	1	2	3	4	5
10	I would rate this store's physical environment highly.	1	2	3	4	5
<i>Outcome quality</i>						
11	I always have an excellent experience when I visit this store.	1	2	3	4	5
12	I feel good about what this store provide to its customers.	1	2	3	4	5
Purchase intention (Knight and Kim, 2007)						
13	I intend to buy products from this store frequently.	1	2	3	4	5
14	I plan to buy products from this store more often.	1	2	3	4	5

Appendix II: A Summary of the Various CSR Definitions

Author	Definition
WBCSD ¹ (1999)	CSR is the ethical behavior of a company towards society; anagement acting responsibly in its relationship with other stakeholders who have a legitimate interest in the business and it is the commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large
Conference Board of Canada (1999)	CSR is the overall relationship of the corporation with all its stakeholders ... Elements of CSR include investment in community outreach, employee relations, creation and maintenance of employment, environmental responsibility, human rights and financial performance
Carroll (1999)	CSR is the obligation of businessmen to pursue policies, to make those decisions, or to follow those lines of action which are desirable in terms of objectives and values of our society
Bloom and Gundlach (2001)	CSR is the obligations of the firm to its stakeholders – people and groups who can affect or who are affected by corporate policies and practices. These obligations go beyond legal requirements and the company’s duties to its shareholders. The fulfilment of these obligations is intended to minimise any harm and maximise the long run beneficial impact of the firm on society
McWilliams and Siegel (2001) and Jackson (2003)	CSR are actions that appear to further some social good, beyond the interests of the firm and those that are required by law. CSR is the overall relationship of the corporation with all its stakeholders ... Elements of corporate social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental responsibility, human rights and financial performance
Crowther and Rayman-Bacchus (2004)	CSR is concerned with what is – or should be – the relationship between the global corporation, governments of countries and individual citizens
European Union (2004)	CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis
Kotler and Lee (2005)	CSR is a commitment to improve community well-being through discretionary business practices and contributions of corporate resources
Department for Business, Innovation and Skills (U.K.)	CSR is how companies address the social, environmental and economic impacts of their operations and so help to meet our sustainable development goals

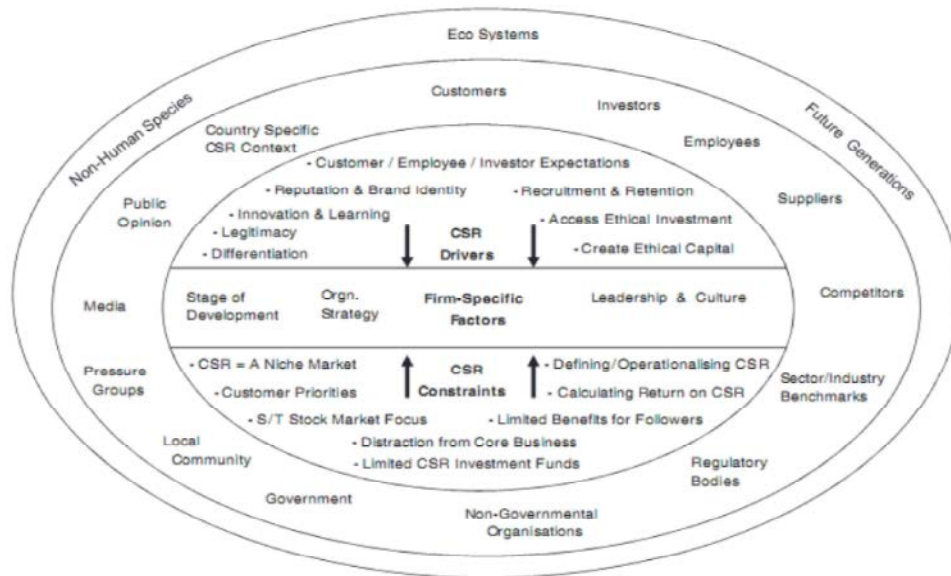
Source: Idowu, S.O. 2012. “Corporate Social Responsibility: A Capitalist Ideology?”, International Journal of Social Entrepreneurship and Innovation, 1(3), 239-254.

Appendix III: Elements of Corporate Social Responsibility

Category	Elements
Internal Aspects	Written policies on non-discrimination in the workplace Equal opportunities statements and implementation plans Statement on normal working hours, maximum overtime and fair wage structures Staff development, in-house education and vocational training The right of freedom of association, collective bargaining and complaints procedures The protection of human rights within the company’s own operations
External Aspects	Policy on labor standards adopted by suppliers in developing countries Policy on restrictions on the use of child labor by suppliers Commitment to the protection of human rights in the company’s sphere of influence Inspection of suppliers’ facilities for health, safety and environmental aspects Commitment to local community protection and engagement Policy on responding to stakeholders including procedures for the resolution of complaints Policies on fair trade, equitable trade and end-price auditing Policies on the protection of indigenous populations and their rights Code of ethics (including bribery and corruption)
Accountability	Commitment to reporting on corporate social responsibility and/or sustainable development Policies and procedures for engaging a wide range of stakeholders in two way dialogue
Citizenship	Direct support for third party social and sustainable development related initiatives Educational programs for the promotion of corporate citizenship External campaign programs for raising social and sustainable development issues

Source: Welford, Richard (2004). “Corporate Social Responsibility in Europe and Asia – Critical Elements and Best Practice,” Journal of Corporate Citizenship, 13: 31-47.

Appendix IV: An Illustration of CSR Drivers and Constraints



Source: Mason, C. and J. Simmons. 2011. "Forward Looking or Looking Unaffordable? Utilising Academic Perspectives on Corporate Social Responsibility to Assess the Factors Influencing Its Adoption by Business," Business Ethics: A European Review, 20(2), 159-176.