The Relationship Between Corporate Social Responsibility and Customer Purchase Intention: Empirical Evidence from Vietnam

Thang Quang TRAN¹, Ninh Truong Thi THUY², Dung Viet PHAM³

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Abstract

Corporate social responsibility is becoming increasingly important to organizations, and it has received a lot of attention from the general public and marketing academics. This study aimed to look at the many aspects of corporate social responsibility and see how brand reputation and brand love play a role in the relationship between corporate social responsibility and customer purchase intent. To reach the end, this research applied the theory of social exchange and corporate social responsibility to explain the relationship between the variables. The Partial Least Squares was applied to analyze data collected from survey questionnaires in the Hanoi market (Vietnam) to test the proposed hypothesis. The study resulted in 239 valid survey questionnaires which can be used to test hypotheses by applying SmarPLS software. The results indicated that there are three key elements of corporate social responsibility from customers’ perspectives: responsibility to customers, responsibility to the environment, and responsibility to the community. Interestingly, brand reputation and brand love contribute as mediating roles in the correlation between corporate social responsibility and customer purchase intention. Finally, the authors discussed the findings and the implications of this research in both theoretical and practical aspects, as well as the limitations that future research can focus on.

Keywords: CSR, Brand Reputation, Brand Love, Purchase Intention, Brand Management, Emerging Country

JEL Classification Code: M31, L67, L81

1. Introduction

Due to its importance to customers, staff, and the whole society, corporate social responsibility has been receiving substantial attention from researchers and business managers recently. Good implementation of corporate social responsibility helps firms effectively strengthen their image and reputation and then enhance their competitive advantages. Therefore, it is essential to have deep knowledge of corporate social responsibility and its components, especially in an increasingly competitive business environment. Up to now, scholars of economics have different opinions on the definition of corporate social responsibility as well as approaches to determine its elements. A variety of studies have been carried out to pinpoint components of corporate social responsibility and investigate its role in the relationship with customer purchase intention, customer satisfaction, and loyalty as well as employee satisfaction and loyalty. In recent years, there have been many research projects attempting to determine components of corporate social responsibility and factors that may exert influence on it.

Previous researchers found that organizations’ awareness of corporate social responsibility was a positive correlation with customer purchase intention, loyalty, and satisfaction. They also emphasized the fundamental necessity of an appropriate perception of corporate social responsibility in enhancing an organization’s competitiveness and sustainable development. One of the key drivers of a company’s success is customer understanding and speeding up their purchasing decision. Corporate social responsibility is
one of the factors that not only increase purchase intention but strengthen customer satisfaction and loyalty as well. These studies also stressed that scholars or business administrators must conduct further investigation on this relationship by studying mediating or regulating factors to gain a better understanding of it (Lee & Lee, 2015; Tanggisalu et al., 2020).

Many Vietnamese and foreign researchers have conducted studies to investigate these factors. David et al. (2005) stated that corporate social responsibility affected customer purchase intention through a mediating variable which is the awareness of a company’s corporate culture (David et al., 2005). Other studies also presented similar findings on the influence of corporate social responsibility on customer purchase intention through mediating variables like service quality and company image (Huang et al., 2014), attitude towards the company’s brand or awareness of company quality or reputation (Gatti et al., 2012; Machmuddah et al., 2020). From these findings, firms can choose a suitable approach to build up and develop strong brands as well as their products. According to Truong and Ngo (2019), corporate social responsibility indirectly influences customer purchase intention through two mediating factors, namely the awareness of fairness and satisfaction (Anh & Tran, 2019). In general, research projects on this issue were conducted in a variety of business sectors and fields in both manufacturing and service providing.

Studies on the brand also revealed that the brand reputation of the product or service plays a vital role in reinforcing customers’ positive attitude towards the firms that provide it and then affecting customer behaviours. However, there have not been any studies conducted to clarify the role and relationship of brand reputation and brand love in correlation with the relationship between corporate social responsibility and customer purchase intention. The real-life situation shows that in evolving social context, people do not stop at basic needs but desire to fulfill their full potential as a person by purchasing products from firms practising good social responsibility (Machmuddah et al., 2020). Customers have been increasingly concerned about their surrounding natural environment as well as the local community around their living and working areas. Therefore, with the aim of contributing to human knowledge of corporate social responsibility, this study focuses to answer the following research questions:

Firstly, to what extent does the awareness of corporate social responsibility affect customer purchase intention?

Secondly, what is the role of brand reputation in the relationship between customers’ awareness of social responsibility and their purchase intention?

Thirdly, what is the role of brand love in the relationship between customers’ awareness of social responsibility and their purchase intention?

2. Literature Review and Hypotheses

2.1. Theoretical Background

2.1.1. Social Exchange Theory

Social exchange theory has been one of the important theories in the field of social psychology since the first works of Homans (1961), Blau (1964), Emerson (1962, 1972), and Cook et al. (2013). This theory was originally built upon philosophical and psychological orientations with two aspects including pragmatism and behaviorism. Accordingly, social exchange is defined as the exchange of both tangible and intangible activities related to benefits and costs between at least two people or organizations. This theory seeks to clarify behaviors in society and explain that A’s behavior will lead to or reinforce B’s behavior and vice versa, B’s behavior will reinforce A’s behavior (A, B are stakeholders). This theory is currently applied widely in the field of business administration such as in the relationship between employees and organizations (Cooper-Thomas et al., 2018; Huang et al., 2016) or in the field of marketing to explain customer satisfaction (Zablah et al., 2016), customer loyalty (Izogo et al., 2017), purchase intention (Kwon et al., 2019). This study, based on principles of the theory, proposed that customers are increasingly concerned about corporate social responsibility and its benefits to themselves, their surrounding environment as well as its contribution to the whole society. In other words, when customers realize that a firm is doing its best effort for the whole society, they will be more sympathetic to it and give it higher appreciation and love company’s brand, thereby affecting purchase intention.

2.1.2. Corporate Social Responsibility

The issue of corporate social responsibility has been attracting substantial attention from scholars and business administrators due to its importance to businesses, especially in the context of fierce competition and the rapid development of social media recently. Therefore, up to this day, the concept of corporate social responsibility has not been unified among scholars and there exist many definitions Dahlsrud (2008), for example, identified 37 definitions of corporate social responsibility (Dahlsrud, 2008). Although these definitions have certain similarities, there has not been a widely agreed definition (Hoang et al., 2020; Lee, 2005). Social responsibility can be defined as a company’s commitment to improving social welfare through its business activities and its resources. However, this definition does not imply the complexity and the breadth of the concept, therefore, it is not widely accepted by scholars.
Matten and Moon (2008) argued that corporate social responsibility includes policies and practices explicitly communicated and communicated by businesses to reflect their responsibility for some of the broader social benefits. Some authors stated that there are important issues when they tried to distinguish the concept of corporate social responsibility from related or similar concepts such as sustainable corporate development (Van Marrewijk, 2003). Therefore, Van Marrewijk (2003) asserted that social responsibility, as well as sustainable corporate development, refers to corporate activities to show concern about society and the environment in its business activities and interactions with stakeholders. Similarly, Mai (2013) found that social responsibility plays a decisive role in the sustainable development of manufacturing companies (Mai, 2013).

With regard to the systematization and measurement of social responsibility, researchers point out at least three main methods. The first method is to measure social responsibility based on four aspects, including the economic situation, legal regulations, ethical principles, and charitable activities (Carroll, 1979; Lee, 2018). The second way to measure social responsibility is through sustainable development (Kolk & Van Tulder, 2010). From this point of view, social responsibility encompasses three dimensions - economy, environment, and society. Another way to measure social responsibility is a stakeholder-based approach, in which corporate social responsibility is viewed from its multiple components, including company responsibility to its stake-holders: shareholders, customers, staff, business partners, environment, society, and other related people. In her research, Mai (2014) argued that there are four groups of corporate social responsibility factors, including working policy, market policy, environment policy, and community policy. These approaches have presented aspects of corporate social responsibility in full detail. However, theoretically, from an individual’s perspective, each customer will only be concerned about what benefits they can gain and how much they have to pay (Slater, 1997). Therefore, when evaluating the social responsibility that a company is practising, customers will only take an interest in what the firm has done to them, to their surrounding environment or their local community, or to the one that they are concerned about.

Responsibility to customers can be understood as the enterprise practice of providing high-quality products, ensuring the safety of users, providing correct product information, and having appropriate product pricing as well as providing prompt and effective consulting service, warranty policy, installation, and customer complaint settlement services.

Responsibility to the natural environment means that enterprises apply new technologies, use environmentally friendly materials and employ proper methods of treating waste, wastewater, or exhausted gas before discharging them into the environment to limit their negative influence and pollution.

Responsibility to a community can be understood as a company’s positive contribution to community development related to creating jobs, developing the economy, and contributing to the quality of life in the community. Besides, when doing business activities in the local community, enterprises are required to well comply with legal regulations, socio-cultural factors, and community customs as well as take part in voluntary activities there. Additionally, enterprises also need to contribute to promoting the development of other businesses in the community.

2.2. Research Hypothesis

2.2.1. Corporate Social Responsibility Exerts Influence on Customer Purchase Intention

Purchase intention can be defined as the process of a customer planning to buy a product or service that they need or they are interested in (Alalwan, 2018). Previous literature showed that before making a purchase decision, customers would take time to search for information about the product and other related businesses and brands to make a choice. Studies also found that corporate social responsibility can directly or indirectly affect customers’ purchase intention via mediating factors. When the customers are well aware of the firm's social responsibility practices, they tend to easily make decisions to buy the product or service offered by that firm. Besides, previous research also indicated that when customers perceive the social responsibility of a firm they form positive attitudes and emotions toward that firm (Amoroso & Roman, 2015). Therefore, the study proposed that:

\[ H1: \text{Social responsibility has a positive influence on customer purchase intention.} \]

2.2.2. Corporate Social Responsibility Affects Brand Reputation and Brand Love

Brand reputation, in this study, can be understood as customers’ good perception and attitude as well as a high appreciation for the enterprise or the product or service it provides (Khojastehpour & Johns, 2014). Both scholars and business managers believe that brand reputation is increasingly important to enterprises. To become more successful and enhance competitiveness, enterprises need to build up and maintain positive brand recognition. Reputable businesses and brands are more likely to attract more customers. In contrast, a brand will lose its positive
recognition and eventually develop a negative reputation if it fails to fulfill its stated commitments. Previous studies also found that corporate social responsibility plays a vital role in building a company’s reputation and keeping it in customers’ minds (Veloutsou & Moutinho, 2009). Therefore, the study proposed that:

**H2:** Organizational social responsibility has a positive influence on the customers’ perception of corporate brand reputation.

Band love, in this study, is defined as passion, the positive evaluation of the brand as well as positive feelings in response to brand claims and commitments (Loureiro et al., 2012). Previous studies argued that multiple factors could make an influence brand love such as product quality (Bergkvist & Bech-Larsen, 2010), and brand connection (Loureiro et al., 2012). Recent studies also showed that corporate social responsibility has a positive influence on and boosts brand love (Baena, 2018). Brand love related well with the emotion of the customer. So to gain their love, the firm may have solutions to leverage their behavior as well as positive behaviors. However, these studies also suggested that it is necessary to further investigate this relationship. Therefore, the study proposed that:

**H3:** Corporate social responsibility has a positive influence on brand love.

### 2.2.3. Brand Love and Brand Reputation Affect Customer Purchase Intention

As mentioned above, when customers realize that the enterprise or brand that they taking an interest in is highly appreciated in the market, they will have good affection and impression of the brand and its related products (Leventhal et al., 2014). Logically, this will strengthen customers’ brand preferences, thereby speeding up their decision-making in buying the company’s products or brands. However, there have not been many studies on this issue. Therefore, to make contributions to enrich and deepen research in this field, the study proposed that:

**H4:** Brand reputation has a positive influence on brand love.

**H5:** Brand reputation has a positive influence on customer purchase intention.

**H6:** Brand love has a positive influence on customer purchase intention.

Based on the above-mentioned hypotheses, the study prosed the research the following framework (Figure 1):

### 3. Research Methods

#### 3.1. Design of Survey Questionnaires

To test the proposed hypotheses, the authors used survey questionnaires to collect data for the study. Participants were customers who have a demand for household electronic appliances. This group of products was chosen for this study because they are durable goods; therefore, customers are willing to take the time to search for information before making a purchase decision. Customers in demand for the products were selected for the study so that researchers could collect reliable data to make an accurate conclusion about their interest in the brand as well as the organization. The research also used the same measurement scales in previous studies; however, they were adapted based on the research context. The scales were quantified on a 5-point Likert scale, in which 1 point means strongly disagree until strongly agree with 5 points. To assure the suitability of the scales, this research applied the back translate method.

In this study, the scale of responsibility to customers includes 6 questionnaires adapted from Öberseder et al. (2014). The scale of responsibility to the environment consists of 4 questionnaires adapted from Pérez and del Bosque (2013). There are 7 questionnaires about corporate responsibility to the community adapted from Öberseder et al. (2014). There are 4 questionnaires about brand reputation adapted from Veloutsou and Moutinho (2009) and 5 questionnaires about brand love applied from Loureiro et al. (2012). Customer purchase intention is measured through the scale of 4 questionnaires adapted from Alalwan (2018).

#### 3.2. Data Collection

The samples were customers in Hanoi by simple random sampling method through survey questionnaires. Hanoi was chosen as the research setting because it is the economic, political, and social center in Vietnam where a
large concentration of residents from different geographical areas in the country are studying and working and studying. Moreover, residents in this area overall have a high level of intellectual standard, therefore, consumers are concerned about not only their interests but the natural environment and benefits for the community as well. Participants were consumers who have real demand for household electronic appliances. To collect reliable and appropriate data for the study, researchers directly conducted the survey in electronics supermarket centers to collect customers’ opinions. There were 30 main questions in the survey questionnaires, therefore, according to Hair et al. (1998), the minimal number of samples must be 150. Researchers collected 239 valid survey questionnaires after the survey. The demographics of the participants were as follows (Table 1).

### 4. Results

This study applied the path model PLS-SEM to test hypotheses through the software Smart PL 2.0 [32]. The proposed research model is appropriate for this method because it focused on predicting and explaining the relationship between the variables in the model. Besides, it is suitable for research with a small sample \((n = 239)\).

#### 4.1. Results for Scale Evaluation

In the study, researchers used Cronbach’s alpha \((C_{\alpha})\), Combination Reliability \((CR)\), and Average Variance Extraction to evaluate the scale. In which the minimum loading factor was 0.600 and the maximum was 0.895, satisfying the value of 0.5; the values of \(C_{\alpha}\) were from 0.74 to 0.90 and \(CR\) from 0.84 to 0.92 and all values were higher than 0.7 (Bagozzi & Yi, 1988), indicating that the value of scales was reliable; \(AVE\) values from 0.53 to 0.69 satisfy level 0.5 (Fornell & Larcker, 1981), which proves that the convergence value is satisfactory (see Table 2).

To test discriminant validity, this study first used the \(AVE\) of this variable in relation to other variables (Fornell-Larcker standard). Then, the analytical results showed that the square root of \(AVE\) is greater than the correlation coefficient with other variables, which demonstrated that the scales guarantee discriminant validity (see Table 3).

#### 4.2. Structural Model Evaluation

After evaluating the scale, testing reliability, convergent validity, and discriminant validity, researchers applied the model PLS-SEM to test the relationship among variables through the software SmartPLS. The results of the relationships were shown in Figure 2.

Testing results showed that from customers’ perspective, corporate social responsibility was the second-order construct, including three elements: responsibility to customer, environment, and community. Which, responsibility to customers explained 84%, responsibility for the natural environment explained 82% and responsibility to community explained 90% of corporate social responsibility. Besides, social responsibility has the biggest impact on customers’ purchase intention \((\beta = 0.80; p < 0.001, t\text{-value} = 15.81)\) and positively affects brand trust \((\beta = 0.61; p < 0.001, t\text{-value} = 8.67)\), brand love \((\beta = 0.78; p < 0.001, t\text{-value} = 15.14)\). Therefore, hypotheses H1, H2, and H3 were accepted.

Similarly, the results also indicated that brand reputation has a positive impact on brand love \((\beta = 0.25; p < 0.05, t\text{-value} = 3.65)\) and purchase intention \((\beta = 0.32; p < 0.05, t\text{-value} = 4.92)\). This confirmed that hypotheses H4 and H5 were accepted. Furthermore, the results showed that brand love has a positive impact on customer purchase intention \((\beta = 0.34; p < 0.05, t\text{-value} = 3.36)\), which showed that hypothesis H6 is accepted. Data analysis showed that brand reputation and brand love play an intermediary role in the relationship between corporate social responsibility and customer purchase intention. Specifically, the impact of social responsibility on a customer purchase intention

<table>
<thead>
<tr>
<th>Elements</th>
<th>Constituents</th>
<th>Quantity</th>
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<tbody>
<tr>
<td>Sex</td>
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<td>109</td>
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</tr>
<tr>
<td></td>
<td>Female</td>
<td>130</td>
<td>54.4</td>
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<tr>
<td>Age</td>
<td>Under 25</td>
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<td>19.2</td>
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<td>25–35</td>
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<tr>
<td></td>
<td>35–45</td>
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<td></td>
<td>Above 45</td>
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<tr>
<td>Income (month)</td>
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<td>500–750 USD</td>
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<td></td>
<td>Above 750 USD</td>
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<table>
<thead>
<tr>
<th>Variables</th>
<th>AVE</th>
<th>CR</th>
<th>C(\alpha)</th>
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<tbody>
<tr>
<td>Responsibility to customer</td>
<td>0.53</td>
<td>0.87</td>
<td>0.82</td>
</tr>
<tr>
<td>Responsibility to environment</td>
<td>0.57</td>
<td>0.84</td>
<td>0.74</td>
</tr>
<tr>
<td>Responsibility to community</td>
<td>0.53</td>
<td>0.89</td>
<td>0.85</td>
</tr>
<tr>
<td>Brand reputation</td>
<td>0.60</td>
<td>0.86</td>
<td>0.78</td>
</tr>
<tr>
<td>Brand love</td>
<td>0.54</td>
<td>0.85</td>
<td>0.78</td>
</tr>
<tr>
<td>Purchase intention</td>
<td>0.69</td>
<td>0.90</td>
<td>0.85</td>
</tr>
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decreased from 0.8 to 0.6 due to mediating effect of brand reputation, from 0.8 to 0.46 due to the effect of brand love, and from 0.8 to 0.39 due to mediating effect of both brand reputation and brand love.

5. Discussion

In the current fiercely and drastically competitive business context, building and maintaining a brand name has...
love is. The awareness of brand reputation is, the stronger the brand love - customer purchase intention. In particular, the higher relationship between corporate social responsibility - brand corporate social responsibility affects brand love and the contribution of this study - the first study to clarify how customers' brand love. This is another theoretical contribution to the topic of corporate social responsibility.

This study clarified customers' perception of corporate social responsibility in a new approach based on their benefits as well as elements related to customers. Therefore, the study proposed new constituents of corporate social responsibility, including responsibility to customers, the environment, and the community. Statistics indicated that customers are the most concerned about community responsibility, followed by responsibility to customers and finally to the environment. The finding was an important theoretical contribution.

Research reaffirmed the role of corporate social responsibility in the customer's purchase intention as in some previous studies. This finding indicated that when customers perceive that a business is doing its best to respond to the community, natural environment, and customers themselves, customers tend to make decisions about buying products, services, or brands provided by that business. The conclusion is not theoretically new, however, it also can be considered as a contribution to the new business context in Vietnam where the economy is growing and facing many negative problems due to the effects of this development.

In addition, the research showed that brand reputation will be strengthened when customers are aware of corporate social responsibility. In other words, the better a firm practice its social responsibility, the greater its brand reputation is appreciated by customers. Moreover, brand reputation had a strong and positive impact on customer purchase intention. Brand reputation also partly played an intermediate role in the relationship between corporate social responsibility and customer purchase intention. This is an important theoretical contribution because it is one of the first studies to clarify the relationship between corporate social responsibility - brand reputation - customer purchase intention, and the intermediary role of brand reputation in this relationship.

Finally, the study proposed and proved that corporate social responsibility played an important role in enhancing customers' brand love. This is another theoretical contribution of this study - the first study to clarify how corporate social responsibility affects brand love and the relationship between corporate social responsibility - brand love - customer purchase intention. In particular, the higher the awareness of brand reputation is, the stronger the brand love is.

The study also has the following practical contributions. Firstly, enterprises need to have a good perception and practice of corporate social responsibility and ensure to take their responsibility not only to the customer but to the natural environment and community as well. At the same time, businesses must have effective marketing strategies to inform customers and the community that they have fully performed their social responsibility via specific and practical activities. Secondly, good practice of social responsibility effectively contributed to strengthening the company's brand reputation in customers' minds, thereby making an influence on customer purchase intention. It is important that business administrators have good knowledge of corporate social responsibility and effectively apply it to enhance brand reputation, satisfying customers at the highest level to promote product consumption. Thirdly, business administrators need to understand that performing good social responsibility is an important method for businesses to increase target customers' brand love and help customers to easily make their purchase decision and use the products they provide. Good feeling to the company brand is the basic to develop loyal customers who are willing to return to buy the product more than once and introduce and advertise the business. Fourthly, business administrators also need to perceive that one of the ways to increase customers' brand love is to strengthen brand reputation through good corporate social responsibility performance.

6. Conclusion and Limitations

Besides the theoretical and practical contributions, the research still has some limitations. Firstly, the study was conducted only in Hanoi, which could lead to an incomplete and inadequate representation of all Vietnamese consumers. Further research may expand the investigation area to have a more complete and comprehensive research sample. Secondly, the study did not mention several variables that could regulate these relationships, such as gender, income, age, and educational level.

It is suggested that further studies should be carried out to improve, clarify and provide a clearer and more comprehensive understanding of the relationship between corporate social responsibility and customer behavior. The study only mentioned two intermediate variables, including brand reputation and brand love. Therefore, further studies may propose new factors (such as brand trust and brand commitment) or conduct research in the context of other industries to enrich the knowledge of corporate social responsibility in the current competitive business situation. Moreover, this research has not yet examined some moderators in the relationship between variables. This is a big gap that future research can focus on for a deeper understanding of the mechanism of the relationship proposed in the research model.
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