“Effect of CSR activities on customers’ purchase intention: The mediating role of trust”

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Abstract

Corporate social responsibility (CSR) is the belief that businesses must consider ethical, social, and environmental issues when making decisions. Several studies have found that CSR improves corporate performance. Moreover, CSR is thought to increase consumer trust and purchase intention. This study investigates the effect of CSR activities on customers' purchase intentions and the mediating role of trust. It draws linkages and establishes that businesses can improve their bottom lines while positively affecting society by acting responsibly.

The present study selected two independent variables (ethical corporate social responsibility and legal corporate social responsibility) alongside one dependent variable (purchase intention) and one intervening variable (trust). The sample comprises two hundred and thirty respondents from India's National Capital Region (NCR), Delhi, and nearby regions. The data were examined using structural equation modeling (SEM). The results showed that CSR activities significantly positively affected customers' purchase intention. Furthermore, trust mediated the linkages between CSR activities and customers' purchase intention. The findings suggest that CSR activities can increase customers' purchase intention by fostering trust. In other words, when customers trust a firm, they are more likely to intend to purchase its products or services. CSR managers should therefore focus on creating and maintaining trust with their customers. In addition, findings suggest that firms should be conscious of their social image. This study offers significant insights because they show that any business can be successful and socially responsible.

Keywords
corporate social responsibility, trust, purchase intention, ethical CSR activities, legal CSR activities

JEL Classification
M14, M31, M38

INTRODUCTION

Corporate social responsibility (CSR) activities have become increasingly important to businesses. It refers to how businesses can positively influence society through their actions. CSR activities include environmental sustainability initiatives, charitable donations, community development, and volunteering programs for sustainable business practices (Peloza & Shang, 2011). While CSR activities benefit society, they can also positively affect businesses (Peloza & Shang, 2011). Customers who perceive a business to be engaged in CSR are more likely to trust the business and feel optimistic about it (Ali et al., 2020; Green & Peloza, 2014). Moreover, people are often willing to pay more for products and services from companies that engage in CSR activities, as they perceive these businesses to be more trustworthy and dependable (Hur et al., 2020). In other words, CSR activities can help businesses to increase sales and boost profitability, maintaining trust.

There are many reasons businesses should engage in CSR. Poddar et al. (2019) demonstrate how CSR can significantly contribute to sus-
tainable development by addressing social inequalities and eradicating poverty. However, the potential financial benefits are certainly one of the most persuasive. In contrast, CSR may or may not be a factor in all customers’ decision-making processes (Green & Peloza, 2014). Customers are more concerned with their economic well-being than with social progress. Their primary goal is to maximize benefits at the lowest possible cost. Clients value customized services and benefit more than social development and equitable growth.

Moreover, they likely desire an affordable product that provides high-quality services that are somewhat socially responsible (Carrigan & Attalla, 2001). Customers sometimes are willing to accept the socially irresponsible firm to fulfill their financial motives (Green & Peloza, 2014). However, people are usually unaware of firms’ CSR activities. The relationship between CSR and customers’ buying behavior does not portray a linear cause-and-effect relationship; other factors also play a vital role.

It is necessary to confirm whether trust engendered by CSR led to purchase intentions and actual purchases. There are shreds of evidence available in the literature (Zhang & Ahmad, 2021; Ali & Naushad, 2021; Hur et al., 2020; Ali et al., 2020; Sharma et al., 2018) indicating how CSR influences the various aspects of customers’ perception and behavior including trust, which helps ultimately to make purchase intention. Conversely, a limited number of research studies have been undertaken in India to scrutinize the impact of corporate social responsibility on customer purchase intentions. Therefore, this study seeks to close that chasm.

1. LITERATURE REVIEW

Corporate social responsibility (CSR) is a company’s commitment to conduct business morally and promote economic growth while enhancing the lives of its employees, their families, the neighborhoods, and the broader community (Carroll, 1991b). Many businesses adopt this self-regulatory policy. Initially, for CSR, Milton Friedman’s traditional view regarding the responsibility of business was in practice. Friedman (1963) believed that the sole purpose of a business should be to make money for its shareholders. This perspective changed in the 1970s when CSR became popular (Mohr et al., 2001). Later, society began to demand that businesses be profitable but also ethical and responsible.

In the last decade of the twentieth century, the more comprehensive classifications of CSR (economic, legal, ethical, and philanthropic) by Carroll (1991b), the societal marketing concepts of Kotler et al. (1991), and the avoiding harm and doing good concepts of Petkus and Woodruff (1992) were used to define the CSR of businesses. Nowadays, it is adopted in various meanings and terms. However, the focus of the current study, specifically in terms of definition, is the twofold concept of CSR, i.e., ethical CSR and legal CSR. Ethical CSR activities, such as environmental protection and workplace safety, exceed what the law mandates. On the other hand, legal CSR activities, such as equal employment opportunity policies, are mandated by law. Numerous organizations have adopted CSR policies to enhance their reputation and gain a competitive advantage.

CSR can help businesses build trust with their stakeholders, improve employee morale, and attract and retain customers. Additionally, the government believes it is critical to engage businesses in CSR activities that contribute significantly to social development (Kilcullen & Kooistra, 1999). Business organizations are concerned with CSR activities because they want to place equal emphasis on economic and social development (Kotler & Lee, 2005). Hence, it is imperative to provide backing to the theoretical underpinnings of the topics to formulate the present issue and discern the gap in the literature. This study examines the focused aspects of CSR discussed in the literature. Before delving into the CSR concept, this study examines other dependent constructs in light of CSR.

The foremost and vital construct for the study is purchase intention. Purchase intention is “the decision-making process that precedes an actual purchase.” It is “the consumer’s desire to purchase...
a particular product or service shortly.” In other words, it is the consumer’s interest in buying a product or service (Naushad, 2018; Peña-García et al., 2020). Several factors can influence purchase intention, such as a product’s quality, price, celebrity endorsement, sales promotion, perceived risks and benefits, brand image, previous purchase experience, and the company’s social conscience (Faridi & Naushad, 2021; Herjanto et al., 2020; Ali et al., 2020). A correlation exists between corporate social responsibility (CSR) and the intention to purchase (Ali et al., 2020). Research has indicated that engaging in corporate social responsibility (CSR) initiatives can positively affect consumers’ inclination to purchase (Ali et al., 2020). For example, when consumers are aware of a company’s CSR activities, they are more likely to have a positive attitude toward the company and its products, boosting their purchase intention (Ali et al., 2020; J. Lee & Y. Lee, 2018). CSR activities can also build brand equity and customer loyalty, leading to higher purchase intention (Faridi & Naushad, 2021; Wang et al., 2021). CSR is incredibly impactful when the respondent personally identifies with the social issue the company is trying to address. Customers will gravitate toward an organization if they believe the CSR activities add value to their lives. Value generation affects a customer’s purchase intention and attitude toward an organization (Gallarza & Saura, 2006). CSR initiatives help businesses improve their reputation, customer satisfaction, loyalty, and retention.

Customers’ intentions to purchase a product are also influenced by economic, legal, and ethical CSR activities (J. Lee & Y. Lee, 2015). Companies have developed a distinct image in customers’ minds through CSR activities that increase customer satisfaction and loyalty (Ali et al., 2020; Faridi & Naushad, 2021). As a result, organizations should invest in CSR activities and work to establish a reputation as socially responsible organizations.

The following construct for the study is ethical CSR activities. The term “ethical practices” refers to the moral science that governs an organization’s and individual’s behavior (Daft, 2015). Organizations that behave in a socially acceptable manner are considered ethical, resulting in a favorable attitude among customers (Abuznaid, 2009). While corporate social responsibility and ethics are distinct characteristics, they frequently need clarification. The subfield of business ethics pertains to the examination of moral and ethical issues that may arise from commercial transactions. Ethical CSR activities reflect the company’s values and respect the rights of all stakeholders (Carroll, 1991b). This includes ensuring that employees are treated fairly, customers are given accurate information, and suppliers are paid on time (Carroll, 1991b; Carroll & Shabana, 2010).

Ethical CSR also involves reducing the company’s environmental impact and ensuring its products are safe for consumers (Ali et al., 2020; Brunk, 2010). By adhering to these principles, companies can show they are responsible and good corporate citizens (Brunk, 2010). Ethical CSR is about doing the right thing and building trust and credibility with stakeholders (Carroll & Shabana, 2010; Mohr et al., 2001). When consumers see a company behaving ethically, they are more likely to trust and continue doing business with it (Abdeen et al., 2016; Sharma et al., 2018). Ethical CSR activities can significantly affect consumer purchase intention (Abdeen et al., 2016; Ali et al., 2020). Consumers are increasingly interested in supporting businesses that engage in ethically responsible practices, such as environmental protection, social justice, and fair labor practices (Turcsanyi & Sisaye, 2013). When businesses demonstrate a commitment to these values, it creates a positive association in the minds of consumers, which can enhance their purchase intention (Ali et al., 2020; Sharma et al., 2018; Turcsanyi & Sisaye, 2013). Ethical CSR activities can also create a sense of community and loyalty among customers, as they feel they support a business that shares their values (Faridi & Naushad, 2021; Goel & Ramanathan, 2014). Ethical CSR activities in today’s competitive marketplace can give businesses a significant advantage in attracting and retaining customers (Turcsanyi & Sisaye, 2013). Ethical CSR is, therefore, essential for any company that wants to build a strong reputation and create long-term relationships with its stakeholders. Moreover, companies that want to increase sales should focus on ethical CSR activities (Turcsanyi & Sisaye, 2013).

The next construct, an integral part of CSR, is the legal CSR activities. Legal CSR activities are those actions a company takes to be socially responsible
and comply with the law. The legal definition of CSR activities may vary from country to country. However, some general principles can be applied. Legal CSR activities can be broadly defined as those actions taken by a company to improve the lives of employees, customers, or other stakeholders (Carroll, 1991b). This can include providing fair wages and benefits to promote workplace safety. It can also involve protecting the environment or supporting local communities through charitable giving. In the end, legal CSR activities meet a company’s legal requirements and help improve society (Mohr et al., 2001).

In recent years, there has been a great deal of debate about the role of legal CSR activities in influencing consumer purchase intention. Abdeen et al. (2016), Ali et al. (2020), Sharma et al. (2018), and Turcsanyi and Sisaye (2013) argue that legal CSR activities are essential in building trust and goodwill with consumers, which can lead to increased sales. In contrast, Carrigan and Attalla (2001), Mohr et al. (2001), Öberseder et al. (2011), and Vera-Martínez et al. (2022) observed that legal CSR activities are often ineffective and may even backfire, making customers doubt a company’s intentions or feel like they have been tricked.

However, Ng (2022) and Vu et al. (2022) provide fascinating insights into the relationship between legal CSR activities and purchase intention. These studies found that legal CSR activities were indeed associated with increased purchase intention, but only when those activities were perceived as genuine. If consumers felt that a company was engaging in legal CSR activities to gain favor or avoid negative publicity, they were less likely to buy from it (Ng, 2022; Vu et al., 2022; Zhuang et al., 2022). Voluntary compliance with all applicable rules and regulations enhances the organization’s image in customers’ minds (Carroll, 1991b). Customers are interested in purchasing products from businesses that adhere to all applicable laws and conduct business following those laws (Ali et al., 2020). Customers take pride in their associations with socially responsible businesses (Servera-Francés & Arteaga-Moreno, 2015). Legal CSR activities demonstrate an organization’s commitment to adhering to existing rules and regulations. Numerous studies have confirmed that legal consciousness affects purchase intention (J. Lee & Y. Lee, 2015), developing a solid brand image. Economic objectives based on the legal framework will positively affect customer satisfaction and loyalty (J. Lee & Y. Lee, 2015; Mulaessa & Wang, 2017). Consequently, enterprises that comply with legal regulations establish a favorable perception among their clientele and exert an impact on their buying behavior.

After establishing the concepts of the major constructs from the literature, the current study looks into their interrelationships and impacts on each other. Among others, CSR is the practice of businesses giving back to society. CSR is important because it can build trust between a company and its customers. When customers see a business acting ethically and responsibly, they are more likely to have positive feelings. This, in turn, can lead to increased sales and loyalty. Numerous studies have shown that CSR increases customer trust, promoting sales and profitability (Abdeen et al., 2016; Martínez & del Bosque, 2013; Oney et al., 2017; Yu et al., 2021). Trust is critical in determining a customer’s purchase intention (Oney et al., 2017). Businesses that have earned their customers’ trust can easily weather financial crises and economic recessions because their customers are loyal and do not switch to competitors (Mulaessa & Wang, 2017). In the industry, trusted organizations are more competitive and financially stable.

By disclosing all material information, businesses must earn customers’ complete trust in their products, services, and processes. Trust is more likely to develop when one of the parties to the transaction is aware of the second party’s dependability and moral fabric. Trust also depends on the customers’ beliefs, feelings, and expectations. CSR activities are sufficiently practical to foster the development of a positive brand image.

Numerous research studies confirm that CSR activities increase trust, which results in a positive brand image (Choi & La, 2013). When businesses focus on creating an atmosphere of trust, they are more likely to see increased customer purchase intention. A growing body of research suggests that customer trust significantly predicts purchase intention. For example, Bruhn et al. (2012) found...
that customer trust positively and significantly affected purchase intention in online banking. Li et al. (2007) found that customer trust was a significant predictor of purchase intention in e-commerce. These studies suggest that increasing customer trust could lead to improved purchase intention. However, more research is needed to understand the specific mechanisms through which customer trust influences purchase intention.

2. AIMS AND HYPOTHESES

The primary aim of this study is to examine the effect of CSR activities on customers’ purchase intentions and the mediating role of trust. Moreover, it seeks to understand how corporate social responsibility influences customers’ purchasing decisions. The paper highlights the importance of CSR activities in directly affecting customers and their buying decisions. This study’s distinctive feature is that it measures the impact of CSR activities on purchase intention. It allows businesses to design marketing strategies with CSR, as customers prefer to purchase products from socially conscious businesses.

As a result of the preceding discussion, it is hypothesized that:

H1: Ethical CSR activities positively and significantly affect customer purchase intention.

H2: Legal CSR activities positively and significantly affect customer purchase intention.

H3: There is a significant association between ethical CSR activities and trust.

H4: There is a significant association between legal CSR activities and trust.

H5: There is a significant association between trust and purchase intention.

H6: Trust has a mediating impact on the relationship between ethical CSR activities and purchase intention.

H7: Trust has a mediating impact on the relationship between legal CSR activities and purchase intention.

Consequently, this study aims to test the above hypotheses and fill the research gap. Very few studies examine the effects of CSR activities on customers’ purchase intentions with trust as a mediating factor, which is one of the primary foci of this study. Furthermore, there is a dearth of research about the current topic within the Indian context. Figure 1 depicts the hypothesized model of the study.

3. METHODOLOGY

Companies are gradually shifting their focus on CSR practices to attract customers to the organization and develop a positive attitude and trust among their customers. Numerous studies have investigated the variables that influence the purchase intention of customers. This study investi-
gates how CSR practices influence the purchase intention of customers. Data for the present study were gathered in Delhi and the National Capital Region (NCR). Customers in the nation’s capital are expected to reasonably understand CSR initiatives. This makes the population more suitable for the data collection. Feedback from these respondents is based on personal experience and observations. Delhi and National Capital Region’s total population is approximately 20 million, of which 1.5 million people are above 18 years of age. All the respondents are above 18. The collection of data was conducted through the utilization of a structured questionnaire that was bifurcated into two distinct sections. The initial section of the survey comprises inquiries about the participants’ demographic attributes, encompassing factors such as age, gender, education, and income.

The subsequent section of the survey comprises data on the research constructs: ethical and legal CSR activities, trust, and purchase intention. There are four constructs; two are independent, one is dependent, and one is a mediating variable. There were overall 20 items in the questionnaire.

There are exhaustive CSR classifications available in the literature. For example, Caroll’s (1991) economic, legal, ethical, and philanthropic concepts of CSR, Kotler’s (1991) socio-marketing concepts, and Petkus and Woodruff’s (1992) avoiding harm and doing good are the most prevalent CSR concepts among the scientific community and practitioners. The current study, however, focuses on the two primary components of CSR, namely ethical CSR activities and legal CSR activities. This choice was made for two primary reasons. From the company’s perspective, ethical CSR is essential for brand equity and competitive advantage. In addition, the study is conducted in India. The Companies Act was amended in April 2014 to make CSR activities mandatory in India. The New Companies Act of 2013 defines a new company as one with a turnover of Rs. 500 crores or more, a total turnover of Rs. 1000 crore or more, or a net profit of Rs.

Furthermore, the Companies Act of 2013 mandated businesses augment their outlays toward rural education, healthcare, training, women’s empowerment, and rural development. The constructs of CSR activities were adapted from Maignan (2001) and later tested by J. Lee and Y. Lee (2015) and Mulaessa and Wang (2017). At the same time, the trust and purchase intention constructs were adopted from Mulaessa and Wang (2017).

The survey method was used for data collection since it can be administered remotely via online, mobile devices, email, and social media platforms. Many questionnaires were sent to the targeted respondents because a large sample size helps to fetch meaningful insights about the population and draw practical conclusions. Therefore, snowball and convenience sampling was used in this study to recruit respondents. Data were collected between July 2022 and September 2022. Initially, a large number of questionnaires were sent via online and offline channels to be filled out by the targeted respondents. However, some of the questionnaires were not filled out correctly. Thus, these questionnaires were excluded from the current study. Some responses were excluded during the data cleaning process (like missing responses or outliers). Finally, there were only 230 responses left for the final analysis. The data analysis process involved suitable statistical techniques such as correlation, regression, exploratory factor analysis, and confirmatory factor analysis. The paper employed structural equation modeling (SEM) to establish the interrelationships among the variables.

Structural equation modeling allows testing for causality and estimating the strength of relationships between the variables. It is well suited for studying the causality between interrelated or discriminant constructs. SEM facilitates a more nuanced understanding of the relationships between these variables. In the current study, these variables are CSR activities, trust, and purchase intention. Using SEM, one can get a more nuanced understanding of these complex relationships. By understanding these relationships better, one can develop more effective interventions to increase customer trust and reduce perceived risks. This could lead to increased purchase intention and greater customer satisfaction.

The data analysis for the study was done using IBM-SPSS, IBM-AMOS, and Microsoft Excel software. Moreover, Microsoft Excel and IBM-SPSS were utilized to analyze and understand the demographic profiles of respondents. In addition, structural equation modeling was utilized to validate both the measurement and structural models. There are two steps to structural equation modeling. The first step of
structural equation modeling verifies the measurement model, whereas the second verifies the structural model. A structural model validates the nature and strength of the relationship between independent and dependent variables. IBM-AMOS was used to conduct a bootstrapping-based examination of mediation analysis.

4. RESULTS

Table 1. Demographics

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Frequency</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
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<tr>
<td>Female</td>
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<td>47.80</td>
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<tr>
<td>Male</td>
<td>120</td>
<td>52.20</td>
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<td>Total</td>
<td>230</td>
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<table>
<thead>
<tr>
<th>Age</th>
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<tbody>
<tr>
<td>18-25</td>
<td>24</td>
<td>10.40</td>
</tr>
<tr>
<td>25-30</td>
<td>121</td>
<td>52.60</td>
</tr>
<tr>
<td>30-35</td>
<td>53</td>
<td>23.00</td>
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<tr>
<td>35 and above</td>
<td>32</td>
<td>13.90</td>
</tr>
<tr>
<td>Total</td>
<td>230</td>
<td>100.00</td>
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<table>
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<th>Qualification</th>
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<tr>
<td>Undergraduate</td>
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<td>0.09</td>
</tr>
<tr>
<td>Graduate</td>
<td>112</td>
<td>48.70</td>
</tr>
<tr>
<td>Postgraduate</td>
<td>116</td>
<td>50.40</td>
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<tr>
<td>Total</td>
<td>230</td>
<td>100.00</td>
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</table>

<table>
<thead>
<tr>
<th>Monthly Income (INR)</th>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>0-25000</td>
<td>89</td>
<td>38.70</td>
</tr>
<tr>
<td>25000-50000</td>
<td>72</td>
<td>31.30</td>
</tr>
<tr>
<td>50000-75000</td>
<td>51</td>
<td>22.20</td>
</tr>
<tr>
<td>75000 and above</td>
<td>18</td>
<td>7.80</td>
</tr>
<tr>
<td>Total</td>
<td>230</td>
<td>100.00</td>
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</table>

This study's data analysis begins with an SPSS-based analysis of respondent demographics. Table 1 shows the demographic profile of the respondents. 52.2% of males and 47.8% of females were among the respondents. Furthermore, 10.4% of respondents were in the age group of 18-25, and 52.6% were in the age group of 25-30. While 23% of respondents were in the age group of 30-35, and 13.9% were in the age group of 35 and above. As far as the respondents’ educational qualifications were concerned, most respondents were graduates and postgraduates. More importantly, only less than 1% of respondents were undergraduates. The fourth and last variable was the monthly income of the respondents. The majority of respondents earned less than INR 50,000 monthly income. However, a quarter of the respondents were in the high-income group.

The subsequent data analysis phase involves exploratory factor analysis (EFA), confirmatory factor analysis (CFA), structural model assessment, and mediation analysis. The initial step of structural equation modeling is to explore the data for the best fit of constructs. In this regard, exploratory factor analysis (EFA) was performed. Exploratory analysis, a multivariate method for reducing data, helps to identify underlying variables. It permits the investigation of the most pertinent variables for the current study. However, before delving into the EFA and other procedures, the primary check and balances were established, like data were validated by removing missing data and outliers.

Table 2 exhibits the value of the Kaiser-Meyer-Olkin (KMO) measure and Bartlett’s test. KMO value indicates the adequacy of data. The KMO value for the present study is 0.816, which is good and acceptable. Table 2 also exhibits the value of Bartlett’s test of sphericity, which is significant at the level of 0.000. The significant value of Bartlett’s test of sphericity indicates that data are sufficient for further analysis.

Table 2. KMO and Bartlett’s test

<table>
<thead>
<tr>
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<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Bartlett’s Test of Sphericity</th>
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<tr>
<td></td>
<td></td>
<td>Approx. Chi-Square</td>
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<td></td>
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<td>0.816</td>
</tr>
</tbody>
</table>

The final EFA values (i.e., factor loadings) are reported in Table 3. Initially, the questionnaire administered had twenty items under the four constructs adopted for the study. Then, based on the exploratory factor analysis, six items were dropped due to poor factor loadings, where factor loadings were lesser than 0.50 (n < 0.50) or the factor loaded heavily on other constructs. Finally, only fourteen items were left for the study’s confirmatory and final analyses.

Measuring the quality of the measurement instrument/scale (research questionnaire) used for the study is essential. The reliability and validity checks are established. Reliability checks whether a scale can measure what it is intended to measure. The scale’s reliability indicates that it can produce consistent results, and internal consistency checks reliability. Internal consistency is measured through Cronbach’s alpha. Cronbach’s alpha value of greater than 0.70 is considered good to check the reliability of a scale. Cronbach’s alpha values for all four con-
structs, namely legal CSR activities, ethical CSR activities, purchase intention, and trust, taken for the study are 0.759, 0.845, 0.723, and 0.552, respectively. The Cronbach’s alpha value for all the constructs except one is greater than the threshold value, i.e., 0.70 (α > 0.70). However, only for trust constructs the threshold limit is lesser than the recommended value, which can be tested strictly on other parameters. Therefore, all the study constructs face no internal consistency issue.

On the other hand, the constructs’ validity is the ability of a scale to produce an accurate result. In order to measure the validity of a scale, average variance extracted (AVE) is used. An AVE value of greater than 0.5 is considered good and acceptable. Table 3 exhibits that the AVE values of all four constructs are 0.59, 0.53, 0.58, and 0.56, respectively. The AVE values of all four constructs are more significant than the targeted value of 0.50 (AVE > 0.50), which indicates that constructs have no variance issue. The following parameter is the value of composite reliability (CR). Table 3 also exhibits each construct’s composite reliability value (CR). The value of C.R. for all the constructs is fairly above the threshold value of 0.70 (CR > 0.70), where CR value for legal CSR activities, ethical CSR activities, purchase intention, and trust are 0.80, 0.84, 0.81, and 0.70. Thus, all four constructs taken for the study have no validity and reliability issues and can be considered for further analysis.

Table 3. Construct reliability and validity

<table>
<thead>
<tr>
<th>Variables</th>
<th>Indicators</th>
<th>Loadings</th>
<th>Cronbach’s alpha</th>
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<th>CR</th>
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<td>Legal CSR</td>
<td>Leg1</td>
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<td>0.759</td>
<td>0.59</td>
<td>0.80</td>
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<tr>
<td></td>
<td>Leg2</td>
<td>0.819</td>
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<tr>
<td></td>
<td>Leg3</td>
<td>0.659</td>
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<tr>
<td>Ethical CSR</td>
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<td>0.845</td>
<td>0.53</td>
<td>0.84</td>
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<tr>
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<td>Ethic2</td>
<td>0.646</td>
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<td>Ethic3</td>
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<td>Ethic5</td>
<td>0.812</td>
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<tr>
<td>Purchase</td>
<td>PI2</td>
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<tr>
<td>Intention</td>
<td>PI3</td>
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<td>PI4</td>
<td>0.720</td>
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<tr>
<td>Trust</td>
<td>Trust2</td>
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<td>Trust3</td>
<td>0.737</td>
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<td>Trust4</td>
<td>0.742</td>
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</tbody>
</table>

In order to determine how distinct the constructs are, discriminant validity is frequently employed in scientific research. Measurement of discriminant validity is essential because it highlights the distinctiveness of each construct (Hair et al., 2016; Hulland, 1999). The criteria developed by Fornell and Larcker (1981) to determine the constructs’ discriminant validity are considered one of the most trusted in the scientific literature. As per Fornell and Larcker (1981), the square root of average variance extracted (AVE) is compared to the correlation between latent variables. As a general rule of thumb, the square root values of AVE must exceed the correlation value. Table 4 demonstrates that all four constructs’ AVE square root values are more significant than their correlation values. Thus, it confirms that all the study constructs have discriminant validity.

Table 4. Discriminant validity (Fornell-Larcker criterion)

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Constructs</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Legal CSR</td>
<td>0.77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Ethical CSR</td>
<td>0.75</td>
<td>0.73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Purchase Intention</td>
<td>0.36</td>
<td>0.36</td>
<td>0.76</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Trust</td>
<td>0.45</td>
<td>0.45</td>
<td>0.37</td>
<td>0.75</td>
</tr>
</tbody>
</table>

After establishing the constructs’ reliability and validity measurement, the next step in structural equation modeling is to validate the overall measurement model. The measurement model checks the relationship between observed and latent variables. However, the measurement indices to validate the measurement model varies in the literature. Nevertheless, the most common parameters/indices are CMIN/df, Comparative Fit Index (CFI), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), Parsimonious Normal Fit (PNFI), and Parsimonious Normal Fit (PNFI). The confirmatory factor analysis (CFA) was carried out. The results of CFA are depicted in Figure 2, and the significant indices are reported in Table 5.

Table 5. Fit indices of confirmatory factor analysis

<table>
<thead>
<tr>
<th>Fit Indices</th>
<th>Recommended Values</th>
<th>Observed Values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMIN/df</td>
<td>Less than 5</td>
<td>1.755</td>
<td>Acceptable</td>
</tr>
<tr>
<td>CFI</td>
<td>0.80 - 0.90</td>
<td>0.950</td>
<td>Acceptable</td>
</tr>
<tr>
<td>GFI</td>
<td>≥ 0.90</td>
<td>0.916</td>
<td>Acceptable</td>
</tr>
<tr>
<td>AGFI</td>
<td>≥ 0.80</td>
<td>0.883</td>
<td>Acceptable</td>
</tr>
<tr>
<td>PDF</td>
<td>&gt; 0.50</td>
<td>0.729</td>
<td>Acceptable</td>
</tr>
<tr>
<td>RMS</td>
<td>Less than 0.08</td>
<td>0.057</td>
<td>Acceptable</td>
</tr>
</tbody>
</table>

Note: CFI = Comparative Fit Index, GFI = Goodness of Fit Index, AGFI = Adjusted Goodness of Fit Index, PNFI = Parsimonious Normal Fit, RMSEA = Root Mean Square Error of Approximation.
Structural equation modeling (SEM) allows causality testing and estimating the relationship strength between variables. It is well suited for studying the causality between interrelated or discriminant constructs. SEM is a helpful tool for small sample sizes in complex relationships of two or more dependent variables (Sarstedt et al., 2019; Shiau & Chau, 2016). The results of the path coefficients of the SEM model and hypothesis are reported in Table 6.

**Table 6. Hypotheses conclusions**

<table>
<thead>
<tr>
<th>Path Coefficients</th>
<th>Estimates</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical CSR → PI</td>
<td>0.10</td>
<td>0.11</td>
<td>0.92</td>
<td>0.36</td>
<td>Rejected</td>
</tr>
<tr>
<td>Legal CSR → PI</td>
<td>0.22</td>
<td>0.09</td>
<td>2.59</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
<tr>
<td>Ethical CSR → Trust</td>
<td>0.40</td>
<td>0.10</td>
<td>4.08</td>
<td>0.00</td>
<td>Accepted</td>
</tr>
<tr>
<td>Legal CSR → Trust</td>
<td>0.25</td>
<td>0.08</td>
<td>3.23</td>
<td>0.00</td>
<td>Accepted</td>
</tr>
<tr>
<td>Trust → PI</td>
<td>0.49</td>
<td>0.18</td>
<td>2.69</td>
<td>0.01</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

*Note: S.E. = Standard Error of the estimates, C.R. = Critical Ratio.*

The results reported in Table 6 show no significant relationship between ethical CSR activities and purchase intention because the critical ratio (C.R.) value is 0.92 ≤ 1.96, and the P-value is 0.36 > 0.05. Furthermore, there is a significant relationship between legal CSR activities and purchase intention because the C.R. value is 2.59 ≥ 1.96, and the P-value is 0.01 < 0.05. Moreover, there is a significant relationship between ethical CSR activities and trust because the C.R. value is 4.08 ≥ 1.96, and the P-value is 0.00 < 0.05. Also, there is a significant relationship between legal CSR activities and trust because the C.R. value is 3.23 ≥ 1.96, and the P value is 0.00 < 0.05. However, there is a significant relationship between trust and purchase intention because the C.R. value is 2.69 ≥ 1.96, and the P value is .000 < 0.01.

Mediation analysis examines how much a mediating factor affects the relationship between dependent and independent variables. A minimum of three variables must be identified as the dependent variable, the independent variable, and the mediating variable in order to conduct a mediation analysis. As in this study, purchase intention is the dependent variable, ethical and legal CSR activities are independent, and trust is the mediating variable. Table 7 demonstrates a significant indirect relationship between legal CSR activities and purchase intention via trust since the lower bound value is 0.30, the upper bound value is 0.408, and there is no zero in-between. Since both direct and indirect relationships are significant, trust partially mediates legal CSR activities and purchase intention. In addition, there is a significant indirect relationship between ethical CSR
activities and purchase intention via trust, as the lower bound value is 0.079 and the upper bound value is 0.623, and there is no zero in-between. Due to the insignificance of the direct relationship and the significance of the indirect relationship, there is a full mediation between ethical CSR activities and purchase intention through trust (Figure 3).

5. DISCUSSION

This study investigates the effect of CSR activities on customers’ purchase intentions and the mediating role of trust. Moreover, the study endeavored to estimate whether CSR helps to build trust, which helps in framing the intention that later converts into an actual purchase. In other words, the study aims to portray the relationships between customer trust, CSR, and purchase intention. Customer trust has always been an essential factor in influencing purchase intention. High customer trust levels may lead to lower perceived risks and higher purchase intention. In this regard, CSR is considered one of the critical forces in building customer trust. This is because customers who perceive a business to be engaged in CSR are more likely to trust the business and feel positive toward it (Green & Peloza, 2014). Also, customers are often willing to pay more for products and services from companies that do CSR (Hur et al., 2020). This is because they see these businesses as more trustworthy and reliable. Therefore, to investigate this nexus, the study is set up with seven hypotheses to understand the research problem comprehensively. Out of a total of seven hypotheses, only one was rejected. However, the rest of the hypotheses were significant, so they were accepted.

Table 7. Mediation analysis

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Confidence Interval</th>
<th>P Value</th>
<th>Conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal → Trust → PI</td>
<td>0.25</td>
<td>0.125</td>
<td>0.30</td>
<td>0.014</td>
<td>Partial Mediation</td>
</tr>
<tr>
<td>Ethical → Trust → PI</td>
<td>0.40</td>
<td>0.198</td>
<td>0.07</td>
<td>0.003</td>
<td>Full Mediation</td>
</tr>
</tbody>
</table>

Note: LB = Lower Bound, UB = Upper Bound.
The first finding highlights that ethical CSR activities and customers’ purchase intentions do not have significant relationships. The results resemble earlier findings (Carrigan & Attalla, 2001; Mohr et al., 2001; Öberseder et al., 2011; Vera-Martínez et al., 2022), which did not cite any significant connection between ethical CSR activities and purchase intention. This may be for some probable reasons, like customers being unaware of the ethical underpinnings of the firms. Another reason could be that customers generally emphasize purchasing economically viable products more than ethically sound expensive products. Specifically, this trend is more common among middle-income, underdeveloped, and economically poor markets. In contrast, ethical CSR activities determine an organization’s behavior, and customers choose firms that implement ethically correct and socially acceptable business practices (Carroll, 1991a; Dimitriades, 2007; Goel & Ramanathan, 2014).

The study’s second finding indicates that legal CSR activities and purchase intention have a positive and significant relationship. The result is the same as confirmed by Abdeen et al. (2016), Ali et al. (2020), J. Lee and Y. Lee (2015), Sharma et al. (2018), Turcsanyi and Sisaye (2013), and Zhang and Ahmad (2021). Therefore, customers want to do business with organizations that are transparent in their business practices and compliant with all legislation; they feel motivated to work with a socially responsible company that follows all laws and rules (Servera-Francés & Arteaga-Moreno, 2015).

The subsequent findings are about how trust helps form an intention. The study suggests that trust affects the customers’ purchase intention. These results align with Abdeen et al. (2016), Martínez and del Bosque (2013), Oney et al. (2017), and Yu et al. (2021). Moreover, it aligns with the earlier findings, which viewed trust as an essential factor that affects the customers’ purchase intention significantly (Oney et al., 2017). Firms enjoying customers’ trust can earn a profit and command a high market share. Trusted organizations are more competitive, financially sound, and socially responsive. These organizations can attract more customers, and their customers are less likely to switch to competitors due to the high trust. Therefore, the study’s findings aligned with the earlier studies, establishing a link between trust and a customer’s intention to buy.

The study offers several implications for firms and individuals. First, customers perceive CSR activities as necessary. They prefer to purchase products from firms that are sound in following the legal CSR requirement rather than merely socially responsible. Firms should invest more in CSR activities that create a strong brand image among their customers. Furthermore, customers need to learn more about CSR activities and their importance for sustainable and inclusive growth. Firms should develop robust communication strategies to ensure proper communication between organizations and customers. Customers must be clear about the business and social objectives of CSR activities. CSR activities help firms to develop society and ensure equitable growth for everyone. Organizations spend a lot on advertising to increase sales and build a strong brand image among customers.

On the other hand, CSR spending builds a strong brand and a developed society. CSR activities also help businesses gain customers’ trust and make them happy with the company. Therefore, trust mediates a relationship between firms’ CSR activities and customers’ purchase intentions.

CONCLUSION

The purpose of the current study was to confirm the links between corporate social responsibility (CSR) activities, specifically legal and ethical activities, and consumers’ purchase intentions. Moreover, it sought to understand the mediation relationship of trust between CSR activities and purchase intention. Therefore, the study was devised with four variables. Out of four variables, two were independent (ethical CSR and legal CSR), one was dependent (purchase intention), and one was a mediating variable (trust). Seven hypotheses were developed to better understand the relationship between the paths derived from these variables. Structural equation modeling was used to test these hypotheses.
The study results indicate that ethical CSR activities and customers’ purchase intentions do not have a significant relationship. However, legal CSR activities and purchase intention have a positive and significant relationship. Furthermore, trust was discovered to be a mediator between ethical (partially) and legal (fully) CSR activities and consumer purchase intention. The results imply that customers prefer to purchase products from firms that are sound in following the legal CSR requirement rather than merely socially responsible.

CSR activities also help businesses gain customers’ trust and make them happy with the company. Therefore, business organizations must take CSR activities seriously because they help build customer trust, which later translates into intention and, at last, an actual purchase. Firms enjoying customers’ trust can earn a profit and command a high market share.

As with any other research, the limitations of this study are time, resources, and data availability. The study used a non-random sample of National Capital Region (NCR) customers. This indicates that the data are representative only of a specific region. Therefore, the findings of this study cannot be generalized and cannot be applied across India. Moreover, the sample size for the study is too narrow. The final data for analysis were only 230, insufficient to draw any general implications. This sample size was due to the unwillingness of respondents to fill out the questionnaire. Some of the questionnaires were eliminated due to incomplete information. Moreover, many responses were excluded in the data cleaning process (like outliers or missing data).

This study recommends a few areas for future research. Future researchers can investigate the impact of CSR activities on the firm's financial performance, customer retention, and customer satisfaction. In future research, there can be more independent variables, and any other factor can be used as a mediating variable.

**AUTHOR CONTRIBUTIONS**

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Resources: Mohammad Naushad.
Supervision: Mohammad Naushad.
Validation: Mohammad Naushad.
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Writing – original draft: Imran Ali.
Writing – review & editing: Mohammad Naushad, Hadeel Jaafar Alasmri.

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