Impact of Corporate Social Responsibility on Customer Loyalty and the Mediating Role of Affective Identification

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Abstract

This paper investigates the impact of perceived corporate social responsibility on customer loyalty with a model incorporating perceived product attributes and consumers' affective identification with a company. Using a survey with the customers of an ethnic apparel retailer brand, this study established that CSR has a significant impact on customer loyalty, and this process is mediated by consumers' affective identification with the company as a result of CSR. This study extended the extant literature by testing and validating the role of perceived CSR and affective identification on loyalty formation in the Indian context. It was also observed that CSR has a better scope to bring about affective ties with a company than conventional product attributes. The research suggested that marketers need to create engagement platforms with customers to create strong points of differentiation based on CSR, when consumers perceive parity on product attributes between competing offerings.

Keywords: affective identification, CSR , customer loyalty, product attributes

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Engaging in some form of social responsibility has become rather obligatory for businesses than being fashionable. It is also interesting to note that in India, the new Companies Act (2013) has made it mandatory for companies to devote a fraction of their profit for social responsibility activities. This study examines instances of CSR from a customer stakeholder perspective as it investigates the impact of CSR on one of the most salient groups of stakeholders, that is, the consumers. Mohr, Webb, and Harris (2001) investigated consumer responses to socially responsible behavior and reported that even though a consumer's beliefs are inconsistent about their behavior in general, there also exists a substantial ,viable, and identifiable market segment that considers CSR in purchase decisions. Widely cited previous works (Bhattacharya & Sen, 2004; Brown & Dacin,1997; Lichtenstein, Drumwright, & Braig, 2004, Sen & Bhattacharya , 2001) have been successful in establishing a link between CSR and customer outcomes such as favourable company evaluations, satisfaction, and customer loyalty. Luo and Bhattacharya (2006) empirically validated the impact of CSR on the firm's market value which is mediated by enhanced customer satisfaction. Mandhachitara and Poolthong (2011) reported that CSR associations positively impacted customer loyalty for consumers in Thailand, while Stanaland, Lwin, and Murphy (2011) reported the same same for Brazilian consumers.

However, research investigating Indian consumers are rare, and most of these models are not empirically tested in the Indian context. It is quite interesting that a recent A. C. Nielson Report (2013) of 25,000 global consumers revealed that Indian consumers are willing to support socially responsible companies more than their counterparts elsewhere. Furthermore, previous studies by Balasubramaniam, Kimber, and Siemensma (2005) and Gupta (2011), which compared Indian consumers with their western counterparts revealed that Indian consumers placed far more importance on CSR activities than their global counterparts.

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Hence, this study, conducted among the customers of an Indian ethnic apparel retailer store brand, tries to investigate the following research questions:

(1) Does CSR has any impact on consumers' loyalty intentions in the Indian context?

(2) Does consumers' affective identification with the company play a mediating role in the CSR-loyalty relationship?

Furthermore, the study can be justified based on the following research gaps :

(a) Few studies have empirically examined the dynamics of CSR - consumer loyalty relationship in the Indian context, (b) affective identification as a mediator between perceived CSR and consumer loyalty relationship has not been empirically investigated in the Indian context, (c) the proposed model has another predictor, consumer perceptions of product attributes, along with CSR. Previous studies on the same topic have investigated corporate abilities, which are being replaced by product attributes in our study, as we argue that in many purchase decisions regarding consumer products, perceived evaluation of attributes takes precedence over perceived corporate abilities.

Literature Review and Development of Hypotheses

➲ **Corporate Social Responsibility :** After analyzing the divergent perspectives on CSR, we consider social responsibility as any corporate action which benefits the key social stakeholders such as the society at large , the local community, the environment, and comprises of philanthropic, ethical, and environmental dimensions (Carroll,1991; Donaldson & Preston, 1995; Jones, 1995; Kotler & Lee, 2004; Lantos, 2001; McWilliams & Siegel, 2001). This definitional paradigm also captures the essence of CSR regulation put forward by the Companies Act (2013). Though these actions should be driven by the intentions to extend social good, it delivers immense advantages to corporations.

In today's monopolistic markets, when there is competitive parity on product attributes, a company can use CSR strategically to create differentiation in consumer markets, without compromising on integrity (Aaker, 2004; McWilliams & Seigel, 2001). This differentiation can be put to use either by investing in social product features or by carefully positioning as a responsible corporate brand. Du, Bhattacharya, and Sen (2007) suggested that by positioning a brand on CSR, a firm can reap favourable product evaluations, purchase likelihood and loyalty, when other companies do not have such a positioning. Keller (1993) proposed that favorable product and service associations and CSR engagements together drive consumer based brand equity of MNCs. Hence, this study postulates that CSR should also be contemplated at the marketing strategy level to find out the impact it has on consumer perceptions and behavior.

➲ **Impact of CSR on Affective Identification :** Previous marketing studies have explored the role of affective identification that results in a strong company - customer identification under the premises of social identity theory. Social identity theory provides the conceptual basis for customer - company identification. It states that people strive for positive self esteem and they achieve this by enhancing social identity (Ashforth & Mael, 1989; Turner, Hogg, Oakes, Reicher, & Wetherell, 1989). Sen and Bhattacharya (2001) provided the framework for customer company identification by stating that customer's identification needs can be fulfilled by companies. Customer- company identification happens when a customer perceives a fit 'between his own persona and that of a company'. Branding and corporate marketing studies have proven that such an identification often triggers an attachment and affection to the company and an overall positive attitude to the corporate brand (Ahuvia, 2005; Park, MacInnis, & Priester, 2006). Previous studies bring in congruence and identification to explain how CSR works on the emotional mindscape of the consumer to create positive behavioral outcomes (Sen & Bhattacharya , 2001; Marin & Ruiz, 2007). According to Fournier (1998), customers may become much excited about some companies or brands that "occupy a special place in their lives".

It has been empirically proved that CSR is a much stronger driver of customer - company identification than corporate abilities, and it can be utilized to build trustworthiness and long term relationships with customer stakeholders (Marin & Ruiz , 2007).

Hence, the value congruence between a company and consumers accentuates the process of identification, and it wires the consumer emotionally to create favourable attitudinal and behavioural outcomes such as satisfaction and loyalty. However, this process will strengthen behavioral outcomes only when the consumer values the non-CSR or conventional attributes in the product such as, price fairness, quality, durability, service quality, and so forth. Hence, CSR can be effectively used to create a sense of differentiation among the consumers.
Thus, we hypothesize that,

➔ **H1:** A favourable perception of CSR has a positive impact on customers' affective identification with the company.

⮆ **Impact on Loyalty :** Loyalty is often described as a customer's propensity to repeat the past purchase pattern (Tellis, 1988), but it can be both attitudinal and behavioural (Chaudhary,1999; Jacoby & Kyner ,1973). Dick and Basu (1994) argued that loyalty is the strength of a relationship between a customer's attitude towards an entity (company /brand) and repeat patronage. Loyalty can be defined as a "deeply held commitment to rebuy or repatronize a brand or brand set" (Oliver, 1997, p. 26) comprising of cognitive, affective, conative, and behavioural dimensions, which often withstand situational or marketing influences. Researchers have confirmed that consumers may develop affectionate ties in business relations (Yim, Tse, & Chan, 2008).

Studies have showed that customers may develop affection towards a brand, which is separate from satisfaction (Carroll & Ahuvia, 2006 ; Fournier, 1998) and these ties help them identify with consumption objects and give them a sense of identity in times of crisis (Park et al., 2006). Hence, it makes sense to consider loyalty as a characteristics of customers rather than a characteristic of a brand. Previous studies have empirically proved that customer-company identification has a positive impact on customer loyalty as they are willing to enhance the prospects of the group or entity they belong to through repurchase and recommendation behaviour (Homburg, Wieseke, & Hoyer , 2009). Vlachos's (2010) experiment with consumers in Greece also confirmed the role of consumer-firm emotional attachment as a mediating factor in corporate social performance and loyalty. Hence, it can be assumed that consumers' affective identification with a company is a much stronger driver of loyalty as it helps them to create a strong emotional connect with the company.

➔ **H2 :** Customers' favourable perception of CSR has a positive impact on loyalty,

➔ **H3:** Affective identification has a positive impact on customer loyalty.

⮆ **Role of Consumers' Perception of Product Attributes :** It is widely accepted in marketing literature that consumers' favourable product evaluation drives loyalty either directly or through satisfaction. Furthermore, we argued that this process is mediated by customer's identification with the company. A recurring argument in this study is that a consumer's identification with the company as driven by positive CSR will be beneficial only if the products or services offered by the firm score well on important product attributes. Luo and Bhattacharya (2006) stated that customers will make negative attributions if a company with bad or inferior products engages in CSR. Previous studies have used corporate abilities (Brown & Dacin, 1997) or product quality and innovativeness (Lin , Chen, Chiu, Lee, 2011; Luo & Bhattacharya, 2006; Xie & Peng , 2011) in combination with CSR to study the consumer impact. Hence, we propose that more than corporate ability associations, consumers' perceptions of important product attributes may lead to customer company identification.

An Australian study on apparel consumers found that price is the most important attribute followed by brand, country of origin, style origin, style and ethical attributes (Jegethesan, Joannee, & Geoffrey, 2012). Lee, Kumar, and Kim (2010) argued that perceived quality matters most for Indian consumers as far as Indian apparel brands are concerned. Indian consumers, particularly women, seek social identity while selecting products (Khare, Mishra, Praveen , & Srivastava, 2011), especially apparel products (Eliot,1994; Hansen & Jenson, 2009). Price, quality,

Figure 1. Model Depicting the Hypothesized Relationships
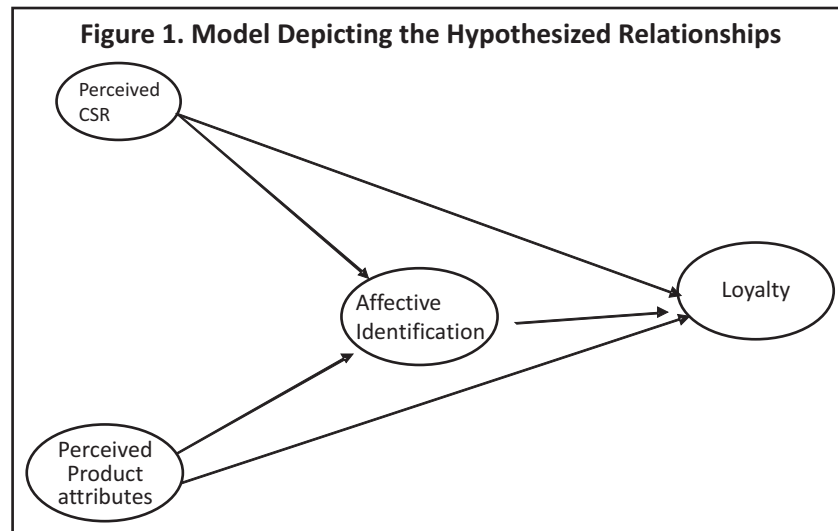
latest style, and fashion are important attributes that consumers may consider while evaluating products, which can be seen as an extension of their personality. Gupta and Hodges (2012) asserted that social product features including social responsibility and ethics are being considered by Indian consumers while shopping for apparel brands. Hence, by using social identity theory, we argue that consumers may evaluate a product or category by attributes, and a positive product evaluation may result in better affective identification with the company.

⮑ **H4:** Favorable product attribute evaluation has a positive impact on customers' affective identification with the company.

⮑ **H5:** Favouarble evaluation of product attributes leads to greater customer loyalty.

⮑ **H6:** Affective identification mediates the relation between CSR and customer loyalty.

We proposed a theoretical model (refer Figure 1) by incorporating all the hypothesized relationships that need to be tested in the Indian context.

Methodology

⮑ **Data Collection and Sample :** The proposed model, as given in the Figure 1, is tested in the context of an Indian ethnic wear retailer, well known for its socially responsible business model. The company was founded on the principles of protecting the craft of traditional artisans and weavers and contributes to a number of social causes .The company's sourcing and operations are based on ethics and social responsibility, wherein weaver and artisan cooperatives are made the shareholders. Besides, the retailer has demonstrated its social commitment in all aspects of business and has also won numerous accolades for the same. The study was conducted at four retail outlets in two southern Indian cities in the month of December 2013. The demographics of the sample are summarized in the Table 1.

A brief description of the company's ethos and CSR activities was provided to the respondents (summarized from information available from the company's website) before they started answering the questionnaire in line with previous studies, which investigated marketing outcomes of CSR perceptions (Mohr & Webb, 2005; Vlachos, 2010). A total of 325 customers were approached based on convenience sampling, out of which 212 agreed to participate in the study. The final sample size was 199 respondents after eliminating 13 questionnaires, which were incomplete. This sample size is considered sound for model testing using AMOS 18.0 (Hoelter, 1983; Iacobucci, 2010).

Table 1. Demographic Profile

Variable	Category	%
Gender	Male	38
	Female	62
Age	17-25	25
(in years)	26-34	33
	35-43	22
	44-52	16
	≥ 53	4
Education	Higher secondary	13
	Graduate	66
	Post graduate	21
Occupation	Employed	52
	Self employed	8
	Home maker	17
	Student	23

Sample size, N =199

● **Measures :** Measures for most of the constructs were adapted from literature. Measures were slightly rephrased to make way for easy comprehension in the Indian context. A face validity test was conducted with two experts from academics and industry to verify item inclusion, suitability, and adaptability in the Indian context. A pre-test was conducted with 32 university students, and the results of the pre-test was used to improve the measures and structure of the questionnaire.

We measured CSR using a five item scale developed by Mohr and Webb (2005) which resonates well with the specifications of the newly founded CSR Act (Ministry of Corporate Affairs, 2013). The scale items reflected the key areas that have emerged from the literature review while giving due consideration to the Indian reality. Product attribute evaluation was measured using four items taken from a scale developed by Jin, Park, and Ryu (2010) in the apparel product context. Affective identification was measured using a five item scale adapted from Caroll and Ahuvia (2006) and Mael and Ashforth (1992). Finally, customer loyalty was measured using the well known four item scale developed by Zeithaml, Berry, and Parasuraman (1996) . All items were measured using a 7 point Likert scale and are shown in the Table 2.

Analysis and Results

● **Reliability and Validity :** Reliability and validity of the measures were assessed by confirmatory factory analysis using AMOS18.0. Model fit for the measurement model was found good (χ^2/df = 1.523, χ^2 =188.852 , df =124, $p < 0.001$,comparative fit index [CFI] = 0.993; goodness-of-fit index [GFI] =.932; AGFI = 0.903; normed fit index [NFI] = .981, TLI= 0.992, RMSEA=.051, SRMR = 0.013). The Tables 2, 3, and 4 provide details of constructs and fit statistics.

All the fit statistics are well above the cut off values suggested by previous studies. All standard loadings are well above 0.7 ($p < 0.001$) whereas construct reliability($> .9$) and average variance extracted ($> .9$) are well above desired levels (Bagozzi & Yi, 2012). Furthermore, discriminant validity is well established in Table 4, where none of the intercorrelations are above the AVE (average variance extracted) value of respective constructs (Fornell & Larcker,1981; Hair, Black, Babin, Anderson, & Tatham, 2013). The largest residue from standardized residual covariance matrix is 0.992, which is well below the acceptable upper limit (4.0). Furthermore, condition numbers and stability tests with sub-samples of the data reveal that multicollinearity does not exist (Cohen, Cohen, West, &

Table 2. Properties of the Measurement Model

Items	Standardized Loadings	Item reliability/Squared multiple correlations	Construct reliability and AVE
X is highly concerned about the local communities.	0.995	0.99	Perceived CSR
X has high concern for the environment.	0.996	0.992	Chronbach's α =0.997
X gives high priority for financially supporting worthy causes.	0.996	0.992	CR =0.99
X has high concerns for helping the disadvantaged members of the society.	0.995	0.991	AVE=0.985
X actively supports women empowerment.	0.98	0.96	
X's products provide good comfort.	0.988	0.976	Perceived product attributes evaluation
X's products are highly durable.	0.977	0.954	Chronbach's α =0.985
X's products are reasonably priced.	0.965	0.93	CR =0.98
X's products help me make a unique fashion statement.	0.936	0.877	AVE=0.934
I strongly identify with X.	0.985	0.97	Affective identification
I feel good to be a customer of X.	0.985	0.989	Chronbach's α =0.984
I'm passionate about store X.	0.931	0.867	CR =0.931
If it's about apparel retailers, store X would be my first choice.	0.932	0.868	AVE=0.91
I feel attached to company X.	0.925	0.856	
I consider store X as my first choice for the purchase of such products.	0.988	0.977	Loyalty intentions
I intend to stay loyal to X.	0.999	0.997	Chronbach's α =0.997
I intend to do more purchases with X in the future.	0.992	0.983	CR =0.99
I say positive things about X to other people.	0.997	0.995	AVE=0.988

Note: CR= Construct Reliability, AVE= Average Variance Extracted

Table 3. Bivariate Correlations and Descriptive Statistics of Constructs

	Product Attributes	Perceived CSR	Affective Identification	Loyalty
Product Attributes	1			
Perceived CSR	0.293	1		
Affective identification	0.345	0.67	1	
Loyalty	0.415	0.526	0.615	1
Mean	3	3.73	3.57	3.737
SD	0.652	1.34	1.075	1.108

Note: N = 199; All correlations are significant at $p < .01$

Table 4. Discriminant Validity

Constructs	AVE	Squared Interconstruct correlations
CSR	0.985	0.085,0.448,0.276
Product attributes	0.934	0.085,0.119, 0.172
Affective identification	0.91	0.448,0.119,0.378,
Loyalty	0.988	0.378,0.276,0.172

AVE= Average Variance Extracted

Table 5. Hypotheses Testing

Hypothesized relationships			Estimate	SE	CR	*p*
Affective identification	<---	Percieved CSR (H1)	.466	.043	10.824	***
Affective identification	<---	Product Attributes (H4)	.253	.086	2.950	.003**
Loyalty	<---	Affective identification(H3)	.456	.082	5.595	***
Loyalty	<---	Perceived CSR (H2)	.148	.059	2.514	.012*
Loyalty	<---	Product Attributes (H5)	.367	.098	3.763	***

Note. *** *p* < .001; * * *p* < .01 * *p* < .05, Estimate= non- standardized regression coefficient, SE= standard error, CR= critical ratio or *t*- value)

Table 6. Standardized Regression Coefficients

Hypothesized Relationships	Standardized Regression coefficient
Affective identification ------ Perceived CSR	0.622
Affective identification ------ Product attributes	0.163
Loyalty ---------- Affective identification	0.419
Loyalty -------- Perceived CSR	0.182
Loyalty --------- Product attributes	0.217

Aiken, 2003). Common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003) was also tested and it is not a significant problem for this study as chi-square differences with CMV (common method variance) factor model are very high ($\Delta\chi^2 = 1723.57$).

⮞ **The Structural Model and Main Effects :** AMOS 18.0 was used to test the hypothesized relationships. Fit measures indicate a good model fit as all the indices are above the cut-off values suggested by Bagozzi and Yi (2012) and Hair et al. (2013) (χ^2/df =1.692, χ^2 = 209.798, df =124, p < 0.001, GFI = .91, AGFI = 0.9, NFI = 0.978, TLI = 0.989,CFI = 0.991, RMSEA= 0.059,SRMR= 0.023).   The results show that CSR is a better predictor of affective identification, which in turn positively impacts customer's loyalty intentions. It is interesting to note that CSR's direct impact on loyalty is weaker though significant, likewise, favourable evaluations of product attributes generates only a weaker impact on affective identification. The Table 5 summarizes all hypothesized relationships as shown in the structural model.

⮞ **Results of Hypotheses Testing (H1 , H2, H3, H4, and H5) :** From the Table 5, it is evident that CSR has a positive impact on affective identification as the relationship is significant (path coefficient = 0.466, CR = 10.824, p < .001). From the AMOS 18.0 output, it is evident that the critical ratio is way above 1.96 (10.824 >1.96) and the relationship is statistically significant. Hence, we accept the hypothesis H1 that perceived CSR has a positive impact on affective identification. Hypothesis 2 (H2) is also found valid as the output indicates CSR has a positive impact on loyalty (path coefficient = 0.148,CR= 3.763, p <.05). The critical ratio is above the cut off value (3.763 >1.96) and the relationship is statistically significant. Hence, the hypothesis (H2) is also accepted.

It is evident from the Table 5   that hypothesis 3 (H3) is valid as all statistical values are significant (path coefficient = 0.456, CR = 5.595, p <0.001). The critical ratio is well above the cutoff value (5.595 >1.96) and the path is significant. Hence hypothesis 3, affective identification has a significant impact on consumer's loyalty intentions (H3), is also accepted. Going further, it is observed from the Table 5 that perceived product attributes have a positive impact   on creating affective identification (path coefficient = 0.253, CR = 2.950, p <.01). The critical ratio is above the cut off value, and the relationship is statistically significant (2.950 > 1.96).Hence we accept H4, which affirms that product attributes are positively related to affective identification. Furthermore, the

Table 7. Direct ,Indirect, and Total Effects

Total effects	Product Attributes	Perceived CSR	Affective identification	Loyalty
Affective identification	0.163	0.622	0	0
Loyalty	0.285	0.442	0.419	0
Direct effects				
Affective identification	0.163	0.622	0	0
Loyalty	0.217	0.182	0.419	0
Indirect effects				
Affective identification	0	0	0	0
Loyalty	0.068	0.261	0	0

Table 8. Indirect effects (Bootstrapping)

	Point estimate	Loyalty	
		BCa 95% CL*	
		Lower	Upper
Perceived CSR	0.261	0.137	0.300
Affective identification	0.00	0.000	0.000
Product attributes	0.068	0.045	0.221

Table 5 indicates that hypothesis 5 (H5) is also valid as all the values are statistically significant (path coefficient = 0.367, CR = 3.763, p <.001). Hence, H5 is accepted. Hence, all the hypotheses, H1,H2,H3,H4, and H5 are accepted. Furthermore, the values of standardized regression coefficients in Table 6 reveal that CSR induced affective identification is a strong driver of loyalty, which is stronger than the product attribute – loyalty relations link (0.622 > 0.163). It is also evident that affective identification has a significant impact on loyalty (standardized regression coefficient = 0.419), whereas perceived product attributes is a better direct driver of loyalty than perceived CSR activities by the apparel retailer (0.217 > 0.182). Therefore, we need to examine the effect of affective identification as a mediator in CSR – loyalty relationship as indicated by previous studies in the global context . We examined the strength of mediation in the next section.

➲ **Mediating Effects of Affective Identification (Result of H6) :** While the path estimates indicated only direct effects among the variables, the Table 7 shows indirect and total effects. It is evident from the Table 7 that indirect effect of perceived CSR on loyalty is significant (standardized estimate = 0.261, p < .001) and greater than the direct effect of perceived CSR on loyalty 0.261 > 0.182, whereas the indirect effect of product attribute evaluation is quite weak. Hence, we assert that affective identification is a significant mediator and explains the relationship between perceived CSR and loyalty intentions. To test the hypothesis 6 (H6) that states affective identification mediates the relationship between perceived CSR and consumer loyalty, the indirect effects were further examined using bootstrapping with 5000 resamples.

Previous studies have indicated that bootstrapping is a more sophisticated technique to examine mediation than hierarchical regression (Preacher & Hayes, 2008). Hence, we examined the impact with bootstrapping by using 5000 resamples in AMOS 18.0, which does not assume the sampling distribution to be normal. The findings are provided in the Table 8. The test checks whether 0 is contained within the 95% confidence interval. The data given in the Table 8 is a clear indication that as 0 is not contained within the 95% confidence interval, for the indirect effects of perceived CSR on loyalty (BCa 95%, Lower 0.137 ,Upper 0.300), the mediation effect is significant. Hence, hypothesis 6 (H6), which states that affective identification mediates the relationship between perceived CSR and loyalty intention, is also accepted.

⊃ **Competing Models :** The competing model was tested without the direct paths from perceived CSR to loyalty and perceived product attributes to loyalty. These relationships were found to be weaker in the original model ; hence, a parsimonious competing model was tested. The competing models can be tested to check for better model fit by examining the chi - square difference ($\Delta\chi^2$) and fit indices (Hair et al., 2013).

The fit statistics of the competing model present a less fit compared to the original model ($\chi^2 = 307.962, df = 128$, $p = .000, \chi^2/df = 2.406, GFI = 0.894, AGFI = 0.883, NFI = .964, CFI = .952, TLI = .947, RMSEA = .089, RMR = .078$). $\Delta\chi^2 = 98.164$ and other fit statistics like RMSEA ($.089 > .059$), GFI ($.91 > .894$) provide ample support for rejecting the competing model, although it is more parsimonious.

Discussion and Conclusion

This study finds that CSR perceptions have a strong impact on affective identification, which in turn leads to positive loyalty intentions (Table 6). While all hypotheses are proved, H1 (CSR has a positive impact on affective identification) and H3 (affective identifications have a positive impact on loyalty) have stronger empirical support. Our study, which in line with previous studies, reiterates that the CSR loyalty relationship can be better explained by consumers' identification with the company which is proved by hypothesis 6, whereas the strength of the relationship between product attributes and affective identification is found to be really weak, though statistically significant ($p < .05$). Hence, the results of this study are in agreement with previous studies, which found out that CSR is a stronger driver of consumer company identification than corporate abilities (Mandhachitara & Poolthong, 2011; Marin & Ruiz, 2007).

Furthermore, this study proves that consumer response to CSR in general, and impact on loyalty, in particular, can be attributed to the consumers' affective identification with the company in the Indian context as well. The findings validate similar results found across previous studies conducted in other parts of the world (Lin et al., 2011; Vlachos, 2010).

It can be inferred that CSR activities are more effective than product attributes in building affective ties with the consumer. This stems from the fact that product attributes quite often become points of parity as consumers may not perceive much difference between one company (ethnic apparel retailer in our study) and another, whereas a strong commitment for a socially responsible business model is capable of creating points of difference, which will help a firm to position itself in a distinct way (Fournier ,1998). Furthermore, this study shows that consumers' affection for a socially responsible company becomes critical when there is parity on product attributes or perceived company abilities in comparison with competing firms. In monopolistic markets, when competitive advantage based on product attributes can easily be imitated, firms may successfully invoke feelings of affective commitments, which are driven by passion , intimacy, and mutual respect by undertaking socially and ethically responsible business. The findings will be more valid for firms which deal with consumer lifestyle goods. Hence, innovations on the social responsibility front throw up opportunities for brick - and - mortar ethnic apparel retailers where the scope of using technology for creating differentiation is relatively narrow.

Theoretical and Managerial Implications

This study makes important theoretical and managerial contributions. The study uses consumers' perception of product attributes along with CSR perceptions to investigate the impact of affective identification on loyalty. Many studies have used corporate abilities as a predictor of affective identification, but our model identifies product attributes as an antecedent in the Indian context. Secondly, our model is the first one to theoretically explain the process of loyalty formation as a result of perceived CSR activities in the Indian context. Thirdly, our study investigates and affirms the role of affective identification as a crucial link between perceived CSR and positive customer outcome, which is in line with previous studies conducted in other parts of the globe. Hence, our research confirms the role of affective identification to explain CSR induced loyalty formation for Indian consumers as we extend and confirm the theory. From a managerial perspective, it has become a legal obligation

for firms in India (Ministry of Corporate Affairs, Government of India, 2013) to spend 2% of their average profits on social responsibility. It makes sense to craft a CSR strategy which will connect well with the stakeholders (including consumers), and at the same time, the organization needs to be honest and upright in pursuing social goals.

From the study, it is evident that the apparel retailer's impeccable CSR track record has brought them closer to the consumer's heart. Findings of this study provide support and direction for practitioners for seriously considering the potential impact on consumer stakeholders while crafting a CSR strategy. Consumers' positive response to CSR can be channelized to build lasting loyalty and affection, which can become competitive assets in the long term. Moreover, a company or brand can get maximum visibility among the consumer community by communicating such activities through multiple consumer touch points, including social engagement platforms. As of now, not many firms in India engage in such practices, and this study demonstrates the benefits of positioning a brand on CSR as a successful differentiation strategy and the first movers in respective categories will reap rich rewards. Social co-creation tools like crowd sourcing can be used to tap into the consumer's social innovation ideas, while constantly engaging them will further enhance affection and loyalty intentions.

Limitations of the Study and Scope for Future Research

Though the study makes significant contributions, it is not free from shortcomings. Our study conceived CSR to be a unidimensional concept for the sake of a parsimonious model. Future studies may investigate the multi dimensional aspect of CSR. Future research studies may also focus on developing and validating specific scales for perceived CSR and affective identification in the Indian context, as this study has used adapted scales. Furthermore, there is scope to investigate the significant impact of gender and other demographic factors on CSR induced affective identification and loyalty. Furthermore, the moderating impact of consumer attributions and consumer's altruistic traits on CSR - affective identification link may be investigated in the Indian context across different product categories.

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