

## **Impact of Adopting CSR by Fashion Brands on Consumers' Purchase Intention through a Mediating Role of Corporate Brand Credibility and Reputation**

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**Introduction and Literature Review.** Fashion brands are taking initiatives to promote sustainable clothing, fair trade, and philanthropic social activities by incorporating corporate social responsibilities (CSR) in their business model (Akterujjaman et al., 2019). However, at the same time, fashion brands are being accused of greenwashing and use of underaged labor (Haque & Park-Poaps, 2019); hence this raises the question of whether fashion brands' CSR adoption influences consumers' purchase intention. As fashion brands have to address skepticism and brand reputation, it is essential to explore how consumers' perception of CSR adoption influences their behavioral intention (i.e., purchase intention) by mitigating the skepticism and enhancing brand reputation. This study attempts to explore how consumers' perception of fashion brands' CSR activities is related to corporate brand credibility and corporate brand reputation, and also how these two factors play a mediating role in the relationship between perceived CSR and consumers' purchase intention.

The study incorporates the signaling theory to understand the underlying mechanism that brands use to influence consumers. Signaling theory assumes that companies cause information asymmetry as multiple levels of product information circulates between consumers and companies. Therefore, sellers are more knowledgeable about their services and products than the consumers, and consumers are uncertain about the product attributes and quality. According to Connelly et al. (2011), signaling theory helps describe and understand behavior when both parties (sender and receiver) have access to information, where the sender should decide how to convey different information, and the receiver should decide how to perceive the meaning of that information. Signaling theory indicates that by using signals associated with CSR, a company can effectively communicate information related to its CSR activities to the consumers.

According to Erdem et al. (2002) brand credibility is composed of two components, trustworthiness and expertise. Brand credibility refers to consumers' perception of a brand's believability that a particular brand has the ability (expertise) and eagerness (trustworthiness) to deliver its promise to the consumers. Previous literature suggests that consumers' perception of the company's expertise and honesty is influenced by CSR performance across industries ranging from service to manufacturing. Corporate reputation refers to the perception of a company's past and future actions that determine how the stakeholders such as consumers will respond to them. Several previous studies indicate the association of positive corporate reputation with CSR activities (Diddi & Niehm, 2016). Studies empirically showed that positive reputation is related to positive CSR-related activities while not committing any CSR-related misconduct and misdeed (Diddi & Niehm, 2016). Avoiding such misconduct related to greenwashing and engaging in genuine ethical CSR activities may create social values that

subsequently strengthen the reputation. Diddi and Nieham (2016) suggest that apparel retail brands may create social values through CSR engagement which may lead to enhanced brand reputation. Several previous studies also suggest the positive influence of corporate brand credibility and brand reputation on

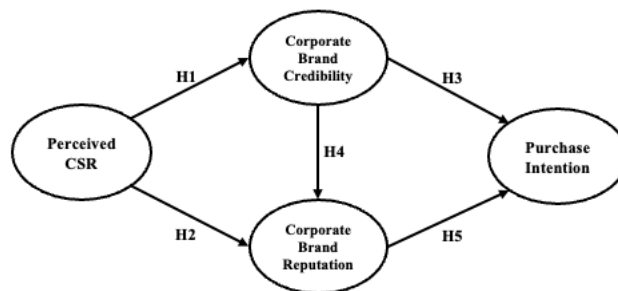


Figure 1. Conceptual model

consumers' behavioral intentions such as purchase intention (Martín-Consuegra et al., 2018). Therefore, based on the previous literature, a research model (Figure 1) was developed which includes the following five hypotheses: **H1** Consumers' perceived CSR has a positive impact on brand credibility in the fashion industry; **H2** Consumers' perceived CSR has a positive impact on corporate brand reputation in the fashion industry; **H3** Corporate brand credibility mediates the relationship between perceived CSR and purchase intention in the fashion industry; **H4** Corporate brand credibility mediates the relationship between perceived CSR and corporate brand reputation in the fashion industry; and **H5** Corporate brand reputation mediates the relationship between perceived CSR and purchase intention in the fashion industry.

**Research Method.** Data were collected using a structured questionnaire through Qualtrics from a southeastern US university. 124 responses were collected initially and after screening the data 102 valid responses were used for analysis. The measuring items of the consumers' perceived CSR were adapted from Bianchi et al. (2019). Items for brand credibility were adapted from Erdem et al. (2002). Items for brand reputation were adapted from Bianchi et al. (2019). Purchase intention items were adapted from Lee and Lee (2019). The responses to all the questions are measured by a seven-point Likert scale (1 = strongly disagree to 7 = strongly agree). Among the respondents, 80.4% were female and 18.6% were male; 35.3% were white American and 39.2% were African American; and 87.3% were young consumers aged between 18 and 24.

**Results and Implications.** Findings of the regression analysis showed that consumers' perceived CSR ( $\beta = .768, p < .001$ ) has a positive impact on corporate brand credibility [ $R^2 = .589, F_{(1, 100)} = 143.44, p < .001$ ]. Regression analysis also showed that consumers' perceived CSR ( $\beta = .607, p < .001$ ) has a positive impact on corporate brand reputation [ $R^2 = .369, F_{(1, 100)} = 58.47, p < .001$ ]. Hence, both the H1, and H2 are supported. According to the H1, perceived CSR influences corporate brand credibility and further regression analysis also showed that corporate brand credibility ( $\beta = .708, p < .001$ ) has a positive impact on purchase intention [ $R^2 = .501, F_{(1, 100)} = 100.57, p < .001$ ]. Therefore, H3 is supported, and corporate brand credibility mediates the relationship between consumers' perceived CSR and purchase intention. The analysis also depicts that corporate brand credibility ( $\beta = .720, p < .001$ ) mediates the positive relationship between consumers' perceived CSR and corporate brand reputation [ $R^2 = .519, F_{(1, 100)} = 107.67, p < .001$ ], thus H4 is supported. According to the H2, perceived CSR influences corporate brand reputation, and further regression analysis also showed that corporate brand reputation ( $\beta = .785,$

$p < .001$ ) has a positive impact on purchase intention [ $R^2=.616$ ,  $F(1, 100)=160.24$ ,  $p<.001$ ]. Therefore, H5 is supported, and corporate brand reputation mediates the relationship between consumers' perceived CSR and purchase intention.

Findings suggest that there are both direct and indirect relationships between consumers' perceived CSR and corporate brand reputation. So, improved CSR activities can provide brands with better credibility that will result in more favorable reputation in the market. Both corporate brand reputation and corporate brand credibility were found as the strong mediator of the relationship between consumers' perceived CSR and purchase intention. It is understandable that when consumers get information (Bhaduri & Ha-Brookshire, 2015) about improved CSR activities of a brand, it can improve the credibility and reputation of the brand which can ultimately influence purchase intention of the consumers toward that brand. This study has not considered other critical constructs within fashion brand equity. Future studies may include other attitude-related constructs to predict behavioral intention.

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