

Corporate Social Responsibility and Customer Behavior: A Developing Country Perspective

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Abstract

This study evaluates the determinants of customer behavior (brand loyalty and willingness to pay a price premium) within the framework of corporate social responsibility. We develop and test a model in the context of a developing country. The results reveal that customer CSR activities have an impact on customer behavior while environmental CSR activities have an insignificant impact. Trust appears to mediate the relationship between customer CSR and customer behavior, but remains insignificant in the relationship between environmental CSR and customer behavior.

Keywords: environmental CSR, customer CSR, brand loyalty, willingness to pay price premium.

JEL classification: G30, G38, G39.

1. Introduction

Corporate social responsibility (CSR) is not a new concept: the social role of business can be traced back centuries (Carroll, 1999; Smith, 2003). Bowen (1953) provided the first modern definition of CSR according to which businesses are not only responsible for their profit and loss statements, they are also responsible for the consequences of their actions in the wider sphere.

Increasingly, both shareholders and different stakeholders are demanding that firms take responsibility for the products they develop by following minimum standards of social and environmental responsibility (Fisher, Turner, & Morling, 2009). Many consumer surveys claim that consumers' purchase decisions are influenced by a firm's CSR activities (Smith, 2003; Castaldo, Perrini, Misani, & Tencati, 2009), although these surveys are not backed by empirical research on actual consumer behavior.

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Some studies find a relationship between firm reputation and consumer intentions while others argue that the latter depends on many other factors (Bhattacharya & Sen, 2004). Castaldo and Perrini (2004) observe that consumers are sometimes unable to consider or even fail to notice unacceptable social behavior on the part of a firm when making purchase decisions. Castaldo et al. (2009, p. 1) note: "If the impact of CSR reputation on consumers were universal and significant, we would see a clear impact on the bottom line of the firms with a strong social performance."

Firms' adoption of CSR practices varies across countries, depending on the social, political, and economic context (Chapple & Moon, 2005; Kimber & Lipton, 2005). Chapple and Moon (2005), Maignan and Ralston (2002), and Welford (2004, 2005) find there is a substantial country difference in CSR activities. Similarly, Ang (2000), Low (2004), Welford (2004), and Westwood and Posner (1997) point out that Asian firms lag far behind their Western counterparts in CSR practices. Recently, however, CSR activities have gained increased public attention in Asia (Baughn, Bodie, & McIntosh, 2007; Ramasamy & Ting, 2004).

This study focuses on Pakistani consumers' attitudes and buying behavior with respect to firms' CSR activities, where consumer trust is the mediator. Specifically, we test whether customer CSR and environmental CSR activities affect brand loyalty and willingness to pay premium prices.

2. Literature Review

The literature identifies two different approaches to CSR research (see Gray, Kouhy, & Lavers, 1995). The first treats CSR as a supplement to economic activity and develops a link between CSR activities and the firm's financial performance; Gray, Owen, and Maunders (1988) and Mathews (1984) discuss its limitations in terms of scope and efficacy. The second approach to CSR places social and environmental reporting at the center of examination (Williamson, Lynch-Wood, & Ramsay, 2006). However, more recent work points out the fit between the firm's core strategy and its CSR efforts (Bruch & Walter, 2005; Porter & Kramer, 2006). Sarkar (2008) also notes that business practices are now shifting from environmental management to environmental strategy.

CSR activities embrace a wide range of aspects, including programs and policies. Welford (2004, 2005), for instance, addresses 20 different aspects of CSR from commitment and local community protection to the development of a code of ethics and support for sustainable development. According to the model proposed by Carroll (1979, 1999), CSR can include

ethical, legal, economic, and philanthropic expectations from a firm, implying that it is not a uni-dimensional construct. The bulk of management science research focuses on environmental and ethical issues (see Lockett, Moon, & Visser, 2006). Other studies, such as Maignan and Ferrell (2000), Maignan (2001), and Seifert, Morris, and Bartkus (2003), consider the multi-dimensionality of CSR. In some cases, however, only the social dimension is used to study this construct.

While CSR programs are usually directed toward a variety of stakeholder groups, this study specifically examines consumer groups. Within a consumer stakeholder group, CSR can help companies achieve better product evaluation (Brown & Dacin, 1997), enhanced willingness to purchase, brand image (Fombrun, Gardberg, & Barnett, 2000), and a positive attitude toward the company (Simon, 1995). Pirsch, Gupta, and Grau (2007) observe that certain CSR policies may not have a direct impact on consumers, who are likely to take a holistic view of these policies. They note that, "while a corporate environmental policy may only indirectly affect the consumer in the form of marginally cleaner air or water, its presence as a company policy would be perceived by consumers as a positive, enhancing their own view of the company's image" (p. 129).

To measure consumer perceptions of CSR, we use the model presented by Castaldo and Perrini (2004) and validated by Castaldo et al. (2009) in the context of fair-trade products. The model identifies three major dimensions of CSR: (i) environmental (firms' sensitivity toward environmental issues), (ii) consumer (focus on protecting consumers' rights and interests and on satisfying their needs), and (iii) employee (sensitivity toward issues such as equal economic treatment, health and safety practices). This study looks at the first two dimensions: environmental and consumer CSR.

CSR and Brand Loyalty

From the firm's point of view, customer loyalty refers to the benefit gained when a customer responds positively to a brand (Pirsch et al., 2007). Brand loyalty is associated with the economic benefits that accrue to a company when an increase in customer retention has a significant and positive impact on profits (Reichheld & Sasser, 1990; Reichheld, 1996). It also helps generate competitive advantage (Pirsch et al., 2007), brand awareness, referrals, and a reluctance to defect (Duffy, 2003).

The relationship between brand loyalty and CSR has theoretical (Sen & Bhattacharya, 2001) and empirical (de los Salmones, Crespo, & del

Bosque, 2005; Marin, Ruiz, & Rubio, 2009; Perez-Batres, Doh, Miller, & Pisani, 2012) support in the literature, but there is still only a limited body of knowledge on the alternative paths that link these two constructs (Martinez & del Bosque, 2013). Loyal customers are a key strength for the firm, and socially responsive firms enjoy greater brand loyalty than those that do not consider CSR to be a core competency.

Ross, Stutts, and Patterson (1991) and Ross, Patterson, and Stutts (1992) show that consumers' willingness to buy products from a specific company is affected by the latter's involvement in social causes. Maignan, Ferrell, and Hult (1999) indicate that the importance customers ascribe to CSR activities can result in stronger loyalty to a firm. In this context, we put forward the following hypotheses:

- H1a: A firm's customer CSR activities have an impact on brand loyalty.
- H1b: A firm's environmental CSR activities have an impact on brand loyalty.

CSR and Willingness to Pay Price Premium

Aguilar and Vlosky (2007, p. 1100) define a price premium as "the amount of money an individual is willing to pay to secure a welfare improvement." Consumers tend to respond positively to products associated with a minimum level of social and environmental stewardship (Aguilar & Vlosky, 2007), and they are often willing to pay a premium for these products (Loureiro & Lotade, 2005; Govindasamy, DeCongelio, & Bhuyan, 2006). On average, about 46 percent of consumers in Europe report a willingness to pay more for ethical products (MORI, 2000: cited in De Pelsmacker, Driesen, & Rayp, 2006).

In a study by Hines and Ames (2000), 68 percent of consumers claimed that their purchase decision was influenced by the firm's responsible reputation. CRC-Consumption (1998: cited in De Pelsmacker et al., 2006) observes that French consumers were willing to pay 10–25 percent extra for apparel not made by child labor. Based on these findings, we propose the following hypotheses:

- H2a: A firm's customer CSR activities have an impact on the willingness to pay a price premium.
- H2b: A firm's environmental CSR activities have an impact on the willingness to pay a price premium

CSR and Trust

Trust is the belief that the product or service provider can be relied on to serve consumers' long-term interests (Crosby, Evans, & Cowles, 1990). According to Pivato, Misani, and Tencati (2008, p. 6), trust is "an expectation that the trustee is willing to keep promises and to fulfill obligations." An immediate outcome of the company's social performance is the development of trust in its stakeholders (Pivato et al., 2008). Like any other stakeholder group, customers grade a company according to its behavior toward them. In understanding business relationships, trust plays a critical role, especially when the truster is in a high-risk position. This is a fundamental component of any business or nonbusiness relationship.

While studies have explored the influence of CSR on consumers in various ways (see Luo & Bhattacharya, 2006), the focus on understanding the relationship between CSR and customer trust has shifted recently (Perrini, Castaldo, Misani, & Tencati, 2010). Castaldo et al. (2009) finds that trust can have an impact on the success or failure of a socially responsible company in the marketplace. Similarly, Pivato et al. (2008) show that CSR activities help generate trust among consumers. For instance, customers associate greater satisfaction and trust with products that do not harm the environment (Balabanis, Phillips, & Lyall, 1998). Based on these theoretical and empirical findings, we propose the following hypotheses:

- H3a: A firm's customer CSR activities have an impact on consumer trust.
- H3b: A firm's environmental CSR activities have an impact on consumer trust.

Trust and Consumer Outcomes

Given that mutual trust is vital for any successful social exchange, firms try to build trust with their stakeholders, including their customers. To enhance their self-esteem, customers try to identify with trustworthy organizations (Keh & Xie, 2009). Their response toward a company is based on their perception of the identity of that company as trustworthy (Bhattacharya & Sen, 2004).

Many studies (see, for example, Chaudhuri & Holbrook, 2001; Sirdeshmukh, Singh, & Sabol, 2002; Ball, Coelho, & Machás, 2004) have identified the importance of trust in explaining brand loyalty. Reichheld and Schefter (2000, p. 107) note that, "to gain the loyalty of customers, you must first gain their trust." Empirical investigations of the marketing

relationship theory also identify trust as an important mediator between corporate activities and brand loyalty (see Ball et al., 2004; Chaudhuri & Holbrook, 2001). Trust is, therefore, an antecedent of brand loyalty (Singh & Sirdeshmukh, 2000; Chaudhuri & Holbrook, 2001).

Castaldo et al. (2009) study a sample of Italian consumers and show empirically that consumer trust translates into brand loyalty and willingness to pay a price premium. Based on these findings, we present the following hypotheses:

- H4a: Consumer trust has an impact on brand loyalty.
- H4b: Consumer trust has an impact on the willingness to pay a price premium.

Trust as a Mediator

The literature on service evaluation indicates that trust plays a mediating role in satisfaction and loyalty relationships (Sirdeshmukh et al., 2002). Our focus here is on linking CSR attributes with consumer outcomes through trust, where trust is based on “the expectation of ethically justifiable behavior” (Hosmer, 1995, p. 399). Given that CSR is about building moral capital (Godfrey, 2005), trust becomes a predictor of moral values (Vlachos, Tsamakos, Vrechopoulos, & Avramidis, 2009) in the nexus between CSR and consumer outcomes (loyalty and willingness to pay a price premium). This yields the following hypotheses:

- H5a: Trust partially mediates the relationship between consumer CSR and consumer outcomes.
- H5b: Trust partially mediates the relationship between environmental CSR and consumer outcomes.

3. Method

We have used a structured questionnaire to collect the data for this study. Structural equation modeling (SEM) is generally recommended for large samples: for each observed variable, 20 observations are desirable with a minimum of 10 observations (Kline, 2011). We have 16 observed variables, which would require a minimum sample size of 160 to run SEM. A total of 500 questionnaires were distributed in two public sector universities in Rawalpindi and Islamabad; 307 completed questionnaires were returned, of which 297 were usable. The response rate was 59 percent.

Customer CSR and environmental CSR were measured using three items each adapted from Castaldo and Perrini (2004).¹ Trust was measured using the four-item scale in Chaudhuri and Holbrook (2001), with items integrated from Wong and Sohal (2002) and Kennedy, Ferrell, and LeClair (2001). Brand loyalty was measured using a three-item scale from Castaldo et al. (2009), which also integrates the scales proposed by Yoo and Donthu (2001) and Kennedy et al. (2001). Finally, consumer willingness to pay a price premium was measured using a scale adapted from Chaudhuri and Holbrook (2001). Each observed variable in the model was measured on a Likert scale ranging from 1 (“strongly disagree”) to 5 (“strongly agree”). Table 1 gives the variables, their items, and reliability measures (Cronbach’s alpha).

Table 1: Latent and observed variables and Cronbach’s alpha values

Variable	Observed variable	Adapted from
Customer CSR	CCSR1: X satisfies consumers’ needs CCSR2: X carefully checks origin of products CCSR3: X protects consumers’ rights	Castaldo and Perrini (2004)
Environmental CSR	ECSR1: X cares for the natural environment ECSR2: X is attentive to recycling of materials ECSR3: X is sensitive to ecological issues	Castaldo and Perrini (2004)
Trust	Trust1: You can count on X Trust2: I trust X Trust3: Customers can always rely on X Trust4: X keep their promises	Chaudhuri and Holbrook (2001)
Brand loyalty	BL1: I will not buy other brands if X is available at the store BL2: I consider myself loyal to X BL3: X is always my first choice	Castaldo et al. (2009)
Willingness to pay price premium	WPPP1: Buying X seems smart to me even if they cost more WPPP2: I am ready to pay a higher price for X WPPP3: I would still buy X if other brands reduced their prices.	Chaudhuri and Holbrook (2001)

The research instrument was developed in English, given that the respondents were university students able to respond easily. The survey form cites bottled water as the sample product – one that is easily available to students at universities and consumed regularly. Since environmental CSR is one of the constructs we use, the product packaging of the bottled water brand provides information on the firm’s environmental initiatives.

¹ Perrini et al. (2010) measure these variables using the same items and validate them empirically.

Given that self-reported data may be subject to the potential effect of common method variance (CMV) (see Podsakoff, MacKenzie, Lee, & Podsakoff, 2003), we apply Harman's one-factor test prior to hypothesis testing. All the items are loaded within a principal component factor analysis (CFA) using varimax rotation; three factors with an Eigenvalue greater than 1 are formed and the first factor accounts for less than 50 percent of the variance. This result implies that the data is free of CMV.

The data is also tested to determine if it meets the basic SEM assumptions of normality, reliability, and validity. In this case, we look for univariate as well as multivariate normality. Univariate normality is tested for using skewness and kurtosis indices, which should lie between the absolute values of 3 and 10 (Kline, 2011). The skewness values for the study data lie between -1.366 and 0.430 , while the kurtosis values are between -1.357 and 1.990 . This indicates the univariate normality of the dataset.

Multivariate normality is assessed using Mardia's coefficients of multivariate kurtosis (Gao, Mokhtarian, & Johnston, 2008). A sample is considered to have a multivariate normal distribution at a 5 percent level of significance when the multivariate kurtosis value is less than 1.96 (Mardia, 1970). The critical ratio of Mardia's coefficient for the current dataset is 0.997, indicating multivariate normality.

Cronbach's alpha values are used to check for internal consistency and reliability (calculated using SPSS 17). The alpha for the overall scale is 0.923, while those for each latent construct are between 0.897 and 0.933. The composite reliability of the constructs is calculated using measurement model outputs. The composite reliability value is between 0.60 and 0.88 (Table 2).

Table 2: CFA of items present in model

Construct/variable	B	Alpha	CR	AVE
Environmental CSR		0.897	0.60	0.31
ECSR1	0.749			
ECSR2	0.736			
ECSR3	0.677			
Customer CSR		0.933	0.78	0.54
CCSR1	0.961			
CCSR2	0.960			
CCSR3	0.937			
Trust		0.928	0.88	0.66

Construct/variable	B	Alpha	CR	AVE
T1	0.902			
T2	0.850			
T3	0.939			
T4	0.930			
Brand loyalty		0.901	0.78	0.54
BL1	0.943			
BL2	0.940			
BL3	0.961			
Willingness to pay price premium		0.917	0.74	0.49
WPPP1	0.827			
WPPP2	0.941			
WPPP3	0.941			

Note: β = standardized coefficient, alpha = Cronbach's alpha, CR = composite reliability, AVE = average variance extracted.

Source: Authors' calculations.

The data's convergent validity is evident from the significantly ($p < 0.001$) loaded indicators for their respective constructs. The squared multiple correlation value of each observed variable is greater than 0.6, indicating that each observed variable is successfully loaded on its respective latent construct (Table 3).

Table 3: Descriptive statistics, correlations, and shared variance

Variable	Item	Mean	SD	1	2	3	4	5	6
1	ECSR	3	2.72	1.02	0.69				
2	CCSR	3	2.68	1.19	0.75*	0.78			
					(0.56)				
3	Trust	4	2.61	1.07	0.75*	0.68*	0.76		
					(0.56)	(0.46)			
4	BL	3	2.71	1.09	0.64*	0.70*	0.75*	0.70	
					(0.41)	(0.49)	(0.56)		
5	WPPP	3	2.85	1.06	0.78*	0.76*	0.63*	0.69*	0.79
					(0.60)	(0.58)	(0.40)	(0.48)	

Note: Shared variance in parentheses, AVE in diagonal, * $p < 0.01$.

Source: Authors' calculations.

The model presented by Fornell and Larcker (1981) for assessing the discriminant validity of two or more factors suggests that the average variance extracted (AVE) of each construct should be compared with the shared variance between constructs. Discriminant validity exists when

the AVE for a construct is greater than its shared variance with any other construct. After comparing these values, we conclude that there is no discriminant validity in any of the constructs.

4. Results

The first step of the incremental approach to SEM – fitting the CFA model – is carried out using the maximum likelihood estimation method. The results show that all the observed variables have a t-value greater than 2.50, their factor loadings are greater than 0.5, and R^2 is also greater than 0.5. None of the observed variables are, therefore, removed from the model (see Jöreskog & Sörbom, 1996). Similarly, there is no cross-loading of items and none of the items is removed on the basis of the model's modification indices. The results of the measurement model are given in Table 4.

Three models are compared to identify the best fit. The first contains three factors: the first factor includes the two dimensions of CSR, the second factor comprises trust, and the third factor includes all items under brand loyalty and willingness to pay a price premium. The second model contains four factors, with the items for customer and environmental CSR now loaded on separate factors. The third model (our hypothesized model) contains five factors – environmental CSR, customer CSR, trust, brand loyalty, and willingness to pay a price premium – all of which are loaded on separate factors. The fit statistics for each model and a comparison with the hypothesized model are reported in Table 4, which indicates that the hypothesized model is the best fitted model.

Table 4: Summary of CFA results

Model	χ^2 (df), df/ χ^2	CFI	RMSEA	Comparison with five-factor model ($\Delta\chi^2$, df)
Model 1 (3 factors)	970, (101), 9.61	0.829	0.171	183, (3)
Model 2 (4 factors)	787, (98), 8.02	0.865	0.154	620, (4)
Model 3 (5 factors)	167, (94), 1.77	0.986	0.051	

Source: Authors' calculations.

The observed variables are loaded successfully on their respective constructs and fed into a structural model, the results of which are reported in Table 5. The standardized regression weights or beta weights given are used to assess the impact of the CSR dimensions on trust and the impact of trust on brand loyalty and willingness to pay a price premium.

Standardized regression weights greater than 0.5 are considered large and those between 0.5 and 0.1 are considered moderate (Kline, 2011). We find that customer CSR has a large impact on trust, with a standardized regression weight of 0.69, while the effect of trust on brand loyalty and willingness to pay a price premium is moderate. The impact of environmental CSR is insignificant for all the proposed relationships.

Table 5: Structural model

Causal path	Standardized regression weights	Un-standardized coefficient	t-value	Hypotheses supported
ECSR => Trust	0.069	0.098	1.159	No
ECSR => BL	0.051	0.102	1.107	No
ECSR => WPPP	0.102	0.188	1.748	No
CCSR => Trust	0.690	0.607*	8.222	Yes
CCSR => BL	0.399	0.477*	7.031	Yes
CCSR => WPPP	0.401	0.439*	5.599	Yes
Trust => BL	0.465	0.607*	8.222	Yes
Trust => WPPP	0.279	0.334*	4.004	Yes

Note: * = significant at 0.01, ** = significant at 0.05.

Source: Authors' calculations.

The full mediation framework presents acceptable, if poor, fit statistics ($\chi^2 = 258.6$, $df = 99$, $\chi^2/df = 2.612$, $RMSEA = 0.07$, $RMR = 0.127$, $GFI = 0.90$, $AGFI = 0.86$, and $CFI = 0.96$), with a significant relationship between customer CSR and trust and between trust, customer loyalty, and willingness to pay a price premium. The partially mediated model fits the data well ($\chi^2 = 169.2$, $df = 95$, $\chi^2/df = 1.782$, $RMSEA = 0.05$, $RMR = 0.06$, $GFI = 0.93$, $AGFI = 0.91$, and $CFI = 0.98$), identifying significant relationships between customer CSR and (i) trust, (ii) brand loyalty, and (iii) willingness to pay a price premium, as well as between trust and (i) brand loyalty and (ii) willingness to pay a price premium. However, the relationship with environmental CSR remains insignificant in both models. In addition, the chi-square difference test reveals that the partially mediated model is significantly better than the fully mediated model ($\chi^2 dif = 89.4$, $df dif = 4$) (see Figures 1 and 2).

Next, we apply the bootstrap method in AMOS to calculate the direct and indirect effects on brand loyalty and willingness to pay a price premium. The 2000 bootstrap re-samples with bias-corrected confidence intervals are calculated to measure the direct, indirect, and total effects as shown in Table 6.

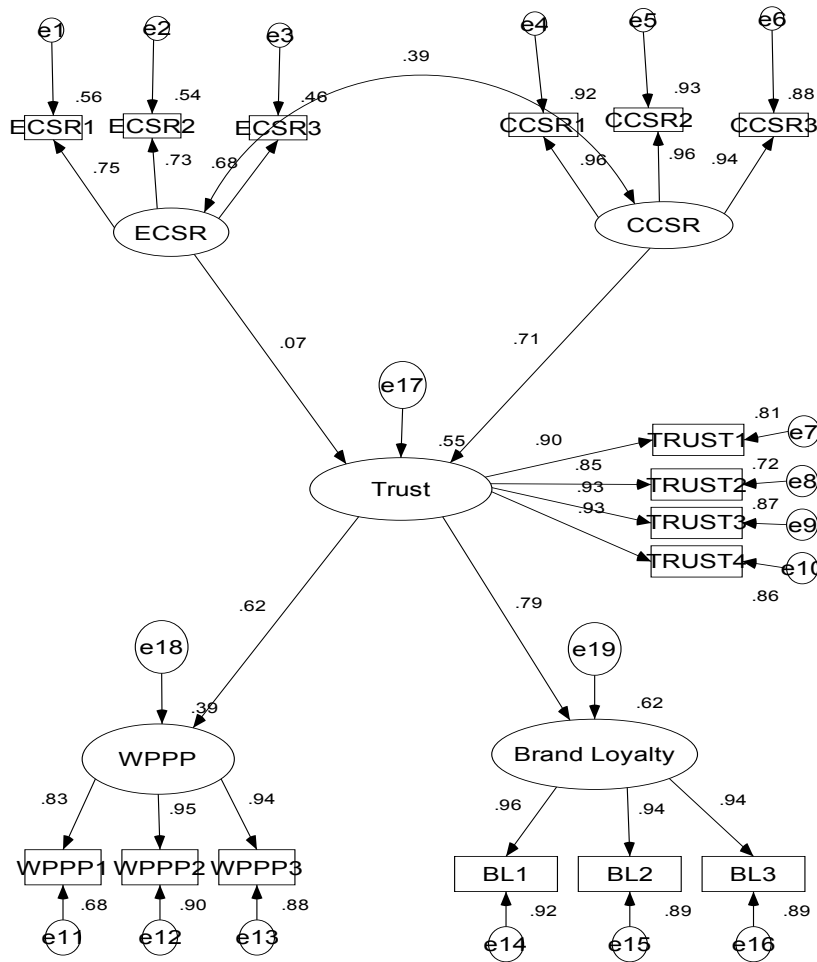
Table 6: Mediation analysis

CSR dimension	2000 bootstrap re-sampling											
	Direct effects on WPPP			Indirect effects through trust on WPPP			Direct effects on BL			Indirect effects through trust on BL		
	Est.	L	U	Est.	L	U	Est.	L	U	Est.	L	U
Customer	0.439*	0.280	0.604	0.211*	0.100	0.337	0.477*	0.313	0.644	0.383*	0.269	0.515
Environmental	0.188**	-0.014	0.368	0.033	-0.017	0.099	0.102	-0.068	0.312	0.060	-0.035	0.162

Note: BCCI = bias-corrected confidence interval, L = lower, U = upper, * = significant at 0.01, ** = significant at 0.05.

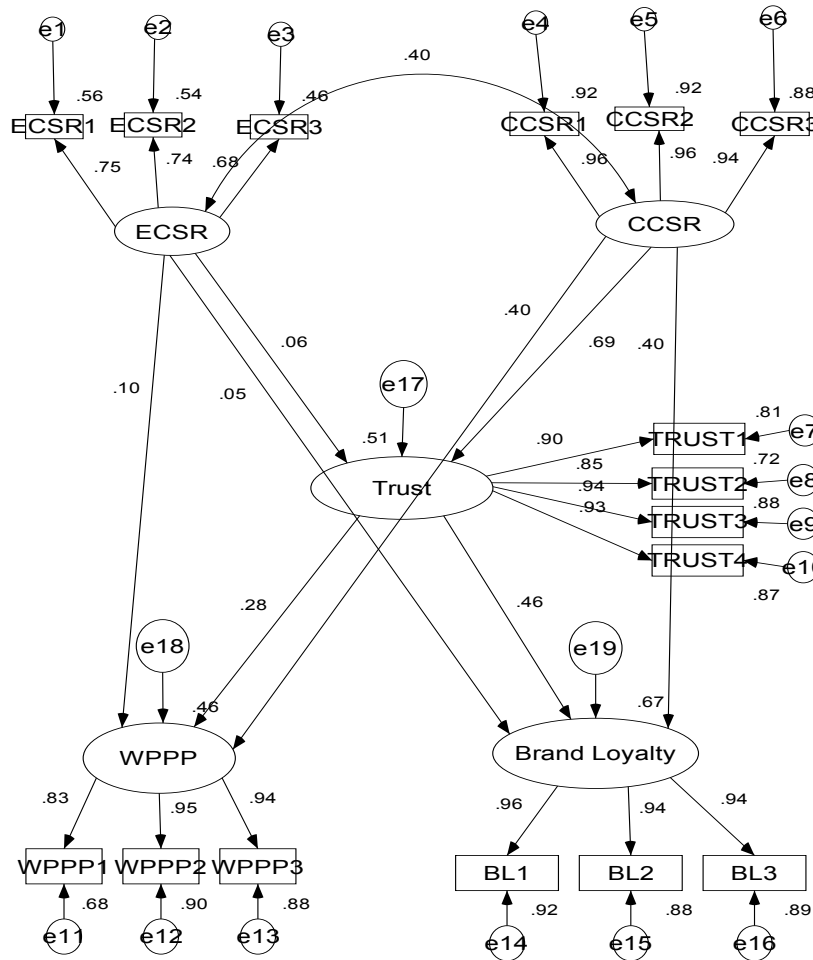
Source: Authors' calculations.

Figure 1: Fully mediated model



Source: Authors' calculations.

Figure 2: Partially mediated proposed model



Source: Authors' calculations.

5. Discussion

The purpose of this study was to investigate the determinants of consumer behavior (brand loyalty and willingness to pay a price premium) in a developing country context. With consumer trust taken as the mediator, we look at CSR as one of the possible determinants of trust.

The study's most important finding is the insignificant relationship of environmental CSR with trust, brand loyalty, and willingness to pay a price premium. This result differs from previous findings (see Perrini et al., 2010), which, we suggest, can be explained by the differences in the two

contexts. Developed economies enjoy high levels of literacy, political systems that encourage open debate, and greater social awareness – important factors in building pressure against unacceptable environmental activities by firms. This pressure is applied through exit (changing suppliers) or voice (putting pressure on the supplier), both of which can be important triggers of change (Hirschman, 1970).

In developing countries, such awareness, if it exists at all, is only among a limited elite due to higher levels of illiteracy and lower exposure to global trends. Moreover, the need for low-priced products takes precedence over concerns about the environmental behavior of corporations. In a country such as Pakistan, where the official literacy rate is 57 percent, a combination of socioeconomic factors results in the public having a minimal interest in what organizations are doing to the natural environment in general. However, when such activities directly affect people's immediate environment, there is evidence that the community will push for firms to adopt pollution prevention technologies. Lund-Thomsen (2004), who studies the pollution prevention programs of tanneries in Kasur, identifies the collective efforts of public welfare groups and local communities as major contributors to such programs.

One of the aims of CSR campaigns is to attract new customers and, as Etzion (2007) observes, when customers lack environmental awareness, "playing the green card" is not an effective strategy. The company used as a case study for data collection has also not used its environmental initiative as a marketing strategy. People in developing countries give more importance to the economic responsibilities of a firm compared to its noneconomic (including environmental) responsibilities (Farooq, Payaud, Merunka, & Valette-Florence, 2014).

The absence of the importance of environmental CSR vis-à-vis the significant role of customer CSR is an apparent contradiction, but more recent literature (see Baughn et al., 2007; Ramasamy & Ting, 2004) points out that CSR activities are gaining momentum in developing countries. This dimension of CSR is more prevalent in a developing country context where consumers are targeted directly by firms for CSR initiatives. Farooq et al. (2014) present similar results for Pakistan, although the study focuses on perceptions of CSR (of communities, customers, the environment, and employees) from an employee perspective and its impact on organizational trust.

This study provides empirical support for trust as a mediating variable in the relationship between a firm and its customers. The results support Pivato et al. (2008), whose empirical findings identify trust as a key mediator in explaining the relationship between CSR policies and consumer behavior. Socially responsible companies have the capacity to use trust to gain competitive advantage. Our findings support the idea that customer CSR activities can generate trust among consumers and generate positive attitudes and behavior.

6. Conclusion

The data collected in this study should be interpreted carefully and in the economic and social context of Pakistan. It is not realistic to think about proactive consumerism in developing countries and one should be cautious about generalizing the situation in Pakistan as being true of all developing countries. Even within developing countries, different customer behavior is likely.

The significant impact of customer CSR and the insignificant impact of environmental CSR on trust, brand loyalty, and willingness to pay a price premium are important conclusions. This study, therefore, makes an important contribution to the literature by developing and testing a model that considers consumer and environmental CSR activities to be drivers of positive customer behavior in a developing country context.

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