

Original Research Article

**How Corporate Social Responsibility
influences Customer Repurchases Intentions,
Customer Word-of-Mouth Intentions and
Customer Perceived Food Quality of
Fast-food Restaurants in Hong Kong: the
mediating effects of Corporate Reputation**

ABSTRACT

Aims: Market studies indicate that Hong Kong consumers are affluent and generally live a trendy, refined lifestyle. As such, besides traditional food markets, Hong Kong's free market economy has spawned various forms of food retailers, such as supermarkets, fast foods chains and fine dining restaurants, that contribute tremendously to its economy. In the face of fierce competition, companies in the food retail service industry are moving to differentiate themselves by embracing non-traditional, contemporary means of demarcation. One such means is by adopting corporate social responsibility (CSR) as a strategy for evoking positive customer behaviour towards the service. However, there is a dearth of research on CSR's contribution to corporate reputation and its direct relationship with service industry eminent marketing concepts. This research investigated the role of CSR in building a better brand through corporate reputation and its effects on word of mouth intentions, repurchase intentions and customer positively perceived food quality in Hong Kong's fast food industry.

Study design: The research adopted a positivism paradigm and quantitative cross sectional approach.

Place and Duration of Study: The study was taken in Hong Kong between 2012 and 2013 of fast food restaurant patrons.

Methodology: Five constructs were adopted from previous studies to identify the relationships between various antecedents and to test ten hypotheses. Data were collected from 384 fast food restaurant patrons in Hong Kong.

31 **Results:** CSR is found to be directly related to corporate reputation, which is considered
 32 to be an important tool for business sustainability. Furthermore, the research revealed
 33 the partial mediating effects of corporate reputation on the relationship between CSR and
 34 customer behaviour and intentions. CSR provides a competitive advantage to fast food
 35 businesses as it plays a huge role in inducing positive word of mouth, repeat purchases,
 36 and positively perceived food quality.

37 **Conclusion:** The research has raised issues concerning the importance of CSR in
 38 changing customer behaviour and the pertinent partial mediating role played by
 39 corporate reputation in influencing CSR's impact on customer behaviour and intentions.
 40 Findings from the research provide marketing information concerning CSR initiatives as
 41 well as verifying CSR-related theories, corporate reputation and marketing concepts. As
 42 service is known to vary according to the context in which it is offered, it is best for retail
 43 managers to identify CSR activities that best reflect their particular product or service.
 44 This will make it easier for customers to comprehend and evaluate, which will ultimately
 45 benefit Hong Kong's fast food industry as a whole.

46

47 **1. INTRODUCTION**

48 Service retailing contributes tremendously to the economy of most Asian countries
 49 (Kremer and Viot, 2012; Lovelock, Patterson and Walker, 2007). Hence, the service retail
 50 industry is moving to differentiate itself in a non-traditional manner by embracing
 51 contemporary means of demarcation. The theoretical framework derived for this
 52 research from a broad perspective of relevant seminal and current literature indicates the
 53 power of corporate reputation in influencing consumers' trust in products and services
 54 (Kantsperger and Kunz, 2010). The framework also describes consumers' trust in
 55 products and services purchased from retailers based on consumers' perceived quality of
 56 the products and services (Kremer and Viot, 2012; Gurbuz, 2008; de Chernatony, 2006).
 57 Other trust building factors include consumers' repeat purchases or repeat visits to
 58 retailers and dissemination of positive word of mouth (Blazevic, Hammedi, Garnefeld,
 59 Rust, Keiningham, Andreassen, Donthu and Carl, 2013; Mandhachitara and Poolthong,
 60 2011; Qin, Prybutok and Zhao, 2010; Schroder and McEachern, 2005). Deeply rooted
 61 service theories revolve around quality of service as the primary contributor to a retailer's
 62 ability to attract customers, ignoring other significant issues around the globe.

63

64 One such pertinent issue is CSR and its ability to evoke positive behaviour toward the
 65 service retailers. There is a dearth of research on CSR's contribution to corporate
 66 reputation and its direct relationship with eminent marketing concepts in the service
 67 industry (Tang, Hull and Rothenberg, 2012; Lai, Chiu, Yang and Pai, 2010). This

research therefore explores the influence of CSR on corporate reputation and the its direct influence on word of mouth (WoM) intentions, repurchase intentions (RPI) and perceived food quality (PFQ) in Hong Kong's fast food retail industry, drawing upon theories and scales established by Lai, et al. (2010); Flavian, Guinaliu and Torres (2005); Maxham III (2001); Zeithaml, Berry and Parasuraman (1996).

1.1 Background of the Study

Hong Kong is one of the world's strongest economies with a Western influence that has stimulated the expansion of Chinese style fast food chain stores and Western fast food franchises (Qin et al., 2010). Though not known for their loyalty, Hong Kong consumers have an affinity toward the concept of eating out (Newswire, 2005) thereby providing fast food restaurants with ample opportunities to expand (Qin et al., 2010; Yingyi and Larçon, 2009; Cullen, Powell and Mascarenas, 2008; Watson, 1997).

Conversely, the expansion of fast food chains merely creates higher competition and less recognition. Therefore, fast food retailers seek competitive advantages with concepts such as CSR incorporated into retail management. Hong Kong consumers are increasingly conscious of what they buy and where they buy, placing importance on social and environmental sustainability (Massa and Testa, 2012; Victorian Government Department of Primary Industries, 2007), forcing retailers to acknowledge societal-oriented marketing and incorporate CSR in their business strategy.

Brand image and reputation are very important in the fast food industry where consumers prefer to frequent restaurants recognised for serving good quality, tasty food that is hygienically prepared and served in clean surroundings (Gurbuz, 2008). Such restaurants must therefore have a good reputation in order to provide the recognition necessary to provoke revisits and recommendations. As competitiveness intensifies, food retailers face huge challenges in sustaining profitability and growth. Reputable fast food restaurants find positive word of mouth important for attracting new customers, and positively perceived food quality is crucial to entice return customers who are imperative for business sustainability.

1.2 Fast Food Retailing and Corporate Social Responsibility (CSR)

Retailers brand themselves to tap into consumers' need for retail uniqueness (Blazevic et al., 2013; Hutchinson, Singh and Walker, 2012). Brand preference is a significant antecedent of customer loyalty in Hong Kong (Wong, Tong and Wong, 2014). Branding

105 aids in developing a discernible retail business, which assists customers with recognising
106 and choosing a retailer to shop at. New strategies such as business sustainability
107 through successful CSR activities are being rapidly introduced into the retail arena
108 (Vlachos, 2012; Jones, Comfort and Hillier, 2007; Jones, Comfort, Hillier and Eastwood,
109 2005; Mattila, 2009).

110

111 Fast food retailers adopt CSR in their business strategy as it assists in building a brand of
112 retail, helps recognition and provides distinction (Fetscherin and Usunier, 2012 and Floor,
113 2006). CSR would be particularly beneficial to fast food retailers as they are involved in
114 a business where there is enormous concern over consumer health, supplies that affect
115 animal rights, free range farming, pesticide-free products, and organic supplies. Word of
116 mouth (WoM) is a free walking advertisement for an organisation. However, while a
117 positive WoM can benefit an organisation greatly, a negative WoM can cause the
118 organisation to collapse (Chomvilailuk and Ken, 2013; Rust and Chung, 2006). It is
119 therefore important for organisations to develop strategies that will help build positive
120 WoM. Studies indicate that CSR directly contributes to WoM, as customers who see CSR
121 activities benefiting the causes that are close to their hearts will either preach positively
122 or participate in those programmes (Rust and Chung, 2006; Chan, Hui, Lo, Tse, Tso, and
123 Wu, 2003; Murray and Vogel, 1997).

124

125 Customers' repurchase intention is useful for retailers as it indicates the retention of
126 customers. Peelen (2003) claimed that it is five to ten times more costly to obtain a new
127 customer than it is to retain an existing one. Repurchase intentions improve due to
128 customers' satisfaction with something or everything that is offered by the retailer.
129 Studies suggest that CSR's influence on repurchase intention is closely associated to
130 customers' level of awareness (Gatti, Caruana and Snehota, 2012; Poolthong and
131 Mandhachitara, 2009; Wigley, 2008; Murray and Vogel, 1997). The more aware
132 customers are about the CSR activities conducted by the retailer, the more confident they
133 are of the brand of retailer.

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135 This research empirically investigated the contribution of CSR to corporate reputation,
136 WoM intentions, repurchase intentions (RPI) and perceived food quality (PFQ). This
137 phenomenon, coupled with the current interest in CSR, gives rise to the aim of the
138 present research whereby the contribution of CSR activities to brand reputation and the
139 mediating role of retail brand reputation on factors that would influence retail
140 sustainability, namely customers' repurchase intentions or customer retention is
141 examined. This research further explored the influence of CSR and retail reputation on

perceived food quality of fast food retails, which also contributes to the retention of consumers. Finally, the research examined the influence of CSR and reputation on the direction of word of mouth that would influence the gain of new customers and returning customers.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

The following provides an overview of the literature concerning the fast food retailing in Hong Kong and investigates the relationships among corporation social responsibility, corporate reputation and consumer behaviour and intentions, in particular the concepts of repurchase intention, perceived food quality and word of mouth intention in the fast food retailing industry.

2.1 Fast Food Retail in Hong Kong

Foreign fast food retailers are striving to convince consumers that their business is ethically sound, earning credibility for their responsible behaviour towards the environment, society, and its employees (Miller, 2012; Valax, 2012). Fast food consumers in China and Hong Kong further show an inclination to brand consciousness, with the younger generation leaning towards well established brands of fast food retailers compared to local fast food restaurants that are yet to establish their brand names (Qin et al., 2010). Therefore CSR is an excellent tool to establish a strong brand image and build a reputation that consumers will have no doubt about when selecting a fast food restaurant. The fast food retail industry is more sensitive to brand recognition as it provides psychological benefits such as hygienically prepared food that is safe for consumption if prepared and consumed at a recognisable brand of retail outlet (Gurbuz, 2008).

2.2 Corporate Social Responsibility (CSR)

CSR was introduced as early as the 1950s as a simple declaration to establish a business's commitment to produce and sell in accordance with society's beliefs, values and economic expansion (Bourdeau, Graf and Marie-France, 2013). However, CSR is now clearly a 21st century phenomena that has initiated a variety of opportunities and complications for retailers.

CSR at fast food retails is more convoluted than at retails selling tangible products. As established earlier, retail is part of the complex service industry. Here, food poses more complexity as it carries all of the service industries' characteristics, thus the quality of the food and the service rendered can only be measured using customer perception (Wagner, Bicen and Hall, 2008). This implies that food service retailers need to place great

179 importance on customer satisfaction, the measures of which include nutritional,
180 palatability and hygiene factors. The present research places CSR as a unique stimulus
181 for fast food retailers in Hong Kong to gain a good reputation, positive word of mouth,
182 repeat visits and purchases, and increased positive perception of the overall food quality.
183 Consumers are generally keen to be socially responsible and therefore seek ethical
184 businesses to trade and build relationships with (Yang and Crowther, 2012). As this
185 group of consumers grow in number, it is imperative for fast food retailers to proactively
186 practice CSR in order to achieve a competitive advantage (Fetscherin and Usunier, 2012;
187 Floor, 2006). There are an increasing number of studies that suggest consumers in
188 developed and developing countries are quickly converting to users of socially and
189 environmentally friendly services and products (Hutchinson et al., 2012; Floor 2006).

190

191 **2.3 Relationships between CSR, Reputation and Perceived Food Quality**

192 Studies show that consumers are influenced by the CSR initiatives of a company and this
193 influence is seen as positive in the way they perceive the quality of the service (Gatti et
194 al., 2012; Salmones, Perez and Bosque, 2009; Vranesovic and Stancec, 2003; Brown
195 and Dacin, 1997). However, this is arguable as the sheer fact that the service
196 characteristic is unique, indicates the difficulty one would face in evaluating service
197 quality (Poolthong and Mandhachitara, 2009). Kotler, Adam, Denize and Armstrong
198 (2008) advocated that customers do not judge service quality based on its outcome. In
199 fact, a customer perceives quality based on several indicators depending on the type of
200 service. The quality of service at a fast food retail can be judged based on the food,
201 packaging, front-line service, outlet ambiance, convenience, consistency, bundled meal,
202 and reliability (Holbrook, 1999). This evaluation of quality includes the retailers' initiatives
203 to serve quality food with reference to healthy ingredients, such as pesticide-free, organic,
204 and raw material production complying with animal rights protocols. For the purpose of
205 this research, the perceived quality indicator was taken to be customers' perception of
206 the food quality in Hong Kong fast food restaurants. Poolthong and Mandhachitara (2009)
207 affirmed that customers of fast food are fundamentally bound to a retailer when they
208 positively perceive the quality of food, which shows that CSR activities may not directly
209 contribute to customers' commitment to a particular retailer. Moreover, CSR is assumed
210 to play a bigger role as a crisis management strategy rather than an influence of buying
211 intentions (Assiouras, Ozgen and Skourtis, 2013).

212 **2.4 Relationships between CSR, Reputation and Word of Mouth Intention**

213 Positive WoM is a pertinent factor to measure current customers' willingness to talk
214 positively about the product or retailer and is a free form of advertising. Customer
215 experience with products and services experience leads to external communication,

(Keller, 2008; de Chernatony, 2006; Berry, 2001), primarily WoM, which can be a boon or a bane. Positive WoM is warmly welcomed by the retailer while negative WoM is something the retailer needs to rectify, either using public relations or CSR as a crisis management tool (Assiouras et al., 2013). Empirical studies show that satisfied customers disseminate positive WoM, which subsequently turns into better sales (Blazevic et al., 2013; Rust and Chung, 2006). WoM is a pertinent evaluative tool as it helps potential buyers to purchase confidently, reducing their uncertainty due to unknown risk (Wagner, Lutz and Weitz, 2009; Wangenheim and Bayon, 2003); it is also an influential source of information, affecting the choice of brand and brand loyalty (Escalas and Bettman, 2005; Wangenheim and Bayon, 2003; Kim, Han and Park, 2001; Herr, Kardes and Kim, 1991). Customer satisfaction and brand preference on loyalty in Hong Kong's service industry makes a significant contribution by helping managers of the service providers better understand their customers and manage their products (Wong et al., 2014). Keller (2008) advocated that the greatest gift a consumer can give the retailer is their unconscious deliverance of positive messages regarding the retailer. This would augment brand image, recognition and retail traffic (Mortimer, 2001). Likewise, employees who are happy, satisfied and proud of being part of the retail will pass positive WoM to friends, family and other customers, rendering better business and, in the case of fast food retailers, better store traffic and sales (Kim, Lee, Lee and Kim, 2010).

2.5 Relationship between CSR, Reputation and Repurchase Intention

Sociological studies suggest that CSR programmes significantly change the willingness of managers to repeat purchase (Gatti et al., 2012; Poolthong and Mandhachitara, 2009; Murray and Vogel, 1997). Therefore, willingness to repeat purchase in response to CSR programmes of a retailer may be linked to awareness of customers. In other words, customers who are aware of the impact of various social and environmental issues on the future of healthy living, react positively toward socially responsible organisations (Wigley, 2008). CSR programmes that are close to the causes that customers are keen on, can influence customers to be altruistic (Sheth, Newman and Gross, 1991). Furthermore, Vlachos (2012) and Mandhachitara and Poolthong (2011) found significant relationships linking CSR to positive perceptions that lead to loyalty and repeat purchases. Studies show that as affluent customers become more aware of the increasing environmental and social problems, the CSR notion could become pertinent to customers and a significant stimulus to repurchase (Mandhachitara and Poolthong, 2011). Customers will repeat purchase at the retailers that fulfill their expectations (Wong and Sohal, 2003). Hence, with more businesses involving themselves in CSR activities, there is an increased customer awareness of CSR's importance that will drive them to

anticipate CSR practices by all the retailers they visit.

Most literature show an indirect relationship between a business' involvement in CSR activities and on both repeat purchases and perceptions of service quality. There is a dearth of studies translating CSR directly into WoM or into increasing perceived quality and repurchase intention. There are however, many studies looking into the contribution of WoM to the intention to purchase, mainly taking WoM as a positive attribute to purchase and more so if the business involvement in CSR activities is not immediately apparent to customers. Several studies have been undertaken using CSR as a moderating factor to enhance reputation and brand image, while others indicate that businesses use CSR simply because others are doing the same. Similarly, literature on CSR's contribution to marketing services is complex, inconsistent and contradictory (Poolthong and Mandhachitara, 2009; Jaakson, Vadi and Tamm, 2009, Anselmsson and Johansson, 2007). Therefore, this research set out to investigate the contribution of fast food retailers' CSR involvement to building a strong reputation that would instigate positive WoM, and increase perceived service quality (PSQ) and repurchase intention (RPI). There is little doubt that CSR significantly strengthens the reputation of a retail brand, however it is less certain if retail reputation plays a direct role in influencing positive WoM, PSQ and RPI, as reputation is developed over a long period of time based on customers' experience of various service factors.

2.6 Hypotheses Development

This research studies the theoretical relationships derived from the foregoing analysis of the relevant literature. Marketers will benefit from knowing the exact purpose of CSR in fast food retail and precisely which of the marketing variables are affected or influenced by CSR. The success of CSR activities is reflected in the positive reputation of the retailer, which results in positive WoM intentions, positive RPI and positive PFQ. This subsequently improves the retailers market positioning and ability to sustain market leadership. Hence, the following hypotheses are posited to examine the contribution of CSR to the behaviour of consumers in Hong Kong's fast food retail industry.

Hypothesis H1. CSR activities of a fast-food restaurant in Hong Kong increase customer WoM intentions.

Hypothesis H2. CSR activities of a fast-food restaurant in Hong Kong increase customer RPI.

290 Hypothesis H3. CSR activities of a fast food restaurant in Hong Kong increase
291 customer PFQ.

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293 Hypothesis H4 below postulates the direct relationship between fast food retailers'
294 involvement in CSR activities on their reputation as a responsible and ethical retailer.
295 This hypothesis reflects the notion that CSR practices of an organisation have the ability
296 to build and strengthen the reputation of the organisation (Gatti et al., 2012; Lai et al.,
297 2010; Fan, 2005). This allows marketers to leverage CSR activities with the purpose of
298 building their reputation and consequently choosing to participate in activities that are
299 suitable for this objective.

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301 Hypothesis H4. CSR activities of a fast-food restaurant in Hong Kong increase its
302 corporate reputation as perceived by customers.

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304 Hypotheses H5, H6 and H7 below show the direct relationships between the reputation
305 of fast food retailers and customer WoM intentions, customer RPI and customer PFQ.

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307 Hypothesis H5. Corporate reputation of a fast-food restaurant in Hong Kong increases
308 customer WoM intentions.

309 Hypothesis H6: Corporate reputation of a fast-food restaurant in Hong Kong increases
310 customer RPI.

311 Hypothesis H7: Corporate reputation of a fast-food restaurant in Hong Kong increases
312 customer PFQ.

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314 The final hypotheses H8, H9, and H10 have been postulated to depict the partial
315 mediating influence of fast food retailers' reputation on the relationships between CSR
316 and customer WoM intentions, customer RPI, and customer PFQ (Gatti et al., 2012, Cruz
317 and Pedrozo, 2009). These hypotheses are intended to test the importance of fast food
318 retailers' involvement in CSR activities in order to build a reputable retail that would gain
319 positive customer WoM intentions, positive customer RPI, and positive customer PFQ.

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323 Hypothesis H8. Corporate reputation of a fast-food restaurant in Hong Kong partially
324 mediates the relationship between CSR and customer WoM intentions.

325 Hypothesis H9. Corporate reputation of a fast-food restaurant in Hong Kong partially
326 mediates the relationship between CSR and customer RPI.

Hypothesis H10. Corporate reputation of a fast-food restaurant in Hong Kong partially mediates the relationship between CSR and customer PFQ.

2.7 Research Model

Ten hypotheses have been developed based on the literature on the corporate social responsibility, corporate reputation, word of mouth, repurchase intention and perceived food quality. Based upon these ten hypotheses developed, a research model (Figure 1) was devised by adapting the following sets of constructs from prior studies.

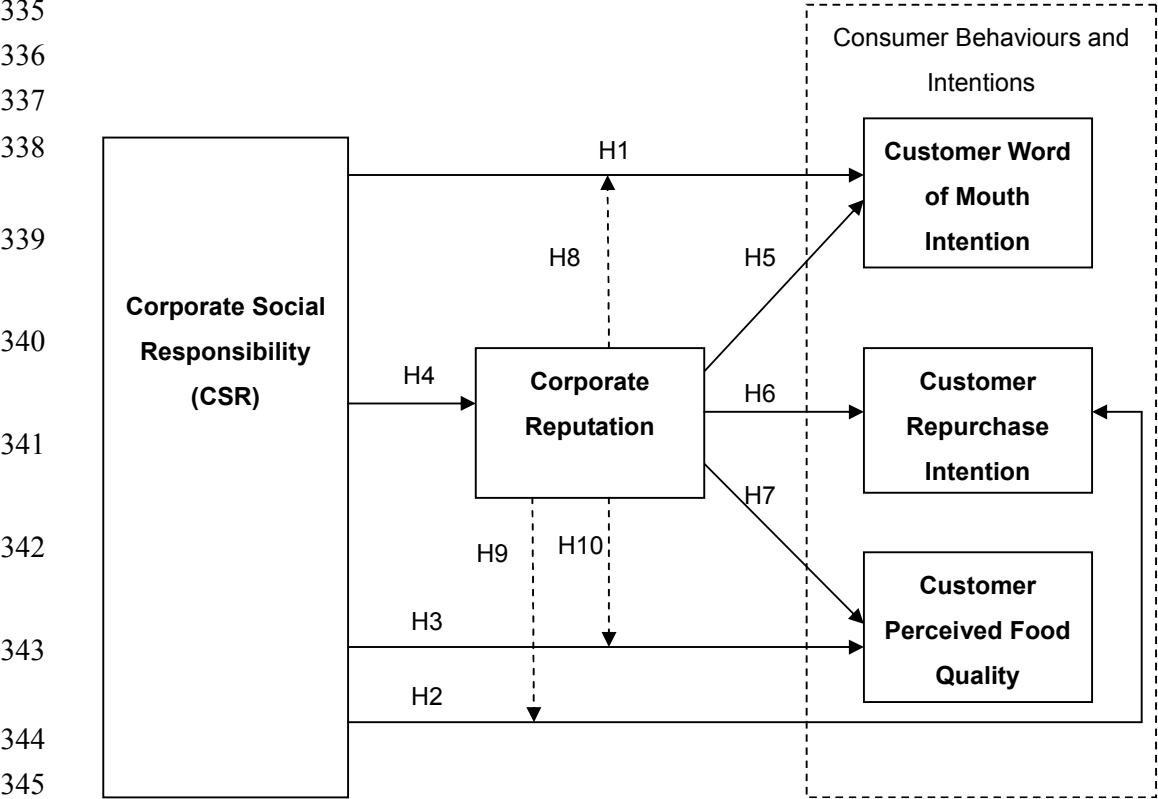


Figure 1. Research Model

3. METHODOLOGY

3.1 Sample

As this research investigates the customers of fast food restaurants in Hong Kong, the unit of analysis is individuals. Therefore, questionnaires were distributed to a sample of 400 fast food customers, who were 18 years old and above. The research began by setting up a database with locations of all the fast food restaurants in Hong Kong. In order not to be bias when selecting restaurants, the researcher randomly selected several locations using a simple lottery method. In addition, in order to ensure these are

fast food restaurants that have high traffic, the correct timing and days to visit the restaurants were determined from a publicly available database. The questionnaires were distributed to the restaurant patrons outside the restaurants where the restaurant owner's consent to interview patrons was not required. A total of 20 locations were selected randomly and visited by the researcher to distribute the research questionnaires. 400 self-administered, personal survey questionnaires for this study were distributed to customers of fast food restaurants in the public areas of identified fast food restaurants.

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3.2 Research Instruments

This research has a total of five constructs: corporate social responsibility, corporate reputation, customer word of mouth intentions, customer repurchase intentions, and customer perceived food quality. As all these constructs are abstract in nature, they are best measured by using an interval measurement scale. The items chosen to measure these constructs were borrowed from various established literature as shown in Table 1 below.

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Table 1: Measuring Items and Sources

Constructs	Source of measuring items	Number of items	Format
Corporate Social Responsibility	Lai et al. (2010)	5	Likert scale of 1 (strongly disagree) to 7 (strongly agree)
Corporate Reputation	Flavian et al. (2005)	3	Likert scale of 1 (strongly disagree) to 7 (strongly agree)
Customer Word of Mouth Intentions	Srinivasan, Anderson and Ponnnavolu (2002); Maxham III (2001); Zeithaml et al. (1996)	6	Likert scale of 1 (strongly disagree) to 7 (strongly agree)
Customer Repurchase Intentions	Maxham III (2001); Zeithaml et al. (1996)	5	Likert scale of 1 (strongly disagree) to 7 (strongly agree)
Customer Perceived Food Quality	Lai et al. (2010); Pina, Martinez, de Chernatony and Drury (2006)	3	Likert scale of 1 (strongly disagree) to 7 (strongly agree)

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Corporate social responsibility was represented by five items, corporate reputation was measured using three single dimensional item scales, six items represented customer word of mouth intentions, customer repurchase intentions was measured using five single dimensional items, and three items represented customer perceived food quality. A summary of measuring items is shown in Table 2 below.

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Table 2: A Summary of Measuring Items for the Five Constructs

Constructs	ID	Measuring Items
Corporate Social	CSR1	This fast food restaurant is very concerned with the local community.

Responsibility	CSR2	This fast food restaurant is very concerned with environmental protection.
	CSR3	This fast food restaurant is very concerned with customers' benefits.
	CSR4	This fast food restaurant is very concerned with the rights of female and disabled employees.
	CSR5	This fast food restaurant actively participates in social initiatives.
Corporate Reputation	CR1	I believe that this fast food restaurant does what it promises for its customers.
	CR2	This fast food restaurant has a good reputation
	CR3	I believe that the reputation of this fast food restaurant is better than its competitors.
Customer Repurchase Intention	RPI1	I intend to buy from this fast food restaurant next time.
	RPI2	I will continue buying from this fast food restaurant.
	RPI3	Most likely, I will buy from this fast food restaurant next time.
	RPI4	I will consider this fast food restaurant my first choice if I need to buy fast food.
	RPI5	I will buy more from this fast food restaurant in the next few months.
Perceived Food Quality	PFQ1	The food from this fast food restaurant is better than other competitors.
	PFQ2	The food quality of this fast food restaurant is higher than other competitors
	PFQ3	The food from this fast food restaurant is more consistent and reliable in comparison with other competitors.
Word of Mouth Intention	WOM1	I would say positive things about this fast food restaurant.
	WOM2	I would recommend this fast food restaurant to anyone who seeks my advice.
	WOM3	I would encourage friends to purchase fast food from this restaurant
	WOM4	I would recommend this fast food restaurant to my friends.
	WOM5	I would recommend this fast food restaurant to my acquaintances.
	WOM6	If my friends were looking for fast food service, I would tell them to try this restaurant.

3.3 Data Analysis

The measures used in this research were cleaned and assessed using validity and reliability tests to establish accuracy of data collected. In the current research, theses assessments were performed via Exploratory Factor Analysis (EFA) which is then confirmed using Confirmatory Factory Analysis (CFA) to ensure the data is suitable to run Structural Equation Modelling (SEM). This assessment relates to ensuring that items used to measure one construct hang together or are closely related to each other.

4. FINDINGS

4.1 Characteristics of the Sample

Table 3 below shows the characteristics of respondents in respect of age, marital status,

level of education, monthly salary and respondents' nationality.

Table 3: Demographic Profile of Valid Respondents (n = 384)

		Percentage (%)
Age	Under 20	40.9
	20 to 29	45.6
	30 to 39	7.3
	40 to 49	4.4
	50 to 59	1.6
	60 and above	0.3
Marital Status	Single	89.8
	Married	10.2
Level of Education	Primary	0.3
	Secondary	31.5
	Undergraduate	48.7
	Postgraduate	19.5
Monthly Salary (HK\$)	Below 10,000	71.9
	10,000 to 19,999	16.4
	20,000 to 40,000	8.3
	Above 40,000	3.4
Respondents' Nationality	Hong Kong Resident	92.4
	Visitor from China	5.7
	Visitor from other countries apart from China	1.8

4.2 Validity Test

In running Exploratory Factor Analysis (EFA) to assess the items used to measure CSR and CR, the principal component method was used, rotating the data with varimax rotation and suppressing loadings below 0.5. This research assumes the CSR and CR are nonrelated in order to draw out the actual benefit of CSR in enhancing CR. Thus a Varimax method of rotation was used. Table 4 below shows all five items for CSR loading highly in component 1 which is named CSR, while all three items for CR loaded highly into component 2, and is now named as CR. The five items measuring CSR and three items measuring CR loaded, fulfilling conditions for convergent and discriminant validity.

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Table 4: Exploratory Factor Analysis on CSR and CR

Questionnaire Items	Component	
	1 (CSR)	2 (CR)
Corporate Social Responsibility		
CSR1	0.810	
CSR2	0.755	
CSR3	0.645	
CSR4	0.599	
CSR5	0.559	
Corporate Reputation		
CR1		0.806
CR2		0.790
CR3		0.743

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Table 5 below reflects that all six items used to measure customers' WoM intention loaded highly in component 1, while only three out of five items measuring customers' RPI loaded highly in component 2. Two items RPI4 and RPI5 were removed. Two items measuring PFQ loaded highly in component 3, while one item PFQ3 was removed as it did not load clearly.

Table 5: Exploratory Factor Analysis on WOM, RPI and PFQ

Questionnaire Items	Component		
	1 (WOM)	2 (RPI)	3 (PFQ)
Word of Mouth			
WOM1	0.851		
WOM2	0.837		
WOM3	0.829		
WOM4	0.815		
WOM5	0.786		
WOM6	0.670		
Repurchase Intention			
RPI1		0.897	
RPI2		0.843	
RPI3		0.824	
Perceived Food Quality			
PFQ1			0.835
PFQ2			0.833

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4.3 Reliability Test

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Table 6 below shows the findings of Cronbach's alpha test. The Cronbach's alpha values of all the latent variables of this research are above 0.7, satisfying Nunnally's (1978) rule of thumb. Thus, the validity and reliability tests above indicate that the items used to

438 measure the latent variables converge and discriminate.

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Table 6: Reliability Test Output

Constructs	No of items	Cronbach's alpha	Mean	Standard Deviation
CSR	5	0.78	17.79	4.73
CR	3	0.76	9.99	2.91
RPI	3	0.90	8.70	3.15
PFQ	2	0.86	11.00	3.28
WoM	6	0.94	21.48	6.96

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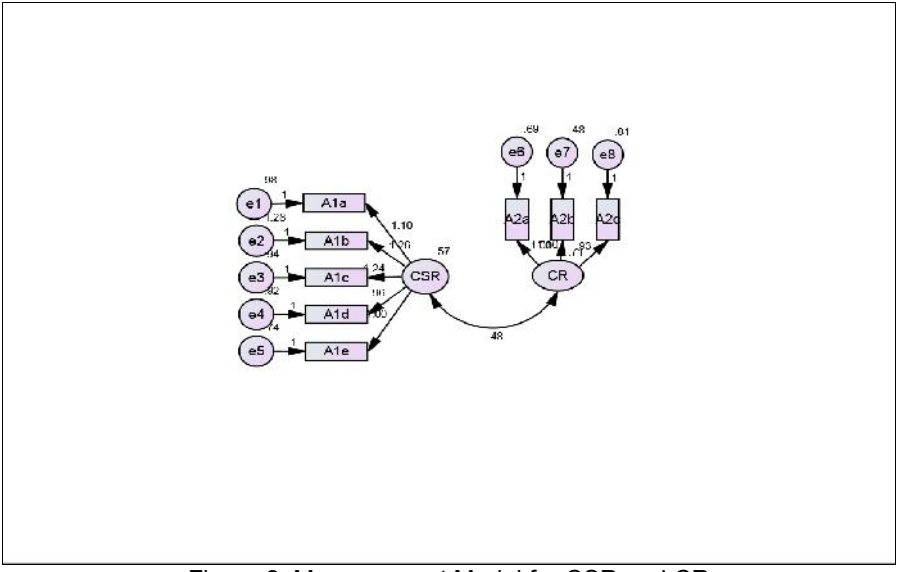
443 **4.4 Confirmatory Factor Analysis (CFA)**

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446 **4.4.1 Measurement model and CFA for CSR and CR**

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448 Figure 2 below shows the measurement model for CSR and CR used to assess the
449 validity. Confirmatory factor analysis (CFA) was used to verify the measurement
450 assessment performed above. As such, measurement models of latent variables are
451 drawn and confirmed the findings above using structural equation modelling (SEM).



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Figure 2: Measurement Model for CSR and CR

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455 Table 7 below shows a summary of model fit which shows that the model does not quite
456 fit as CMIN = 45.01, df = 19, and p-value = 0.001. However, CIM/DF = 2.37 shows a
457 model fit (Kline, 2005; Bryne, 2001). This is corroborated by the coefficients GFI = 0.97,
458 AGFI = 0.95 and CFI = 0.97, all of which are > 0.9 indicating an acceptable model. As
459 RMSEA < 0.08 is the rule of the thumb to accept a model fit, the RMSEA = 0.06 and
460 PCLOSE = 0.0021 (PCLOSE < 0.05) show an acceptable model. The Factor Score
461 Weights in Table 8 below and Standardised Total Effects in Table 9 show the clear
462 loading of CSR items and CR items into two distinctive columns, indicating the

convergent and discriminant validity of items.

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Table 7: Model fit summary for measurement model – CSR and CR

	CMIN	DF	P	CIM/DF	GFI	AGFI	CFI	RMSEA	PCLOSE
Default model	45.013	19	.001	2.369	.971	.945	.972	.060	.0021
Saturated model	.000	0			1.000		1.000		
Independence model	965.376	28	.000	34.478	.469	.318	.000	.296	.000

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Table 8: Factor Score Weights (Group number 1 - Default model)

	A2c	A2b	A2a	A1a	A1b	A1c	A1d	A1e
CR	.151	.302	.192	.039	.034	.046	.036	.047
CSR	.040	.079	.050	.117	.102	.136	.107	.141

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Note: A1s – items measuring CSR

A2s – items measuring CR

Table 9: Standardized Total Effects (Group number 1 - Default model)

Items	CR	CSR
A2c	.655	.000
A2b	.800	.000
A2a	.713	.000
A1a	.000	.643
A1b	.000	.643
A1c	.000	.692
A1d	.000	.599
A1e	.000	.660

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4.4.2 Measurement model and CFA for WoM, RPI and PFQ

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The CFA used to verify the validity of items measuring WoM, RPI and PFQ is portrayed in the measurement model displayed in Figure 3 below. Although the model summary in Table 10 indicates that the model does not quite fit because CMIN = 108.04, df = 41, and p-value = 0.0001, the ratio of CIM/DF = 2.6 (CIM/DF < 0.3) shows a model fit (Kline, 2005; Byrne, 2001). This acceptable measurement model fit is further supported by the > 0.9 values of GFI = 0.95, AGFI = 0.92 and CFI = 0.98. Moreover, RMSEA < 0.08 is the rule of the thumb to accept a model fit while the RMSEA for this data shows RMSEA = 0.065 and PCLOSE = 0.05 (PCLOSE < 0.05) show an acceptable model. As Kline (2005) and Byrne (2001) assert, at least four of the various measure are sufficient to accept a model fit. The Factor Score Weights in Table 11 and Standardised Total Effects in Table 12 show the clear loading of WoM items, RPI items and PFQ items into three distinctive columns.

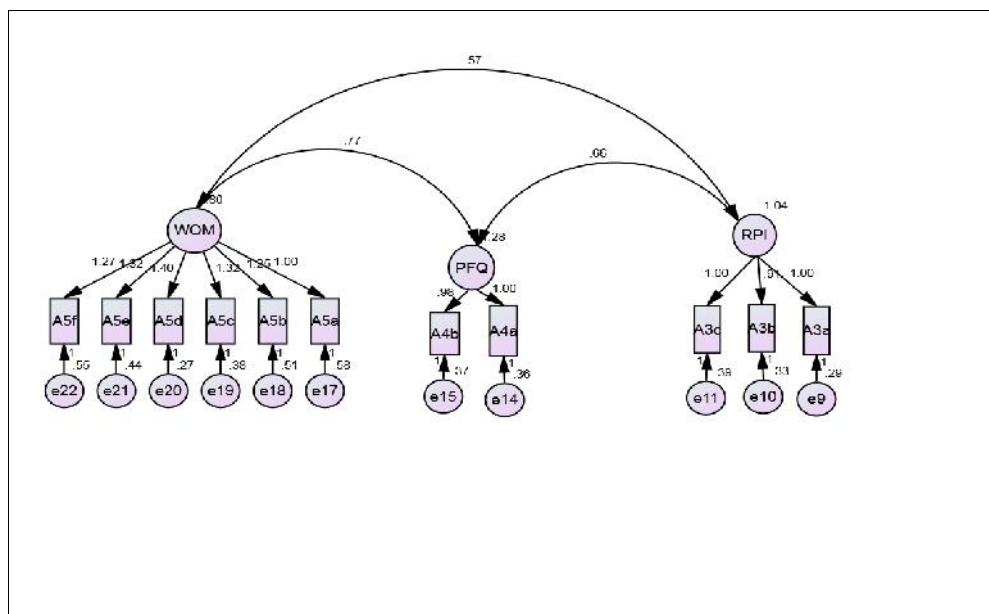


Figure 3: Measurement Model for WoM, RPI and PFQ

Table 10: Model fit summary for measurement model – WoM, RPI and PFQ

	CMIN	DF	P	CI/DF	GFI	AGFI	CFI	RMSEA	PCLOSE
Default model	108.037	41	.000	2.635	.951	.921	.981	.065	.050
Saturated model	.000	0			1.000		1.000		
Independence model	3568.050	55	.000	64.874	.221	.065	.000	.408	.000

Table 11: Factor Score Weights (Group number 1 - Default model)

Items	A5f	A5e	A5d	A5c	A5b	A5a	A4b	A4a	A3c	A3b	A3a
PFQ	.019	.025	.043	.030	.021	.015	.366	.391	.013	.014	.018
WOM	.087	.114	.194	.133	.093	.066	.022	.024	.009	.010	.012
RPI	.008	.010	.018	.012	.009	.006	.014	.015	.251	.273	.342

Table 12: Standardized Total Effects (Group number 1 - Default model)

Items	PFQ	WOM	RPI
A5f	.000	.836	.000
A5e	.000	.872	.000
A5d	.000	.923	.000
A5c	.000	.887	.000
A5b	.000	.843	.000
A5a	.000	.762	.000
A4b	.875	.000	.000
A4a	.884	.000	.000
A3c	.000	.000	.853
A3b	.000	.000	.852
A3a	.000	.000	.885

Finally, the removal of two items from RPI and one item from PFQ has allowed other items to load distinctively and highly into the respective latent constructs. Thus the validity and reliability of the items concerning WoM, RPI and PFQ are confirmed with the Critical Ratio (C.R.) values as seen in Table 13, whereby all CRs are > 1.96, (Kline 2005, Schumaker and Lomax, 2004; Byrne, 2001). The relationship between the latent variables are confirmed as seen in Table 14 whereby the covariances and correlations show strong relationships as all Critical Ratios are above 1.96 and correlations are above 0.5. Thus, the data collected is valid, reliable and now suitable to test significant of the hypotheses.

Table 13: Regression Weights: (Group number 1 - Default model)

Relationship	Estimate	S.E.	C.R.	P	Label
A3c <--- RPI	1.001	.048	20.701	***	par_1
A5a <--- WOM	1.000				
A5b <--- WOM	1.246	.069	17.962	***	par_2
A5c <--- WOM	1.325	.070	18.936	***	par_3
A5d <--- WOM	1.396	.070	19.811	***	par_4
A5e <--- WOM	1.316	.071	18.642	***	par_5
A5f <--- WOM	1.267	.072	17.696	***	par_6
A4a <--- PFQ	1.000				
A4b <--- PFQ	.978	.051	19.200	***	par_10
A3a <--- RPI	1.000				
A3b <--- RPI	.915	.043	21.378	***	par_11

Note: *** = p-value < 0.05

Table 14: Covariances and Correlations: (Group number 1 - Default model)

Relationships	Estimate	S.E.	C.R.	P	Label	Correlation Estimate
RPI <--> WOM	.573	.065	8.788	***	par_7	.627
WOM <--> PFQ	.768	.079	9.709	***	par_8	.758
RPI <--> PFQ	.659	.079	8.328	***	par_9	.570

Note: *** = p-value < 0.05

4.5 Hypotheses Testing by Structural Equation Modeling (SEM)

Testing of the hypotheses for this research is carried out by using SEM as displayed in Figure 4 below. The research's focus is on the influence of CSR on CR, and CR's influence on WoM intentions, RPI and PFQ. Hence, more importantly, the present study verifies the mediating role played by corporate reputation, intervening the relationship between CSR and WoM, RPI and PFQ. The research further verifies the direct influences of CSR on the three dependent latent constructs of WoM, RPI and PFQ.

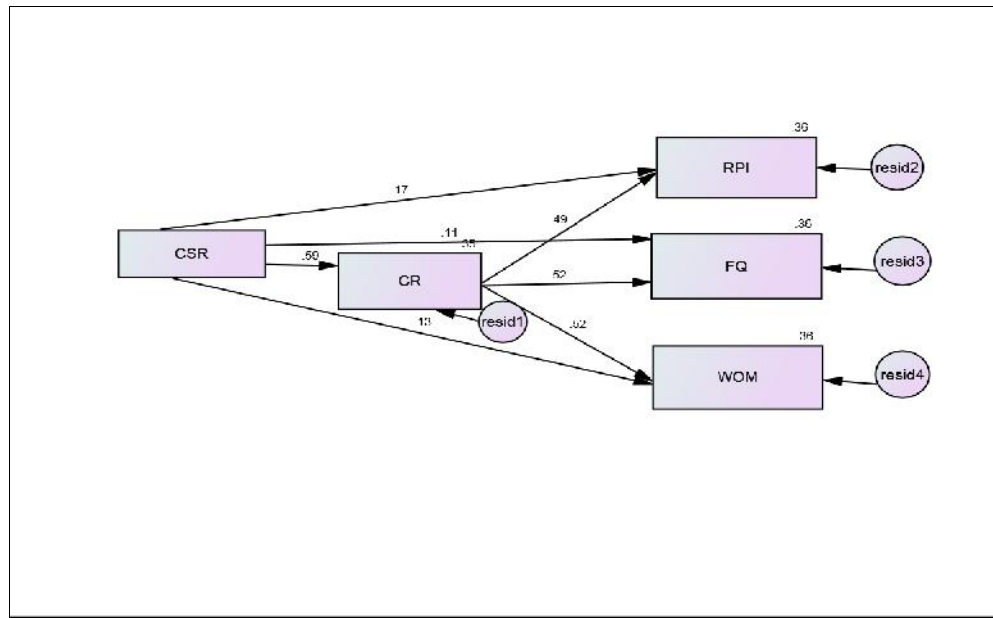


Figure 4: Structural Equation Modeling Portraying Five Latent Variables

4.5.1 Significance Tests

The Regression Weights displayed in Table 15 below shows that the relationships postulated in Figure 4 are significant. The influence of CSR on CR is significant as the critical ratio (C.R.) = 14.34, p-value = 0.0001, and p-value < 0.05. The direct influential relationship of CSR on WoM is significant as C.R. = 2.59, p-value = 0.01, and p-value < 0.05. The direct influential relationship of CSR on RPI is significant as C.R. = 3.42, p-value = 0.0001, and p-value < 0.05. The influence of the relationship of CSR on PFQ is significant as C.R. = 2.25, p-value = 0.025, and p-value < 0.05. The influential relationship of CR on RPI is significant as C.R. = 9.62, p-value = 0.0001, and p-value < 0.05. The influential relationship of CR on WoM is determined with C.R. = 10.19, p-value = 0.0001, and p-value < 0.05, showing significance. The influence of CR on PFQ is significant as C.R. = 10.34 and p-value = 0.0001. Furthermore, these relationships show strong standardised estimates. Hence, the hypotheses H1, H2, H3, H4, H5, H6 and H7 are supported. The positive values of Standard Estimates, show that the relationships are positive, thus when CSR involvement in a fast food restaurant increases, corporate reputation, positive WoM, RPI and PFQ increases. A similar finding is found in the relationships between CR and positive WoM, RPI and PFQ.

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Table 15: Regression Weights

Relationships			Estimate	S.E.	C.R.	P	Standard Estimate
CR	<---	CSR	.364	.025	14.336	***	.591
RPI	<---	CR	.524	.055	9.615	***	.485
WoM	<---	CR	1.029	.101	10.188	***	.515
WoM	<---	CSR	.161	.062	2.588	.010	.131
RPI	<---	CSR	.115	.034	3.422	***	.173
PFQ	<---	CR	.432	.042	10.336	***	.524
PFQ	<---	CSR	.058	.026	2.249	.025	.114
Variances							
CSR			22.338	1.614	13.838	***	
resid1			5.508	.398	13.838	***	
resid4			30.148	2.179	13.838	***	
resid3			3.686	.266	13.838	***	
resid2			6.275	.453	13.838	***	

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4.5.2 Mediation influence of CR

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Table 16 below shows the application of SEM for estimation of Total Effect, Direct Effect and Indirect Effect that used to determine the mediating influence of CR between CSR and WoM, CSR and RPI, and CSR and PFQ.

Table 16: Total Effect, Direct Effect and Indirect Effect

	Std. Total Effect		Std Direct Effect		Std. Indirect Effect	
	CSR	CR	CSR	CR	CSR	CR
CR	.591	.000	.591	.000	.000	.000
PFQ	.424	.524	.114	.524	.310	.000
WoM	.435	.515	.131	.515	.306	.000
RPI	.460	.485	.173	.485	.287	.000

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Based on the results in Table 16, the following relationships must exist to allow mediation:

- CSR to WoM, RPI, PFQ relationship exists, indication of a direct relationship.
- CSR to CR relationship exists, hence mediator is related to exogenous variable.
- CR to WoM, RPI, PFQ relationship exists, indicating a relationship between the mediator and the endogenous variable.

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The Direct Effect of CSR on WoM (0.131), on RPI (0.173), and on PFQ (0.114) indicates that the relationships in (a) above exist. The Direct Effect of CSR on CR (0.591) indicates that the relationship in (b) above exist. The Direct Effect of CR on WoM (0.515), on RPI (0.485), and on PFQ (0.524) indicates that the relationships in (c) above exist. The mediation effect of CR on the relationships suggested above is confirmed. However, in SEM, since the full model is represented, the Indirect Effect is used to suggest whether the mediation impact is full, partial or non-mediating. Therefore, using Table 16 above and the rule of the thumb suggested by Hair, Black, Babin and Anderson (2010), the

579 following conclusion is made on the mediating effect of CR:

- 580
- 581 a. The direct relationships between CSR and WoM, CSR and RPI, and CSR and PFQ
- 582 are all significant.
- 583
- 584 b. The indirect effect of CSR on WoM = 0.306 (> 0.085) and $IE \cong DE$, hence CR is a
- 585 partial mediator for the relationship between CSR and WoM.
- 586
- 587 c. The indirect effect of CSR on RPI = 0.287 (> 0.085) and $IE \cong DE$, hence CR is a
- 588 partial mediator for the relationship between CSR and RPI.
- 589
- 590 d. The indirect effect of CSR on PFQ = 0.310 (> 0.085) and $IE \cong DE$, hence CR is a
- 591 partial mediator for the relationship between CSR and PFQ.
- 592

593 The above conclusion indicates that CR is a partial mediator for the relationships
594 between CSR and WoM, RPI and PFQ. Thus, the hypotheses H8, H9 and H10 are
595 supported as well.

596 5. DISCUSSION

598 This research was built on a strong platform of literature that produced the main research
599 question and ten hypotheses for the purpose of verifying theories relating to the effect of
600 CSR on consumer behaviour. The retail industry is evolving at a rapid pace, thus
601 requiring an incessant flow of relevant new knowledge. The practical and theoretical
602 implications of the findings from this research add such new knowledge by enriching
603 understanding of the value of practicing CSR to build an organisation's reputation.

604

605 The impact of CSR on perceived quality (Qin et al., 2010; Poolthong and Mandhachitara,
606 2009), corporate reputation and RPI have traditionally been studied as direct
607 relationships (Gatti et al., 2012; Mohr, Webb and Harris, 2001), and CSR's direct impact
608 on WoM intentions has been discussed separately (Maxham III, 2001). Also, much of the
609 CSR literature has been dedicated to CSR's influence on reputation and image (Wagner
610 et al., 2008) while neglecting the mediating role played by corporate reputation in the
611 relationships between CSR and consumer intentions and behaviour. This research
612 therefore adds to the existing knowledge of CSR's role in marketing by finding that a
613 good corporate reputation together with relevant and integrated CSR provides a much
614 stronger impact on the behaviour of consumers than CSR on its own may have.

615

616 As a partial mediator, corporate reputation plays a direct role in consumer actions. This
617 being the case, the findings from this research indicate that nonconforming CSR
618 activities may be a mover of certain consumer behaviour but it may not be very
619 convincing nor is there an assurance that this will last long, as only incessant CSR
620 activities contribute to sustainable behaviour. This suggests that in order to benefit most

621 from CSR practices, businesses ought to develop a reputable brand using CSR as this
622 would bring about a long term and sustainable positive impact on consumer behaviour
623 and intentions. Therefore, this research's theoretical contribution is the introduction of
624 corporate reputation as a long term benefit to the relationship between CSR and
625 customer behaviour and intentions.

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627 Retail managers and service managers in general are able to build a strong reputation for
628 their business. However, due to competitive pressure, CSR is beginning to be recognised
629 as a resilient tool for enhancing reputation via positive consumer behaviour and
630 intentions (Blazevic et al., 2013). As service lacks consistency, it is difficult to maintain
631 customer interest and buying behaviour (Bogue, Coleman and Sorenson, 2005). This
632 research found that CSR components that are more focused toward retailing may have
633 either a strong direct relationship or a strong relationship that is partially mediated by
634 reputation. Thus, managers could either build the brand name of retail or add to their
635 corporate reputation by employing CSR activities that are found suitable for their type of
636 retail. Therefore, managers of the fast food retail industry may need to implement CSR
637 activities or programmes that are capable of continuance and of building corporate
638 reputation. This may be done by carrying out CSR programmes that are generally closer
639 to customers' interests. This research found that consumers are more likely to appreciate
640 CSR activities that are visible to them, thus treating employees well will result in satisfied
641 employees who will face customers with a happy disposition and a positive attitude
642 (Bourdeau et al., 2013).

643

644 **6. LIMITATIONS AND FUTURE RESEARCH**

645 The main limitation of this research is the sample used which is a subset of fast food
646 restaurant customers in Hong Kong. The respondents may not have had any knowledge
647 of CSR or may not have been aware of the CSR activities carried out by the retailer
648 where they were interviewed. Hence generalizability may be distorted, as some of the
649 respondents may have participated without fully knowing the reasons for CSR. The
650 present research limited the influence of CSR and CR on three marketing concepts,
651 however, there may be more than these concepts that may be affected by CSR and CR,
652 such as corporate image that could mediate the abovementioned relationships.

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654 Further related research might consider developing items for CSR that are more suitable
655 for the type of retail being examined. Consideration might also be given to interviewing a
656 group of visitors to Hong Kong, possibly from mainland China, in order to provide a
657 comparison of CSR knowledge between local fast food retail customers and those from

other jurisdictions. Lastly, future research might consider investigating whether new purchases are made due to customers' knowledge that the retailer is practising CSR and how much of that knowledge is gained by WoM.

7. CONCLUSION

This research shows that Hong Kong fast food customers are young adults who have limited spending power and can only frequently consume fast food. CSR is found to be directly related to corporate reputation, which is considered to be an important tool for sustainable business. Furthermore, the research revealed the partial mediating power of corporate reputation between the relationship of CSR and customer behaviour and intentions. CSR provides a competitive advantage to many businesses and should not be taken for granted as it plays a huge role in inducing positive word of mouth, repeat purchases, and positively perceived food quality. This research has undertaken a quantitative approach to evaluating the contribution of CSR to customer behaviour and intentions. In doing so, the research added the corporate reputation of the retailer as partial mediator in the relationship between CSR and customer behaviour and intentions. It has raised issues concerning the importance of CSR in changing customer behaviour and the pertinent partially mediating role played by corporate reputation in influencing CSRs' impact on customer behaviour and intentions. As service is known to vary according to the context in which it is offered, it is best for retail managers to identify CSR activities that best reflect their particular product or service. This will make it easier for customers to comprehend and evaluate, which will ultimately benefit the retailer.

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