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

by

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Abstract

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.

The retail industry is generally regarded as a service industry that either sells services or products. Fast food retailers are similar to any restaurant except they have a different concept of selling. Corporate reputation built using CSR provides the organisation with a competitive edge and sustainable business. This study 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.

The research adopted a positivism paradigm and quantitative cross sectional approach, collecting data from 384 fast food restaurant patrons in Hong Kong. Five constructs were adopted from previous studies to identify the relationships between various antecedents and to test nine hypotheses.

It was found that there is a direct relationship between CSR and corporate reputation, which is considered to be an important tool for business sustainability. Furthermore, the study revealed the partial mediating effects of corporate reputation on the relationship between CSR and customer behaviour and intentions. CSR provides a competitive advantage to fast food businesses as it plays a huge role in inducing positive word of mouth, repeat purchases, and positively perceived food quality.
The study drew upon a broad swath of literature related to CSR, corporate reputation and customer behaviour and intentions. It identified CSR activities that would change customer behaviour and intentions. It has raised issues concerning the importance of CSR in changing customer behaviour and the pertinent partial mediating role played by corporate reputation in influencing CSR’s impact on customer behaviour and intentions. Findings from the study provide marketing information concerning CSR initiatives as well as verifying CSR-related theories, corporate reputation and marketing concepts. 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 Hong Kong’s fast food industry as a whole.
Chapter 1
Introduction

1.1 Research Background
Service retailing contributes tremendously to the economy of most Asian countries (Kremer and Viot, 2012; Lovelock, Patterson and Walker, 2007). Hence, the service retail industry is moving to differentiate itself in a non-traditional manner by embracing contemporary means of demarcation. As such, this research aims to empirically examine the implication of corporate social responsibility (CSR) on eminent marketing concepts that are key drivers of consumers’ behaviour, namely word of mouth intentions (WoM), repurchase intentions (RPI) and perceived quality (PFQ). In addition, this dissertation aims to investigate the role played by corporate reputation in the wake of CSR (Lai, Chiu, Yang and Pai, 2010). Consequently, these notable marketing concepts are the key drivers of consumers’ behaviour.

The theoretical framework derived for this research from a broad perspective of relevant seminal and current literature indicates the power of corporate reputation in influencing consumers’ trust in products and services (Kantsperger and Kunz, 2010). The framework also describes consumers’ trust in products and services purchased from retailers based on consumers’ perceived quality of the products and services (Kremer and Viot, 2012; Gurbuz, 2008; de Chernatony, 2006). Other trust building factors include consumers’ repeat purchases or repeat visits to retailers and dissemination of positive word of mouth (Blazevic et al., 2013; Mandhachitara and Poolthong, 2011; Qin, Prybutok and Zhao, 2010; Schroder and McEachern, 2005). Deeply rooted service theories revolve around quality of service as the primary contributor to a retailer’s ability to attract customers, ignoring other significant issues around the globe.

One such pertinent issue is CSR and its ability to evoke positive behaviour toward the service retailers. There is a dearth of research on CSR’s contribution to corporate reputation and its direct relationship with eminent marketing concepts in the service industry (Tang, Hull and Rothenberg, 2012; Lai et al., 2010). This study 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). The study further examines the influential nature of corporate reputation on these extremely contentious relationships in a complex industry, thus forming the following research questions.

**Main Research Question**
Main RQ: What are the direct and indirect influences of CSR on customer word of mouth intentions, customer repurchase intentions and customer perceived food quality in Hong Kong’s fast food retail industry?

**Subsidiary Research Questions**
Sub RQ1: What are the respective effects of CSR on corporate reputation, customer word of mouth intentions, customer repurchase intentions and customer perceived food quality in Hong Kong’s fast food retail industry?

Sub RQ2: What are the effects of corporate reputation on customer word of mouth intentions, customer repurchase intentions and customer perceived food quality in Hong Kong’s fast food retail industry?

Sub RQ3: What are the mediating effects of corporate reputation on the influences of CSR on customer word of mouth intentions, customer repurchase intentions and customer perceived food quality in Hong Kong’s fast food retail industry?

### 1.2 Fast Food Retailing in Hong Kong
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 and fine dining (Victorian Government Department of Primary Industries, 2007). Furthermore, with Hong Kong being viewed as a gateway to the mainland China market, its food retail industry has prospered in recent years (Global Food Retail, March 2013) with a proliferation of fast food retailers in particular (Newswire, September 2005). As discerning consumers, Hong Kong food consumers are also leaning toward healthy and safe food (Global Food Retail, March 2013; Victorian Government Department of Primary Industries, 2007), providing food retailers an opportunity to differentiate themselves.
The retail industry is generally regarded as a service industry that either sells services or products. Fast food retailers are similar to any restaurant except they have a different concept of selling. The product they sell is more unique in nature and befits the service characteristics of perishability, heterogeneity, intangibility and inseparability (Lovelock and Wright, 2002, Zeithaml, Berry and Parasuraman, 1996).

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). Furthermore, due to a tremendous change in lifestyle over the last decade, the younger generation’s brand consciousness now extends to food retailers they choose to visit frequently. Furthermore, the changing demographics of consumers in Hong Kong, such as increasing females in employment, dual-income family, anticipation of food in small packages, and quick and easy takeaways influence the consumption of eat-out fast food (Qin et al., 2010; Victorian Government Department of Primary Industries, 2007).

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 attracts new customers, and that positively perceived food quality is
crucial to entice return customers. These are two concepts are imperative for business sustainability.

1.3 Service Retailing and Corporate Social Responsibility

Retailers brand themselves to tap into consumers’ need for retail uniqueness (Blazevic et al., 2013; Hutchinson, et al., 2012). Branding aids in developing a discernible retail business, which assists customers with recognising and choosing a retailer to shop at. Branding takes a considerable amount of resources such as time and money. Retail branding requires consideration of a myriad of criteria such as outlet name, theme, personal brands and other brands to be sold.

Some question why services and products need to be distinguished for marketing purposes, when better service is what customers are looking for in both (Poolthong and Mandhachitara, 2009; Zeithaml, Parasuraman and Berry, 1985). The introduction of customer relationship marketing has improved customer services and is appealing to customers immaterial of whether services or products are being retailed (Rust and Chung, 2006; Peelen, 2003). While service is used to sell products, products are sold using various tangible and non-perishable features such as the use of the architecture of a building to sell hospitality services (Gronroos, 1990). Thus, new strategies such as business sustainability through successful CSR activities are being rapidly introduced into the retail arena (Vlachos, 2012; Jones, Comfort and Hillier, 2007; Jones, Comfort, Hillier and Eastwood, 2005; Mattila, 2009).

Since CSR was established in the early 1950s with the notion of promoting business commitment to society’s beliefs, values and economic expansion (Bourdeau et al., 2013), it has become a world-wide phenomenon that ethically, socially and environmentally underpins most successful businesses. Two prominent CSR theories, agency theory and stakeholder theory, lay out the fundamental understanding of what CSR is to business. Agency theory is naturally limited to shareholders’ interests while stakeholder’s theory is more applicable to current practice as it covers the stakeholders’ interests. In recent years, with concerns over climatic change and corporate business ethics, CSR practice in business has become viewed as imperative. However, the objectives of CSR must be made clear to employees who may otherwise see it as a fad (Kim, Lee, Lee, and Kim, 2010; Mattila, 2009). Although CSR has built a corporate image and is appreciated by customers (Tang, Hull and Rothenberg, 2012; Mattila, 2009), it lacks grounded definition (Bourdeau, et al., 2013; Silberhorn and Warren, 2003).
2007; Mohr and Webb, 2005; Salzer-Morling and Strannegard, 2004). Studies show that continuous investment in CSR activities will eventually yield benefits (Tang, et al., 2012; Brammer, Millington, and Rayton, 2007; Sharma, 2000; Maignan, Ferrell and Hult, 1999) but CSR programmes must be well designed and sufficiently comprehensive to attract stakeholders’ commitment.

As acceptance and views of CSR vary from country to country, businesses need to ensure that their CSR activities are appropriate for the needs of their customers. Brands that practice CSR are more recognisable and provide customers with confidence in the product or service. However, companies need to be proactive rather than reactive when it comes to CSR as adopting it as a form of crisis management could cause negative recognition and thereby damage the brand name. Fast food retailers adopt CSR in their business strategy as it assists in building a brand of retail, helps recognition and provides distinction (Fetscherin and Usunier, 2012 and Floor, 2006). CSR would be particularly beneficial to fast food retailers as they are involved in a business where there is enormous concern over consumer health, supplies that affect animal rights, free range farming, pesticide-free products, and organic supplies. Many young consumers are concerned about the environment, thus issues such as food wastage and non-biodegradable packaging affect fast food retailers. These retailers also need to be concerned over customer rights, employee rights, general hygiene, convenience of food, and location; all challenging issues that greatly affect customers (Assiouras, Ozgen, Skourtis, 2013; Gunther, 2006).

1.4 Relationships between CSR, Corporate Reputation, WoM, RPI and PFQ

Corporate reputation built using CSR provides the organisation with a competitive edge and sustainable business (Etemad-Sajadi and Rizzuto’s, 2013; de Chernatony, 2006; Martin and Hetrick, 2006). A reputable business is instantly recognised and prevails when customers are selecting a brand from amongst a number of competitors (Andreassen, 1994; Goldberg and Hartwick, 1990; Aaker, 1991; LaBarbera, 1982). Service requires consistency in deliverance over a period of time in order to establish the trust needed to build a reputation. As the offer and brand name are one and the same in service, corporate reputation can enhance loyalty and build a positive image that is accepted faster (de Chernatony, 2006; Flavián, Guinaliu and Torres, 2005; Nayyar, 1990).
Service retailers are dealing with products that are not exchangeable or recoverable. Therefore, negative reputation and perceived quality will have an adverse impact on the retailer’s branches, subsidiaries and franchisees, both locally and internationally. This notion clearly places service retailers in a vulnerable position and as such, the need arises to be more thoughtful and cautious when implementing CSR programmes. An employer’s reputation tends to increase with employment loyalty (Ulrich, 2008), which in turn increases perceived quality and attracts more and quality applicants for job vacancies.

CSR has become part of multinational corporations’ strategy for embarking on sustainable business practices to strengthen their reputation. However, it may not been able to introduce the same CSR programmes in all their foreign branches, as customers in different countries view such programmes in a different manner. Hence, understanding causes that are close to customers’ heart is essential to formulate CSR programmes that are customer centric (Cretu and Brodie, 2009; Cruz and Pedrozo, 2009; Skinner and Mersham, 2008; Turban and Greening, 1997).

Since service is bound by its inherent characteristics, it is rather difficult to understand how customers evaluate the service they receive (Berens, van Riel and van Rekom, 2007, Andreassen and Lindestad, 1998). Using directions given by Zeithaml, Berry and Parasuraman (1996), service can be assessed based on the quality of services provided by the customer service personnel as well as on the extra services, such as free delivery, provided by the company (Gatti, et al., 2012; Poolthong and Mandhachitara, 2009; Holbrook, 1999). Since service outcome is not quantifiable, customers use factors such as food quality, packaging quality, reliability of service, and the quality of service personnel (Berens, van Riel and van Rekom, 2007; Holbrook, 1999). The fast food industry has specific quality perceptions to meet, thus for the purpose of this study the perceived quality is measured using the quality of food as perceived by customers of fast food restaurants in Hong Kong.

Previous studies indicate that Hong Kong customers of fast food restaurants look for good quality food that is conveniently packaged for takeaway (Poolthong and Mandhachitara, 2009; Hong Kong Food Market Trends, January 2007).

However, it is not clear if their perception of good quality food is influenced by their knowledge of CSR activities carried out by the retailer. There are still many sceptics who
remain convinced that CSR is merely for publicity purposes.

Word of mouth (WoM) is a free walking advertisement for organisations. However, while a positive WoM can benefit an organisation greatly, a negative WoM can cause the organisation to collapse (Chomvilailuk and Ken, 2013; Rust and Chung, 2006). It is therefore important for organisations to develop strategies that will help build positive WoM. Previous studies also indicate that CSR directly contributes to WoM, as customers who see CSR activities as benefiting their favourite causes preach positively and participate in those activities (Rust and Chung, 2006; Chan, Hui, Lo, Tse, Tso, and Wu, 2003; Murray and Vogel, 1997). Though satisfied customers are known to pass positive WoM, it is difficult to measure the true intention of customers as WoM can be formed through a myriad of concepts, such as satisfaction with the service, convenience, brand, CSR, and the retailer’s activities outside the norm (Blazevic et al., 2013; Chan et al., 2003; Kandampully and Butler, 2001).

Nevertheless, WoM is an essential tool to help customers make a more confident choice (Blazevic et al., 2013). This is more so in service as there is no option to return or exchange as there is with goods. Thus the experience that a previous customer had with a fast food restaurant will be extremely helpful for potential customers. In fact, WoM is not only delivered by customers, it can also be delivered by employees. CSR activities can include employee care and fair employment that inevitably leads to satisfied and happy employees who then contribute positively to WoM (Kim et al., 2010).

Customers’ repurchase intention is useful for retailers as it indicates the retention of customers. Peelen (2003) claimed that it is five to ten times more costly to obtain a new customer than it is to retain an existing one. Repurchase intentions improve due to customers’ satisfaction with something or everything that is offered by the retailer. This is again a factor that cannot be directly linked to the CSR activities conducted by the organisation. In the fast food arena, repeat purchase intention may be due to satisfaction with the food, the employee or other services provided by the restaurant (Gatti et al., 2012; Mandhachitara and Poolthong, 2011). Studies suggest that CSR’s influence on repurchase intention is closely associated to customers’ level of awareness (Gatti et al., 2012; Poolthong and Mandhachitara, 2009; Wigley, 2008; Murray and Vogel, 1997). The more aware customers are of retailers’ CSR activities, the more confident they are in the brand of retailer. Moreover, as CSR is a relatively new
and paradoxical term, awareness and appreciation of the efforts spring from the young, affluent and altruistic segment of society (Wigley, 2008; Sheth, Newman and Gross, 1991).

Although there is little doubt that a company’s CSR activities influence perceived quality, the depth and strength of the relationship requires further understanding.

This research empirically investigated the contribution of CSR to corporate reputation, WoM intentions, repurchase intentions (RPI) and perceived food quality (PFQ). The study’s conceptual framework in Figure 1-1 below shows the direct and mediating influence of corporate. The hypotheses below were drawn from an extensive review of relevant literature and tested using data collected for the sole purpose of this study:

H1: CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ WoM intentions.

H2: CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ repurchase intentions.

H3: CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ perceived food quality.

H1, H2 and H3 relate to the direct influence of CSR on WoM, RPI and PFQ, indicating the salience of CSR to business sustainability specifically related to marketing concepts that are relevant to the fast food industry in Hong Kong.

H4: CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with its corporate reputation as perceived by customers.

H4 tests the theory that corporate reputation can be strengthened with CSR activities. This would support the argument that embarking on CSR can offer multiple benefits to a business.

H5: Corporate reputation of Hong Kong’s fast food restaurants has a significant positive relationship with customers’ WoM intentions.
H6: Corporate reputation of Hong Kong fast food restaurants has a significant positive relationship with customers’ repurchase intentions.

H7: Corporate reputation of Hong Kong’s fast food restaurants has a significant positive relationship with customers’ perceived food quality.

H5, H6 and H7 test theories that indicate the influential role played by reputation on several marketing concepts that are relevant to fast food restaurants. Verification of these hypotheses will encourage fast food restaurants to place more emphasis on building retail reputation.

H8: Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ WoM intentions.

H9: Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ repurchase intentions.

H10: Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ perceived food quality.

H8, H9 and H10 test the notion that reputation plays a mediating role only because CSR has its own strength to evoke relevant marketing concepts for fast food restaurants. In other words, CSR does not need to be converted fully into reputation in order to reap some benefits for the business.
1.5 Research Design

This study adopted a positivism paradigm taking into consideration the generalizability of the outcome, as the study sample examined the perception and satisfaction of fast food restaurant customers. A cross-sectional approach was taken to collect data, considering the short period of time available for this study and that the research’s intention was not to study the pattern or trend of customer behaviour but to understand their current motives and the impact of the fast food restaurants’ CSR initiatives on their behaviour.

Data was collected from fast food restaurant patrons in Hong Kong, targeting a sample size of 400 who were asked to complete a questionnaire (Hair, Money, Page and Samouel, 2007; Sekaran, 2003). The sampling frame for the data collection was identified from the Hong Kong Business Directory. Fast food restaurant hotspots were the main target, while a few isolated outlets were also used to collect data. A total of 384 questionnaires were completed, giving a response rate of 96%. The responses were keyed into SPSS version 21 to be used for both descriptive and inference analysis using SPSS and SEM on AMOS.
The instrument for this study was adapted from several past studies. Five items for CSR were adapted from Lai, Chiu, Yang and Pai (2010), three items to measure corporate reputation were adapted from Flavian, Guinaliu and Torres (2005), five items to measure customer repurchase intentions were adapted from Maxham III (2001) and Zeithaml, Berry and Parasuraman (1996), customer perceived food quality was measured with three items adapted from Pina, Martinez, de Chernatony and Drury (2006) and Lai, Chiu, Yang and Pai (2010), while customers’ word of mouth intentions was measured with six items adapted from Maxham III (2001), Srinivasan, Anderson and Ponnavolu (2002) and Zeithaml, Berry and Parasuraman (1996). All of the aforementioned items were measured using a 7-point likert scale, whereby 1 indicated strongly agree and 7 indicated strongly disagree. The number of point scale to use in this study was justified based on the objective of the study. As this study aimed to verify theories on marketing concepts and their relationships with CSR and corporate reputation, the five and seven point likert scales were considered for the questionnaire. The seven point scale was selected as it has the ability to measure service constructs more precisely (Malhotra, 2007; Aaker, Kumar, Day and Lawley, 2005). Though these are established items, to avoid common method bias, which is rampant when a large sample size is involved and when the same questionnaire is used, thus the question sequence were rearranged for every hundred questionnaires. Besides the questions to measure the constructs, eight demographic questions were asked to provide a rough idea of the demographic pattern of fast food retail patrons.

The total number of fast food restaurant patrons in Hong Kong is unknown, hence non-probability sampling method of convenience and judgemental were used to distribute the questionnaires in front of popular fast food outlets in order to capture as many of the population as possible. In this way, the respondents remained anonymous and the assurance given to keep their responses and identity confidential were warranted.

1.6 Data Analysis and Findings

Data from the 384 returned questionnaires were keyed into SPSS version 21, cleaned and verified to remove discrepancies. Descriptive analysis was then run to explore the characteristics of the collected data. The frequency and percentages obtained for discrete data indicated that marginally more male customers (52.6%) responded compared to females (47.4%). Amongst those who responded, 40.9% are below the age of 20 while 45.6% are between 20 – 29 years old. This naturally fits the fast food customer profile. The majority of
respondents are single and have a minimum of secondary education. Corresponding to the age and education level, most respondents (71.9%) earn below HK$10,000. Meanwhile, more than 90% of respondents are Hong Kong residents, ensuring findings from this study would represent Hong Kong fast food consumers’ behaviour. About 52% of respondents frequent fast food restaurant between 1-10 times in a month, while about 78% of respondents say they return to the same restaurant. Descriptive analysis on five constructs indicated responses to all five constructs leaning toward agreement on average with a small standard deviation indicating small disparities. However, as the responses do not show extreme agreement or disagreement, normality is maintained.

The measurement assessment ensured that the items used to measure the five constructs meet the convergent and discriminant validity and are reliable. The exploratory factor analysis (EFA) tests run on the constructs removed two items representing customers’ repurchase intention, and one out of three items measuring customers’ perceived food quality was removed in order for the other measures to load highly in their respective components. This was verified using confirmatory factor analysis (CFA) and the final reliability for all the constructs were found to meet Nunnally’s (1978) and Cronbach’s alpha value of 0.7 criterion. Hence, these items were used to verify the relationships postulated in the hypotheses above.

The hypotheses tested using structural equation modelling (SEM) confirmed that corporate reputation is influenced by CSR amongst fast food customers. Since the direct relationships between CSR and WoM, RPI and PFQ exist and are strong, the mediating role played by corporate reputation in these relationships indicate that CSR is becoming a major concern for fast food customers in Hong Kong, which concurs with consumer studies conducted in Hong Kong (Global Food Retail, March 2013; Hong Kong Food Market Trends, January 2007).

The relationships between corporate reputation and WoM, RPI and PFQ confirm that Hong Kong consumers have more confidence in fast food restaurants that are reputable. More importantly, generation Y customers in Hong Kong are fast food consumers who believe in healthy living and are concerned about social and environmental wellbeing, thus CSR will definitely help to establish and maintain a formidable reputation (Wigley, 2008; Sheth, Newman and Gross, 1991). Past market studies show that Hong Kong customers are generally moving toward clean eateries and convenient food, which include green or organic food products (Hong Kong Food Market Trends, January 2007). The current findings show
that while influencing WoM, RPI and PFQ, CSR initiatives of fast food retailers also influence reputation. CSR initiatives may be considered as direct support of fast food restaurants’ move to organic or healthier ingredients, thus improving the perception of the quality of food served in such restaurants. While big franchises are capable of advertising or creating awareness of their business in other ways, smaller retailers rely mostly on positive WoM that CSR initiatives may help to promote. As such, this study supports the partially mediating role played by corporate reputation on the relationships between CSR and WoM, RPI and PFQ.

The strong relationship CSR has with RPI indicates that CSR initiatives undertaken by fast food retailers can indeed help retain customers. However, previous studies suggest that although the relationships between CSR and the various marketing concepts are strong, the actions taken by consumers may be based on the type of initiatives undertaken; CSR activities close to customers’ interest will gain more attention and influence (Bourdeau, et al., 2013; Vlachos, 2012; Jones, Comfort, Hillier and Eastwood, 2005 Sheth, Newman and Gross, 1991).

1.7 Significance of the Study

Findings from this study provide marketing professionals with important information concerning the CSR initiatives to embark on in the future. In verifying theories presented on CSR, corporate reputation and the marketing concepts of WoM, RPI and PFQ, the study presents new knowledge in the field of retail marketing. The study confirms the importance of CSR and corporate reputation to positively increase WoM, PFI and PFQ. Moreover, it provides evidence that corporate reputation in the retail business is a partial mediator and that CSR may be more salient in the food business than reputation. This outcome may be due to the fact that younger generation are more environmentally aware and therefore appreciative of CSR activities that help to protect the environment. This appreciation is reflected in their actions of repurchasing and spreading positive WoM about the quality of food in fast food restaurants that practice CSR.

Marketers may be able to use the findings of this study to organise and implement suitable CSR programmes. The programmes should not only be of interest to customers, but should also be aimed at benefitting retailers by strengthening their reputation. Sources of raw material such as vegetables ought to be taken seriously by fast food retail owners as they are
one of the biggest users of packaged products. Thus, biodegradable and recycled packages may be more attractive to customers as it shows that the retailer cares about the environment.

1.8 Ethical Considerations
The ethical research practices recommended by the Human Research Ethics Committee of the University of Newcastle, Australia, were observed for this research. During the data collection process, only voluntary participations were accepted. Respondents’ anonymity and response confidentiality were promised and adhered to. Personal information of participants was not requested and the questionnaires were distributed to respondents in a public area with the self-administered nature of the questionnaires ensuring anonymity. The locations where the questionnaires were distributed is confidential to the researcher. Finally, completed questionnaires and all other information that could link directly or indirectly to respondents will be kept securely by the researcher and disposed of after five years.

1.9 Limitation of the Study
This research was undertaken to verify existing theories, hence the findings are limited to addressing the research questions gleaned from a comprehensive review of relevant literature. The context of this study limits generalizability of the findings since behaviour, infrastructure, and demographics are specific to it and may not be supportive of the phenomenon in other jurisdictions.

1.10 Organisation of the Dissertation
This dissertation is organised into five chapters. Chapter 1 illustrates the aim of the study, draws particular attention to the literature that contributes to the development of the research questions, explores theoretical and conceptual definitions, and provides a research framework and hypotheses that provide direction for the study. The chapter also summarises the research methodology and data analysis and concludes with a discussion of the findings in relation to the phenomenon at hand.

Chapter 2 is the cornerstone for the development of the research questions. The chapter examines a comprehensive range of relevant literature to identify a research gap as well as the existing relationships between the phenomenon of interest and related constructs, including the arguments against these relationships. Chapter 3 discusses the methodology used for this research, the measurement items adapted, the sample size, the sampling method,
and details of how the data was collected through a self-administered questionnaire survey conducted in compliance with the University of Newcastle’s ethical research standards.

Chapter 4 describes the various statistical analyses used to assess the collected data’s validity and reliability and to test the postulated hypotheses, while Chapter 5 discusses the relevance of the findings to the research questions, the implications of the research outcomes, and provides suggestions for future research.

1.11 Chapter Summary
The importance of corporate social responsibility for business sustainability is the phenomenon of interest of this study. The study aimed to understand the contribution of CSR to marketing concepts, mainly word of mouth intentions, repurchase intentions of customers and perceived food quality of fast food restaurants in Hong Kong. Therefore, a comprehensive quantitative approach was used to collect data from customers that were analysed using SPSS and SEM. Findings from the study indicate that CSR is an important approach for businesses to build a strong reputation that would evoke positive actions from customers; they also indicate that CSR plays a strong role in directly influencing customers and that reputation is a partial mediator in the relationships between CSR and WoM, RPI and PFQ. This suggests that marketers should use CSR cautiously, selecting activities that are relevant to the business and of interest to customers.

The following chapter justifies the study by referring to extensive relevant literature that provides existing theories, definitions and constructs. The chapter also provides an outline of the research undertaken.
Chapter 2

Literature Review

2.1 Introduction

The retail business has been through tremendous changes in recent years (Christensen and Tedlow, 2000). The internet and the rapid advancement of technology have brought more than its fair share of commotion in retailing since the start of the new millennium. Despite constant and repetitive interference, the retail business continues to grow tremendously and is one of the main drivers of the world’s economy (Lim, Badarulzaman and Ahmad, 2003). With a huge number of small retailers entering the market and increased direct competition, retail businesses are increasing their efforts to retain customers. Additionally, demanding consumers expect wider variety in brands, style, and convenience, as well as better quality products and services (Kremer and Viot, 2012; Gurbuz, 2008; de Chernatony, 2006). Retail business is part of the wider and often controversial service industry, which has precipitated over a short period of time (Lovelock, Patterson and Walker, 2007; Lovelock and Wirtz, 2005; Wycherley, 2002; Gronroos, 1990).

The retail business varies from outlets selling just about every household good to outlets selling specific products or services. More precisely, retail is where customers get products or services for their personal use or consumption (Berman and Evans, 2010; Lim, et al., 2003). Although retail is highly competitive, it provides a variety of opportunities especially in the internet era. Retail has moved from physical shops to online retailing and other specialised retailing such as vending machines, mobile shops, and kiosks.

In recent years, business sustainability has become essential to reap business success and remain competitive (Hutchinson, Singh and Walker, 2012). Even though the notion of sustainable business was put forth as early as the 1970s, it is only relatively recently that retailers have seen its long term benefits and started to practice it (Wagner, Bicen and Hall, 2008; Silberhorn and Warren, 2007). Just as many retailers in other industries have done, retailers in the fast food industry have introduced various retailing modes such as telephone orders, delivery service, drive-through, and airport kiosks to reach as many customers as possible. They have also jumped on to the sustainability bandwagon, offering opportunities to a myriad of related and relevant new industries in the push to innovate. However, the
characteristics of the fast food retail industry make sustainability paradoxical and complicated. Despite inconsistent definitions of what it is and what is practiced by various other industries and in different countries (Silberhorn and Warren, 2007), major industry players have embraced the need to practice corporate social responsibility (CSR) to retain customers and yield success (Lai, Chiu, Yang and Pai, 2010).

Thus, the primary purpose of this research was to examine the contribution of CSR to the fast food industry in Hong Kong. CSR activities of fast food retailers tend to increase the positive image of the restaurant, which may ultimately contribute to business success. In a fast food restaurant, key contributors to business success are positive word of mouth (WoM), positive perception of food quality (PFQ) and repurchase intention (RPI) (Gatti, Caruana and Snehota, 2012). Young urban Chinese consumers are becoming more demanding in relation to quality and variety (Hwang and Kandampully, 2012; Qin, Prybutok and Zhao, 2010). In China, the decades of retail business that was dominated by departmental stores is seeing major changes, which include fast food restaurants and franchisors such as McDonalds and Kentucky Fried Chicken (KFC) penetrating the market offering variety, competition and quality to satisfy consumer demands (Yingyi and Larçon, 2009; Watson, 1997).

Although service retail has proliferated tremendously, there is a dearth of literature on fast food retailing (Hutchinson et al., 2012; Lovelock et al., 2007; Lovelock and Wirtz, 2005). The leading service related literature primarily discuss the quality aspect of service, overlooking the importance of other pertinent issues such as repurchase intentions and word of mouth intentions of customers (Wagner et al., 2008; de Chernatony and Segal-Horn, 2003). The issue of sustainability is rarely discussed in retail (Jones, Comfort and Hillier, 2007), probably because there is no lack of customers or end users.

In an increasingly competitive industry, service retailing will benefit from studies aimed at determining the factors that impact business robustness. In particular, fast food retailers would benefit from knowing the effects of CSR on fast food restaurants in terms of reputation, perceived food quality (PFQ), and positive word of mouth (WoM) and customers’ intention to continue visiting the restaurant (Maxham III, 2001). Therefore, this study aims to examine the effects of CSR on customer repurchase intentions, customer WoM intentions and customer PFQ in the fast food industry in Hong Kong. This study further investigates the mediating role of corporate reputation in the relationship described above. Although studies
show a relationship between corporate reputation and RPI, WoM and PFQ (Martin and Hetrick, 2006; de Chernatony, 2006), the contribution of CSR to enhancement of business reputation is ambiguous.

2.2 Retailing and Service Marketing

The marketing of a product and the marketing of a service differs considerably (Blazevic et al., 2013; Kay, 2006), with the difference mainly due to service’s innate characteristics of intangibility, inseparability, heterogeneity and perishability (Lovelock and Wright, 2002, Zeithaml, Berry and Parasuraman, 1996; Lovelock 1983). The intangible nature of a service is where the performance of the service itself is not visible or touchable, thus making it impossible to evaluate; added to which, customers tend to have different preferences that are sometimes only minuscule in nature making them difficult to spot and cater for. The heterogeneity of a service further separates it from a product, as a service varies at every point of exchange. With current customer demands and employee characteristics, standardising the delivery of a service has become more difficult to sustain. Perishability of service supports the intangibility factor, as a service rendered cannot be preserved and repeated every time a customer walks in. This becomes more pertinent as the consumption and production of a service is inseparable. The inseparability characteristic of service clearly indicates that the service provided will differ at every point of time and for every customer to whom the service is delivered, hence making it impossible to evaluate the rendered service based on only its outcome (Kotler, 2008; Lovelock and Wright 2002; Zeithaml, et al., 1996).

These characteristics have led retailers to seek uniqueness in their businesses, consequently the initiatives taken to actively brand retails (Hutchinson et al., 2012). Branding aids in building a distinct, yet discernible retail that would assist customers make a clear choice of retailer at which they would prefer to shop. However, it is contentious why retail needs to be distinguishable through branding when what is sought is really excellent service (Wycherley, 2002; Teare, 1993; Gronroos, 1990). Notwithstanding the need to sell high quality products, a pleasant ambiance and excellent personal service is required in order to build a good brand of retail. It seems like retail needs to fulfill a large number of criteria to assume the role of a branded retailer. Some of the retailers that have managed to brand themselves are Marks and Spencers, Tesco, Ikea, McDonalds, Macy’s, Burger King and 7-eleven (Maxham III, 2001). Besides the lack of clear and consistent classification of services, it is also contentions as to why services and products need to be distinguished, when marketing either of them is simply
marketing (Poolthong and Mandhachitara, 2009; Zeithaml, Parasuraman and Berry, 1985). The marketing of a product using services is common, as product marketers use strategies such as customer relationship management. Likewise, service is sold using various tangible products, such as the use of hotel architecture to sell the hospitality service (Gronroos, 1990). Thus, new strategies such as business sustainability through successful CSR activities are being introduced rapidly to the retailing arena to gain a competitive advantage. However, this comes with its own set of new challenges.

2.2.1 Fast food retail industry
Franchises such as McDonalds and KFC are well known fast food retailers that have moved into and dominated the Asian market (Valax, 2012; Datamonitor, 2007 cited in Qin et al., 2010). The evolution of fast food restaurants has brought about many changes in how they operate as the marketing emphasis moved from product orientation to customer orientation, where more emphasis is given to customer preference and satisfaction. As marketing evolved further to societal market orientation (Elliott, Rundle-Thiele, Waller, 2012; Kotler, Adam, Denize and Armstrong, 2008), fast food restaurants were bombarded by consumer anxiety and interest groups claiming that fast food restaurants’ key interest is in profiteering, ignoring consumers’ health, social wellbeing and being the primary cause of a myriad of social illnesses including obesity (Assiouras, Ozgen and Skourtis, 2013; Massa and Testa, 2012). These retailers, then looked into various ways of embarking on societal oriented marketing, and some initial efforts included the emphasis on family meals and generational relationship bonding (Botterill and Kline, 2007).

In the early 1990s, these fast food retailers were facing health and environmental conscious customers, demanding healthier food and packaging and reductions in various restaurant wastes. This forced the restaurants to change their packaging, manage their waste responsibly and introduce healthier menus. McDonalds, for example, replaced its styrofoam cups and clamshells with paper cups and paper wrappers (Miller, 2012; Botterill and Kline, 2007). The fast food restaurant business is as competitive as grocery retailers, thus keeping abreast with customer wants and needs. In this extremely competitive industry, as consumers become increasingly conscious of ethical business practices, fast food restaurants are pressed to ethically brand their businesses (Massa and Tessa, 2012; Floor, 2006). Oh (1999) argued that ignoring customer needs causes a reduction in customer satisfaction and repeat purchase. As the fast food retail industry continues to grow rapidly in several developing countries due to
fast-growing household income, changing consumption patterns, lifestyles that limit time for home cooking, and trendiness in eating out, the need for distinguishable fast food retail is critical.

2.2.2 Fast food retail in China and Hong Kong
Since the accession of China to the World Trade Organisation, it has been the target of multiple types of businesses from various foreign companies. This includes fast food retailers who are taking advantage of the fact that Chinese food consumption pattern has changed whereby many consumers now seek food outside their homes (Bai et al., 2012). The penetration of American fast food restaurants in the last decade has further changed food retailing of local Chinese food, which is being sold in the fast food style (Qin et al., 2010; Yingyi and Larçon, 2009; Witkowski and Wolfinbarger, 2002). McDonald’s and KFC are continuing to open more stores in China and at a faster rate than any local fast food retailers. Despite being criticised in the Asian market for its lack of concern over various societal and environmental matters (Valax, 2012; Yingyi and Larçon, 2009; Watson, 1997), these restaurants continue their dominance. Besides forecasting trends in the food market and dietary patterns, this study further furnishes knowledge on Chinese consumers’ who are increasingly switching to socially and environmentally committed food retailers (Bai et al., 2012; Massa and Tessa, 2012).

Thus, in addition to what is commonly expected in a fast food restaurant, 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). In a rapidly developing country such as China there is more disposable income amongst an increasing number of middle income consumers and an accelerating eat-out lifestyle (Bai et al., 2012; Cullen, Powell and Mascarenas, 2008).
Recognisable retailer brands that deliver high quality service, a good quality product and an overall satisfying shopping experience, draw in more loyal customers (Bai et al., 2012; Qin et al., 2010; Kotler et al., 2008; Gurbuz, 2008). In summary, China and Hong Kong have a rapidly growing fast food market with consumers who are looking for quality food, which poses new challenges for the fast food retail industry. In order for Hong Kong fast food retailers to successfully compete, it is essential that they establish a reputation that would attract and increase positive word of mouth and repeat purchase customers.

This phenomenon, coupled with the current interest in CSR, gives rise to the aim of the present study whereby the contribution of CSR activities to brand reputation and the mediating role of retail brand reputation on factors that would influence retail sustainability, namely customers’ repurchase intentions or customer retention is examined. This study 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 study 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.

2.2.3 Corporate Social Responsibility (CSR)

Two well-known CSR theories are Agency theory and Stakeholder theory, introduced by Milton Friedman and the latter by Sternberg (Freeman et al., 2010; Mullins, 2010; Freeman and Liedtka, 1991). Agency theory describes that since business is principally for shareholders, its actions naturally should maximise shareholder interests, while Stakeholder theory supports the view that business decisions should place more importance on the vast and diverse group of stakeholders’ interests. Bourdeau, Graf and Marie-France (2013) asserted that there is an apparent confusion between business ethics and CSR. If companies do not have a clear vision of what CSR means to them and what the objectives of practising CSR really are, employees may believe it to be a fad and see it as a practice to please customers and because it is practiced by other companies (Kim et al., 2010; Mattila, 2009). CSR is yet to have a theoretically sound definition (Bourdeau et al., 2013; Silberhorn and Warren, 2007; Mohr and Webb, 2005; Salzer-Morling and Strannegard, 2004) and it remains contentious as to what is claimed by various organisations and what is believed by society (McWilliams and Siegel, 2001). However, as societies around the world become ever conscious of environmental issues, companies need to make profits by using responsible methods (Mattila, 2009).
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 et al., 2013). However, CSR is now clearly a 21st century phenomena that has initiated a variety of opportunities and complications for retailers. More recently, Mattila (2009) summarised CSR as an assortment of programmes that involve considerations given to the wellbeing of employee and society where the companies operate. “The environmental impact of any economic activity should be weighed against the economic benefit and any measures that could mitigate the negative impact should be taken if they are at all economically feasible”. Ma (1999) declared that sustaining a competitive advantage requires proactive exploitation of benefits, especially if it involves large sacrifices on the part of the organisation and the CSR activities. Nevertheless, the benefits yield can be incredibly comforting when company reputation sky-rockets. Conversely, sustaining this impact cannot be easy, requiring continuous investments and innovations of CSR activities (Brammer, Millington and Rayton, 2007; Sharma, 2000; Maignan, Ferrell and Hult, 1999). This has consequently turned larger companies into forming a new wing or department to plan, organise, implement and constantly evaluate the company’s CSR programmes. Brammer et al. (2007) and Ma (1999) further believe that well developed CSR programmes can accelerate competitive advantages, and that the benefits of implementing CSR far outweigh the challenges involved in doing so.

The CSR concept is simple to understand yet paradoxical in many ways, hence it is difficult to satisfy everyone. This notion started with organisations’ interest in being philanthropic and is well accepted in most parts of the world. In recent years however, CSR activities have become more comprehensive and used as a business strategy to satisfy stakeholders (Brammer et al., 2007; Burke and Logsdon, 1996). CSR falls within a wide field of studies and is yet to be theoretically grounded. CSR activities generally address society, issues relating to its employees and customers, and, more recently, CSR has been associated with philanthropic activities, corporate citizenship, ethical business practices, involvement in community services and environmental issues, investments that are socially responsible, and triple-bottom-line reporting. Most importantly, CSR has been found to be a great contributor to the economic wellbeing of the corporations practicing it (Tang, Hull and Rothenberg, 2012). In triple-bottom-line reporting, the three “Ps” or “Es” are emphasised, this mainly being the reporting of the company’s involvement in CSR activities in three major sections:
company profit, involvement in activities to rectify and save the planet, and activities that provide for the social well-being of society (Skinner and Mersham, 2008; Wagner et al., 2008; Enquist, Johnson and Skalen, 2006).

In a nutshell, CSR notion includes every aspect of life and as such business and CSR activities tend to converge in almost every activity the company is involved in. (Valax, 2012; Silberhorn and Warren, 2007). Sen and Bhattacharya (2001) advocate that brands are recognised when seen involving themselves positively in social issues. Proponents of CSR believe that this recognition lead to a strong influence over how employees and consumers assess a brand in terms of its reputation. Even though many believe that CSR activities are carried out due to pressure from stakeholders, serious involvement in improving societal and environmental issues helps brand names gain or strengthen their competitive edge (Tang, et al., 2012; Martin and Hetrick, 2006; Rios et al., 2006; Fan, 2005). It also influences consumers’ behaviour in relation to disseminating positive word of mouth and repeat purchases (Wagner et al., 2008; Becker-Olsen, Cudmore and Hill, 2006), and ultimately helps to gain new customers and retain old ones.

Teimouri, Jamehshooran and Heydari (2011) opined that competitive strategic advantage can be achieved using CSR but that it presents great challenges since it involves wide and broad expectations. By studying Body Shop’s success in the 1980s and customers’ reaction to its sell-out to L’oreal, Teimouri et al. (2011) corroborated Porter’s (1985) view that companies require top-end resources in order to withstand future challenges as large multinationals are constantly and critically reviewed by the society. Moreover, competitive strategic advantage can be gained and sustained through meticulously designed CSR programmes that build a strong brand reputation. However, this requires the firm to have strong resources for future investments.

A common understanding of CSR in corporate reporting is based on Carroll’s (1979) framework, which captures corporate responsibilities in three parts. However, Pinkston and Carroll (1996) improvised the concept, including responsibilities involving environmental security as much as corporate responsibility to immediate stakeholders. This further stipulates that companies with the notion to practice CSR need to be more proactive rather than reactive. In recent years, with the fall of companies such as Enron and large scale frauds, increasing degradation of the environment, thinning of the ozone layer, and the extinction of
some animal species, the underlying theory of CSR, which emanates from philanthropic actions taken by companies, has evolved beyond self-interest and public relation actions to managing crises and building image (Carroll, 1999). It has now developed into a full blown business strategy whereby large companies are expected to integrate CSR into their business plans (Silberhorn and Warren, 2007). Companies are now playing a more conspicuous role in practicing what is simply put as triple-bottom-line for corporate reporting purposes. The Global Reporting Initiative (GRI) requires large businesses to report their CSR initiatives involving the planet and society, which eventually brings sustainable business profits to the companies (Wagner et al., 2008; Enquist et al., 2006).

The present study places CSR as a unique stimulus for fast food retailers in Hong Kong to gain a good reputation, positive word of mouth, repeat visits and purchases, and increased positive perception of the overall food quality. Consumers are generally keen to be socially responsible and therefore seek ethical businesses to trade and build relationships with (Yang and Crowther, 2012). As this group of consumers grow in number, it is imperative for fast food retailers to proactively practice CSR in order to achieve a competitive advantage (Fetscherin and Usunier, 2012; Floor, 2006). There are an increasing number of studies that suggest consumers in developed and developing countries are quickly converting to users of socially and environmentally friendly services and products (Hutchinson et al., 2012; Floor 2006).

A broad range of issues concerning business ethics and its influence on consumers’ purchase behaviour needs deeper understanding in order to implement appropriate CSR practices. Empirical evidence relating CSR perceptions directly to behavioural variables provide mixed results. Mohr and Webb’s (2005) study provide evidence for the impact of CSR perceptions on behaviour; findings of other studies advocate a more eccentric nature of this connection (Sen and Bhattacharya, 2001; Webb and Mohr, 1998). Sen et al. (2006) advise that awareness of the company’s actual CSR initiative draws a deeper sense of identification with the company, more purchases and greater interest in seeking employment with the company (Kim et al., 2010). This would naturally apply to customers of fast food restaurants. More importantly, fast food retailers deal with products that directly affect consumer health and consequently have to deal with issues such as animal rights, pesticide-free and organic supplies, food wastage, biodegradable packaging, and employee hygiene (Assiouras, Ozgen and Skourtis, 2013; Gunther, 2006), making fast food retail’s CSR initiatives more complex.
2.2.4 CSR in Fast Food Retailing

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 et al., 2008). This implies that food service retailers need to place great importance on customer satisfaction, the measures of which include nutritional, palatability and hygiene factors. Studies indicate that food production, from its origin to its final processing, is becoming a vital concern for consumers (Schroder and McEachern, 2005). Therefore, the compatibility of fast food retailers’ CSR activities with those of consumers’ general values is essential for attracting and retaining customers.

2.3 Corporate Reputation

Martin and Hetrick (2006) and de Chernatony (2006) described corporate reputation as one of the most effective strategic corporate advantages. The corporate reputation of a service organisation is measured using the consistency of deliverance over a certain period of time (Goldberg and Hartwick, 1990; Andreassen, 1994). Many brand extensions and franchisees enjoy the reputation earned by their parent company (Aaker, 1991; LaBarbera, 1982) and consumers are willing to part with a bigger sum of money for a reputable brand that they recognise (Fan, 2005; del Rio et al., 2001).

Studies of the service industry have shown that corporate reputation is more useful for enhancing loyalty than corporate image (Flavián, Guinalíu and Torres, 2005; McDonald, de Chernatony and Harris, 2001). A reputable company tends to be accepted faster (de Chernatony, 2006; Nayyar, 1990) and is a core factor in inducing repeat purchase. Reputation is the discernment developed from a group of people based on their personal experiences and media information. Thus, CSR activities organized by retailers tend to be critically judged by consumers to form perceptions which speak of the retail reputation. One perception is on the service. Customers who are unhappy with the service rendered by the fast food retailer or restaurant will lead to negative WoM and refusal to revisit the outlet, thus painting a negative reputation. Besides service, the quality of food served can be assessed to form a perception that would lead to a certain level of reputation.
Similarly, customers who are unhappy with the origin of the ingredient of the food served in the outlet will form a perception which may jeopardise the outlet’s reputation. In contrast, some researchers opine that the brand image of the retail outlet is more important than its reputation (Fetscherin and Usunier, 2012; Nayyar, 1990). However, image and reputation are interlinked and are viewed by consumers’ as one and the same (Valax, 2012; Flavián et al., 2005), as such damaging the reputation is damaging the image. Compared to product retailers, service retailers have much more to lose when a negative opinion is formed on their retail outlet. Service retailers are dealing with so called products that are not exchangeable or recoverable. Therefore, negative reputation and perceived quality will have an adverse impact on the retailer’s branches, subsidiaries/franchisees, both locally and internationally. This notion clearly places service retailers in a more vulnerable position and as such, they need to be more vigilant and cautious when implementing CSR programmes.

2.4 Relationship between CSR and Corporate Reputation

In the last decade, CSR has been one of the most important issues for companies, especially large scale firms. However, studies indicate that mere participation in a small part of CSR activity is not sufficient to show significant change in consumer behaviour or company profits. Companies need to understand the investments into CSR activities, relevant activities to indulge in would consequently affect the company either in terms of reputation or customer behaviour. In incorporating CSR into branding strategy, Polonsky and Jevons (2009) advocated that it is not a simple task for global organisations as they are often scrutinised and criticised due to their public visibility around the globe. There is no doubt that a company’s reputation is positively affected by its involvement in CSR activities (Gatti, Caruana and Snehota, 2012) however it is crucial for the company to critically evaluate the activities so as to reap the most out of its investment. CSR activities that are irrelevant or have not been thought through thoroughly can affect the company’s reputation negatively. Thus, it is important that companies organise integrated CSR programmes that take into consideration all the company’s operational aspects (Stephenson, 2009), in order to sustain its current reputation and harvest the most from consumers’ positive behaviour. Large organisations with deep pockets support the notion that involvement in CSR programmes is beneficial for the company, even though the outcomes are difficult to measure and quantify. In contrast, research shows that brands known to practice ethical business enhance the reputation of the brand and the company (Sen et al., 2006; Fan, 2005), as such, retail
branding efforts are aligned with CSR efforts. Valax (2012) explained that fast food companies in China, specifically the foreign giants, have acknowledged that their performance is better with the implementation of CSR initiatives as such their involvement in better workforce management.

Studies indicate that employees who are given empowerment and are engaged in their work are more diligent and dedicated to their employer, thus enhancing the employer’s reputation (Valax, 2012). This improves employment loyalty and reduces the cost of recruiting and selecting new employees, which ultimately leads to better and quality applicants for vacancies. Moreover, as future employees’ perceive the organisation as a quality organisation with good work ethics, positive WoM will encourage customers and suppliers to form a similar perception.

It is essential to remember that employees are free-walking advertisement for the company, thus negative word of mouth from employees are equally destructive as a customer’s to the company’s reputation (Cretu and Brodie, 2009). Furthermore, CSR efforts by MNCs are different in headquarters compared to those in other countries, as they evaluate what is relevant and important to the consumers in those countries.

It is challenging to understand the market and stakeholders in different countries. Similarly, the perception of CSR, why and what programmes are appropriate, is equally if not more challenging to understand. In the past, the organisation will face a plethora of differences in politics, physical environment, social environment, technology, legal and political issues, and economy that need to be understood prior to entering a new market. Although this remains a challenge, globalisation and rapid movement of consumers from one country to another, along with unprecedented technological advances, has brought people across the globe closer than ever, which has been mistakenly construed as providing easier market access. Studies indicate that CSR needs and strategies are equally contrasting, depending on the country’s policy, current situation, consumers’ understanding and local companies’ business ethics (Valax, 2012; Skinner and Mersham, 2008). Hence, understanding stakeholders’ interest, local business ethics, and organisational learning are believed to be essential (Cruz and Pedrozo, 2009) in building credibility and reputation. Consumers in different countries place different importance on different CSR initiatives. For example, Skinner and Mersham (2008) found that South African society felt that CSR initiatives that would mend human
relationships would work best in their country.

In examining American and Chinese points of views on various areas of interests, including what is considered ethical in business, Cullen et al. (2008) found a vast number of differences, more so in the area of CSR. Thus, multi-national corporations may not succeed in charming customers’ in the country they are operating in with the same CSR initiatives as in their home country. McDonald’s is among others who are taking advantage of the world's fastest-growing economy, moving quickly to expand its presence in China. Currently, McDonald’s is globally promoting its reputation as a good employer, a CSR initiative out of its primary focus. However, McDonald’s policies and procedures lack focus on its human resources management, failing to recognise how the Chinese work roles and employees’ relationships with immediate superiors and upper management differ from the rest of the world. As such, CSR in China’s fast food industry is more of a necessity than a short term campaign of interest (Valax, 2012). In short, companies may lose their reputation by practicing inappropriate CSR programmes both locally and internationally, as CSR outcomes are strongly related to a company’s reputation and image.

This corroborates findings by Turban and Greening, (1997) that CSR initiatives that are positively perceived contribute in terms of better reputation for the company. Some studies indicate that the reputation of restaurants and fast food retailers increase as they source organically grown and pesticide-free fruits and vegetables for meal preparations at their outlets (McWilliams and Siegel, 2001). This move has attracted new customers and retained existing customers while increasing the retailer’s reputation as a socially responsible business. Conversely, there is very little evidence that consumers’ reaction to CSR initiatives support a sustainable business (Jose, Rugimbana and Gatfield, 2012). This brings about the question of CSR’s role in business. Some studies show evidence of consumers’ responding positively toward CSR activities only if the activities are in congruence with the consumers’ interests (Jose et al., 2012; Gibbons, 2011; Scholtens, 2009; Jones and Farquhar, 2007). This alignment brings about positive consumer attitude, favourable assessments of company reputation, and increased intention to repurchase. In contrast, non-congruent CSR initiatives may damage the company’s reputation and the cost of rebuilding it may be financially and socially enormous. Companies keen on embarking on a CSR project ought to seek out a cause that is close to the heart of their target customers and the aim must be clear, as unclear motives can drive consumer's scepticism and hurt the company’s reputation (Jose et al.,
2.5 Relationship between CSR, Corporate Reputation and Customer’s Perceived Food Quality

Quality is a fundamental concept of marketing and is widely used to strengthen brand name and induce loyalty (Cretu and Brodie, 2007). As such, perceived food quality plays an essential role in building reputation that eventually leads to purchases and the company’s financial gain. Traditionally, quality has been closely linked to price, as they are believed to be positively related. Quality products are perceived to cost more because they are more durable, made from quality material, and produced by credible and reputable organisations (Cretu and Brodie, 2009; Kotler et al. 2008).

Studies show how consumers react toward various actions and campaigns that a business undertakes (Bourdeau et al., 2013; Brown and Dacin, 1997). Organisations can strategize better if they understand consumers’ reaction toward CSR activities. This may be possible for a product but for a service, due to its distinctive features of intangibility, inseparability, heterogeneity and perishability, measuring consumer reaction may not be feasible. Nevertheless, it would be valuable for a service provider to understand how consumers assess their product or service rendered (Chomvilailuk and Ken, 2013; Brown and Dacin, 1997) and, in particular, the quality of the product or service.

In the fast food industry, this can be viewed in terms of the quality of service rendered when a purchase is made and the quality of the food purchased for consumption. The unique characteristic of intangibility of service does not allow consumers to quantify service, while the inseparability of service does not allow consumers to separate their experience of the service from the production of it. Studies show that consumers are influenced by the CSR initiatives of a company and this influence is seen as positive in the way they perceive the quality of the service (Gatti et al., 2012; Salmones, Perez and Bosque, 2009; Vranesevic and Stancec, 2003; Brown and Dacin, 1997). However, this is arguable as the sheer fact that the service characteristic is unique, indicates the difficulty one would face in evaluating service quality (Poolthong and Mandhachitara, 2009).

Kotler et al. (2008) advocated that customers do not judge service quality based on its outcome. In fact, a customer perceives quality based on several indicators depending on the
type of service. The quality of service at a fast food retail can be judged based on the food, packaging, front-line service, outlet ambiance, convenience, consistency, bundled meal, and reliability (Holbrook, 1999). This evaluation of quality includes the retailers’ initiatives to serve quality food with reference to healthy ingredients, such as pesticide-free, organic, and raw material production complying with animal rights protocols. Schroder and McEachern (2005) asserted that although customers evaluate food quality in various ways, their willingness to pay a higher price is unclear. Naturally, products that are environmentally friendly or biodegradable are more expensive due to their production costs. Hence, serving food that is sourced from organic and free-range farms will be pricey and, as such, customers, though supportive of this CSR activity, may not be willing to pay for it. Some researchers believe quality is part of the organisation’s learning curve, since organisations actively enhance quality based on regular evaluations (Becket and Brookes, 2006), justifying prices based on its quality. This shows that to achieve a certain level of acceptance from customers, the retailer must be willing to invest and be prepared to change (Berman and Evans, 2010).

In order to avoid confusion, it is therefore pertinent to focus on specific indicators to measure perceived quality. Thus, for the purpose of this study, the perceived quality indicator was taken to be customers’ perception of the food quality in Hong Kong fast food restaurants. Poolthong and Mandhachitara (2009) affirmed that customers of fast food are fundamentally bound to a retailer when they positively perceive the quality of food, which shows that CSR activities may not directly contribute to customers’ commitment to a particular retailer. Moreover, CSR is assumed to play a bigger role as a crisis management strategy rather than an influence of buying intentions (Assiouras et al., 2013).

2.6 Relationship between CSR, Corporate Reputation and Customer’s Word of Mouth Intention

WoM is a technique used by marketers, using the social network of customers to disseminate news of their products and services (Li, Lin and Lai, 2013; Varhagen, nauta and Feldberg, 2013; Kiss and Bischler, 2008). As this WoM happens in the form of self-reflection and transmission of messages willingly, this is a free form of advertising (Keller, 2008; East, Hammond and Lomax, 2008).

Recent studies on WoM, using highly technical modes of research, found that on-line or face-to-face is essential for the introduction of a product or service and is dubbed viral marketing
Positive WoM is a pertinent factor to measure current customers’ willingness to talk positively about the product or retailer and is a free form of advertising. Customer 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; Verhagen, et al., 2013; East et al., 2008).

Empirical studies show that satisfied customers disseminate positive WoM, which subsequently turns into better sales (Blazevic et al., 2013; Rust and Chung, 2006). In fact more recent studies, using highly technical mode of research findings on WoM, show on-line or face to face is essential for the introduction of product and service and dubbed as viral marketing (Cowley, 2014; Li, Lin and Lai, 2010).

CSR activities are also known to consummate consumers’ attitudes toward the organisation, which includes trusting the honesty of the retailer in advertising the truth, in their support of environmental movements, in support of fair employment and other CSR activities (Wagner, Lutz and Weitz, 2009; Chan et al., 2003; Murray and Vogel, 1997). Moreover, the perceived value of a product or service is found to contribute directly to the repurchase intention of customers (Mandhachitara and Poolthong, 2011) and WoM intentions due to customer satisfaction (Turban and Greening, 1997; Fornell et al., 1996). However, some researchers argue that the true influence of WoM is not easily measured in research, as satisfaction, attitude and other factors may have been formed for reasons other than WoM (Wangenheim and Bayon, 2003; Kandampully and Butler, 2001). Nevertheless, WoM is a pertinent evaluative tool as it helps potential buyers to purchase confidently, reducing their uncertainty due to unknown risk (Wagner et al., 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 et al., 2001; Herr, Kardes and Kim, 1991). 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, et al., 2010).

2.7 Relationship between CSR, Corporate Reputation and Customer’s Repurchase Intention

Studies show the various benefits of CSR to an organisation (Bourdeau et al., 2013; Vlachos, 2012). One such benefit that can transcend to a myriad of other benefits to a retailer is the retention of motivated, satisfied and talented employees (Vlachos, 2012; Giles, 2007; Turban and Greening, 1997). Naturally, organisations that retain talented employees, manage satisfied employees. The GRI requires organisations to report their ethical management of employees (Valax, 2012; Skinner and Mersham, 2008), hence the humanitarian cause of CSR includes employees of an organisation. This is in the hope that satisfied employees would increase productivity. Customers who are happy with a particular salesperson will return to the store looking for that person (Bourdeau et al., 2013, Kim, et al., 2010). This, coupled with positive WoM of employees, can help with customer retention and improve repurchase intentions. Bourdeau et al. (2013) observed growth in profitability, productivity and stock prices due to increased number of satisfied employees.

Repurchase intention (RPI) is a dimension of behaviour that is derived from the Theory of Planned Behaviour (TPB) (Ajzen, 1991). Studies on CSR marketing, such as offering organic and environmentally friendly products, have found that a customer would take action if the intention has been made, thus a customer who has planned to purchase will carry out the act of buying eventually (Dowd and Burke, 2013; Kumar, Lee, Kim, 2009; Hollebeek, Jaeger, Brodie and Balemi, 2007).

Repurchase intention is a difficult factor to relate directly to CSR, conversely it relates more closely to the perceived quality of service and loyalty (Gatti et al., 2012; Mandhachitara and Poolthong, 2011). However, studies pertaining to the relationship between perceived service quality and loyalty (Valax, 2012; Skinner and Mersham, 2008; Rust and Chung, 2006) show that the link between CSR and repeat purchases is established via other attributes, such as service quality satisfaction, and employee retention.

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, the willingness to repeat purchase in response to CSR programmes of a retailer may be linked to awareness of customers, knowledge, and potential customer profile (Dowd and Burke, 2013). 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 (Kumar, et al., 2009; 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. This is a reminder to marketers of the consequences of ignoring customer retention by not allocating sufficient resources to retaining customers and by not recognising what moves them to repurchase (Rust and Chung, 2006). 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 fulfil 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 study 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.

McDonald and Lai (2011) and Giles (2007) discussed the relative disinterest of customers to switch to another brand of retailer when they are comfortable with a retailer who satisfies their needs and wants, which includes their indirect participation in CSR activities. Research shows this applies to both the Western and Asian cultures and is more apparent in retails such as banks and fast food restaurants (Wigley, 2008). Customers as individuals may not have sufficient resources to be passionately involved in altruistic causes, thus hinging on to a larger entity such as their regular retail often allows them to contribute to a cause.

Interestingly, the variables of interest are all linked to one another as Oh (1999) concludes the importance of WoM in sending the right message to potential customers, eventually driving RPI to escalate. Moreover, Fornell et al. (1996) discovered the influence of positive WoM on perceived customer value and customer satisfaction that adds to higher service quality, leading to customer retention. However, marketers need to closely monitor these relationships as Chan et al. (2003) and Liu and Wu (2007) argued that customers are retained more because of their apparent satisfaction with the products and services, and that repurchasing decisions are made based on satisfaction during previous visits, while retention of customers is driven by several past experiences where there had been consistent good service.

2.8 Development of Research Questions and Hypotheses

In recent years, CSR has gained the attention of business communities around the world (Bourdeau et al., 2013) and the extent of CSR programmes that have been implemented by businesses is enormous. The complexity of service oriented retail business and their CSR programmes are difficult to identify and mind boggling (Jones et al., 2007). However, it is clear that retailers utilise CSR to communicate ethical business management practices to their customers (Wagner et al., 2008; Silberhorn and Warren, 2007). These evolving topics provide an avenue for adding to the existing body of knowledge. The fast food industry in Hong Kong is going through a major change as affluent consumers with new lifestyles increase in number. Thus, this study presents an understanding of consumers’ behaviour with regards to their selection of fast food retailer based on retailers’ involvement in CSR activities and reputation. The influencing behaviour for the purpose of this research is consumers’ intention to disseminate word of mouth, consumers’ intention to return to the same retailer, and
consumers’ perceived quality of food. The theories of retail, service, and brand reputation, and the fundamental notion of CSR have led to the development of the following research questions:

**Main Research Question (RQ):**
What are the direct and indirect influences of CSR on customer WoM intentions, customer RPI and customer PFQ in Hong Kong’s fast-food industry?

**Sub-Research Questions:**
Sub RQ1: What are the respective effects of CSR on corporate reputation, customer WoM intentions, customer RPI and customer PFQ in Hong Kong’s fast-food industry?
Sub RQ2: What are the effects of corporate reputation on customer WoM intentions, customer RPI and customer PFQ in Hong Kong’s fast-food industry?
Sub RQ3: What are the mediating effects of corporate reputation on the influences of CSR on customer WoM intentions, customer RPI and customer PFQ in Hong Kong’s fast-food industry?

**Figure 2-1: Research Framework**

**Hypotheses Development**
The research framework in Figure 2-1 above portrays 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 retailer’s market positioning and ability to sustain market leadership. However, some CSR programmes are directly responsible for providing the above effect, thus allowing smaller local unbranded fast food retailers to gain recognition for their CSR activities. 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.

**H1:** CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ WoM intentions.

**H2:** CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ repurchase intentions.

**H3:** CSR activities of Hong Kong’s fast food restaurants have a significant positive relationship with customers’ perceived food quality.

H1, H2 and H3 describe the direct relationship of CSR activities to customer WoM intentions, customer RPI, customer PFQ. As identified in the literature, service quality may be judged based on a myriad of factors (Qin et al., 2010), thus this study chose to concentrate on PFQ as it is the most common element in fast food retail outlets and may therefore be viewed across the board. Service is more challenging to assess by consumers as it varies according to the employees. Furthermore, consumers’ visit to fast food restaurants is more for the convenience of obtaining food for consumption (Assiouras et al., 2013; Massa and Testa, 2012). CSR’s direct relationship to customers’ WoM intentions and RPIs provide the customers’ view of CSR activities carried out by the retailer and provide an indication of whether the retailer will benefit in terms of future profitability (McDonald and Lai, 2011, Wigley, 2008, Giles, 2007; Liu and Wu, 2007)

**H4:** CSR activities of a fast food restaurant has significant positive relationship with its corporate reputation as perceived by customers in Hong Kong. H4 postulates the direct relationship between fast food retailers’ involvement in CSR activities on their reputation as a responsible and ethical retailer. This hypothesis reflects the notion that CSR practices of an organisation have the ability to build and strengthen the
reputation of the organisation (Gatti, 2012; Lai et al., 2010; Fan, 2005). This allows marketers to leverage CSR activities with the purpose of building their reputation and consequently choosing to participate in activities that are suitable for this objective.

H5: Corporate reputation of a fast food restaurant has significant positive relationship with customers’ WoM intentions in Hong Kong.

H6: Corporate reputation of a fast food restaurant has significant positive relationship with customers’ RPI in Hong Kong.

H7: Corporate reputation of a fast food restaurant has significant positive relationship with customers’ PFQ in Hong Kong.

H5, H6 and H7 show the direct relationships between the reputation of fast food retailers and customer WoM intentions, customer RPI and customer PFQ. As in H1, H2 and H3, these hypotheses test to see if corporate reputation has more influence than CSR on the identified marketing concepts (Cretu and Brodie, 2009; Andreassen and Lindestad, 1998). This comparison allows marketers to undertake CSR activities that are suitable for the purpose they propose. For most businesses, reputation is the traditional organisational concept that the entire business will work on building. However, few relate this to CSR, as in many instances CSR has been misconstrued as a crisis management tool used for public relations in the organisation rather than a tool used by marketers to build reputation (Assiouras et al., 2013; Salzer-Morling and Strannegard, 2004).

H8: Corporate reputation of a fast food restaurant partially mediates the relationship between CSR and customers’ WoM intentions in Hong Kong.

H9: Corporate reputation of a fast food restaurant partially mediates the relationship between CSR and customers’ RPI in Hong Kong.

H10: Corporate reputation of a fast food restaurant partially mediates the relationship between CSR and customers’ PFQ in Hong Kong.

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

The literature analysis in this chapter has covered the width and breadth of relevant literature in the area of CSR, and marketing concepts, mainly corporate reputation, WoM, RPI, and PFQ of consumers frequenting fast food restaurants in Hong Kong (Bourdeau et al., 2013; Silberhorn and Warren, 2007; Mohr and Webb, 2005; Salzer-Morling and Strannegard, 2004). This has been the topic of much research over the last few years due to its perplexing impact on various business areas. Meanwhile, the fast food industry in Hong Kong has proliferated over the last few years with foreign fast food restaurants taking the lead in expansion since opening of the Chinese market (Bai et al., 2012; Valax, 2012). These two notions provide the platform for the current research, which examines the capability of CSR to enhance the reputation of a company, increase customer positive WoM, customer RPI, and improve customer positive PFQ.

The above literature have been reviewed to develop a comprehensive and congruent reference which would provide guidance for the examination of the relationships portrayed in the conceptual framework in this study. Furthermore, this analyses of literature provides a clear gap and research questions that sets the path for the present study. Based on the research questions and framework, ten hypotheses are posited here, describing the use of CSR and corporate reputation to predict several key marketing notions in fast food restaurants in Hong Kong. This knowledge can prepare marketers to face future challenges in the fast food industry in Hong Kong.

Moreover, the fast food industry is a service industry which has its own predicaments and challenges as described in the above literature. Hence the above analyses of literature take into consideration CSR efforts in service marketing in a fast growing fast food retail. Besides verifying the theories existing in these areas, the critical question proposed for this study is to understand if CSR requires corporate reputation to mediate its influence on the three marketing notions or in the current environment, does CSR have the leverage to directly influence the postulated relationships.

The following chapter three will entail the methodology undertaken to collect relevant data based on the conceptual framework and research questions developed to test the posited hypotheses. The chapter will also discuss the relevant statistical techniques used to describe
the sample, test the validity and reliability of the data and finally the tools used to perform significance tests on the collected data.
Chapter 3

Methodology

3.1 Introduction

This chapter discusses the methodology used to collect and analyse the data in order to address the hypotheses postulated in the previous chapter, and subsequently answer the research questions. The chapter includes a description of the research design, comprising the sample, sampling frame, and data collection techniques, as well as a discussion of the techniques used to analyse the data. The chapter also draws upon the analyses to assess measurements and perform relevant significance tests. As many of the ethical issues and research limitations emerge due to data collection, the chapter concludes with a brief discussion of the ethical issues addressed while conducting the research.

3.2 Research Paradigm

A research paradigm fundamentally sets the research on a platform that raises its rigour and soundness. Epistemology and ontology orientations are directly related to studies concerning business (Bryman, 1984). Epistemological studies involving arguments on the very nature of business knowledge and how that knowledge is gained, while ontological studies concern social entities and questions the role played by social actors or the people involved. The two distinctive research paradigms grounded on an epistemological framework are the interpretivism and positivism approaches. The interpretivism approach is used to interpret social phenomena using scientific methods. This approach tends to be more inductive, construes human behaviour and generates theory. The inductive process develops a proposition based on observed facts and logic (Bryman, 2008; Sekaran 2003). This approach emphasises collecting information for the study directly from the people involved in the phenomenon, as interpretivists advocate that by verifying and generalising theory, one loses sight of enriched information (Aaker, Kumar, Day and Lawley, 2005). Interpretivism proponents claim that people can only be better understood by closely conversing with them. Hence, this concept requires less planned, unstructured information collection techniques that enable the researcher to gain an enriched set of data that could show the real reasons for people’s behaviour (Bryman, 2008; Bryman and Bell, 2003). As such a qualitative research
approach such as observation and in-depth interviews are closely connected to the interpretivism paradigm.

Conversely, the positivism approach imitates the natural setting and as such is more deductive (Bryman, 2008; Cavana, Delahaye and Sekaran, 2001). The positivism approach uses methodologies that are highly repetitive as they are structured to accommodate a large number of samples and is often used for verification of theory. This approach collects information on rich and complex social phenomenon and translates the data freely without bias or prejudgement, thus logically generalising them to the society at large (Sekaran and Bougie, 2013; Malholtra and Peterson, 2001; Sekaran, 2003).

The present study, therefore adopted a positivism approach to add knowledge to what exists in marketing studies. Consequently, this study addresses the relationship issues that has been developed in the previous chapter and verify marketing and management theories that already exist (Sekaran and Bougie, 2013; Bryman, 2008; Bryman and Bell, 2003).

### 3.3 Quantitative vs. Qualitative

The epistemological consideration and the positivist research paradigm leads to a quantitative research approach. One of the positivist paradigm features is that it envisages the social behaviour of research participants while the researcher maintains his distance from the participants. The thoroughly organised data collection technique leads to deductive reasoning, which can be achieved using valid and reliable quantitative methods (Bryman, 2008; Bryman and Bell, 2003). Quantitative methods of research require a large sample size, hence a structured research instrument plays an important role, requiring a standard systematic data collection technique, which can be translated into a set of numerical values. These values are then used to develop mathematical models that describe the relationships between the variables that have been derived from the literature review (Bryman, 2008; Sekaran, 2003). This, notwithstanding the highly reliable, valid and generalisable nature of quantitative approach. The bigger the sample size, the higher the validity (Hair, Anderson, Tatham and Black 2006; Cavana et al., 2001), enabling the research output to be generalised to other contexts.
The qualitative research approach that lies within the interpretivist paradigm draws rich trends or pattern of behaviour based on one’s experience and expression of that experience. Some of the techniques that can be used for qualitative approach are the use of unstructured and semi-structured questions for interviews, observations, projective techniques, and case studies. These techniques and the themes that emerge provide the researcher with an enriched knowledge of people’s behaviour which is subjective and not quantifiable. However, as qualitative research samples are fewer in size and the final output is not quantified, proponents of quantitative research argue that it lacks generalisability (Sekaran, 2003; Bryman, 1984). However, the error correction between a sample size of around 450 and a sample of around 1000 is marginal while the gain in savings from the smaller sample size is relatively substantial (Cavana et al., 2001).

Qualitative research approach employs research questions that are loosely formed, mainly starting with how, why and what rather than does and do, which are more suitable for quantitative research. Qualitative research seeks to address propositions posited using depth of understanding of sometimes a single phenomenon, whereas quantitative research seeks to address hypotheses that are derived using structured questionnaires, large samples and statistical tools (Bryman, 2008; Hair et al., 2006).

The aim of this research was to understand the influence of corporate social responsibility on company reputation, customer WoM intentions, customer RPI, and customer perceived quality of product; as well as the intervening role of corporate reputation on the aforementioned customer behaviour. In order to test the hypotheses derived from this aim, a positivism paradigm was employed with quantitative research techniques used to collect and analyse relevant data. (Bryman, 2008; Cavana et al., 2001).

3.4 Research Design

Bearing in mind, the above research objective, the research design below describes the operationalisation of data collection and analysis. Longitudinal study is where data collection is undertaken over a period of time to observe a pattern or trend, whereas cross-sectional study is where the data is collected at a specific time with the intention of studying respondents’ purpose, perception or behaviour during that particular time (Aaker et al., 2005; Malhotra and Peterson, 2001).
Though longitudinal study is useful for providing a trend that could describe a changing behavioural pattern, the researcher needs to keep abreast of respondents’ movements and if they physically move away it would leave a void in the data set. However, as the questionnaire used for a longitudinal study is most likely the same for the duration of the study so as to capture the change in attitude over a period of time, it is capable of handling ambiguity in a questionnaire and subsequently provides better internal validity (Sekaran and Bougie, 2013; Hair et al., 2007). However, this study design is costly, time consuming and tedious.

Cross sectional study on the other hand, while describing the research variables at a given point of time, provides a replicable research design and retains respondents’ anonymity (Nardi, 2006; Bryman and Bell, 2003). As such, the present research employed a cross-sectional quantitative study of fast food restaurant customers at a single point of time to understand the influence of corporate social responsibility on consumers’ perceptions and behaviour. Moreover, an empirical study of this nature is lacking in the field and specifically in the fast food industry (Hutchinson, Singh, and Walker, 2012; Poolthong and Mandhachitara, 2009). The intervening effect of reputation between corporate social responsibility and consumer behaviour and perception could contribute to the strategic management of corporate social responsibility activities to enhance brand reputation and subsequently encourage positive word of mouth and increase repeat purchases, and build better perceptions of food quality.

3.5 Unit of Analysis, Sample Size and Sampling Techniques

Sample is a subset of a population, where the population is the total number of study subjects or the unit of analysis available (Malhotra, 2007). As it is most probable that in a large scale social study the exact population is unknown or that an investigation of the population may be impractical, a sample is drawn from the population in order to conduct the research (Bryman, 2008, Malhotra, 2007). The findings from the sample investigation may then be inferred for the population, depending on the generalisability. The representativeness of the sample is essential for generalisability (Hair, Money, Samouel, and Page, 2007; Sekaran, 2003). As this study 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.
A sample of customers for a study to understand perceptions and behaviour is common amongst researchers (Zikmund, Babin, Carr and Griffin, 2013; Malhotra, 2007). The current study involves five major constructs, for which it is common for market researchers to utilise a sample size of between 150 – 500 to represent an unknown, large population to study consumer behaviour (Hair, Black, Babin, and Anderson, 2010; Malhotra, 2007; Hair et al., 2006). Some researchers however, argue that sample size should be based on the number of items in the questionnaire (Andreev, Pliskin and Rafaeli, 2012; O’Reilly, Duane and Andreev, 2012; Hair et al., 2010), especially studies with a questionnaire that uses scales as measures. The minimum number of valid responses should be a minimum of 10 per question item in the most complex construct (Hair et al., 2010; Field, 2009). Although this study indicates that a sample size of 60 is sufficient, as the most complicated construct is word of mouth intentions and is represented by six items, this study distributed 400 questionnaires in order to ensure representativeness, generalisability, validity and reliability of the data; it also allows the researcher leeway to discard questionnaires that are not completed or ruined due to respondents’ negligence.

The sampling frame is a guide that provides the researcher a rough idea of where most respondents matching the description of the study can be located (Hair et al., 2010; Bryman, 2008). This can be any information ranging from phone listings to actual addresses of potential respondents or locations where they are often found (Malhotra, 2007). This means that the current study’s sampling frame was customers of fast food restaurants in Hong Kong. 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.

Sampling techniques are processes by which individuals in a population are selected without bias to be members of a research project (Hair et al., 2006; Sekaran, 2003). The sampling technique used depends greatly on the type of population. Sampling techniques take two major forms. For a population size that is unknown or too large, a non-probability sampling
technique is commonly used, while for a known population size a probability sampling technique is used (Bryman, 2008).

3.5.1 Non-probability Sampling Techniques

Non-probability sampling techniques that are common for behavioural studies are convenience, judgmental, snowballing, and quota sampling (Malhotra, 2007; Hair et al., 2006). Cavana et al. (2001) categorised these techniques in two broad methods: convenience and purposive sampling. Convenience method of sampling is where the sample member who is selected is an individual who is easily available. This is an inexpensive and fast mode of selecting a relevant sample to obtain information for a study (Malhotra, 2007). However, some argue that this method of sample selection is bias, as researchers may select persons based on their appearance or other intriguing characteristics that attract the researcher. Thus it is argued that findings from research based on this sample are not suitable for generalisation (Sekaran and Bougie, 2013; Malhotra, 2007).

Purposive sampling is described as selection of sample members from a group of individuals who are known to possess the specific information needed for the research. Hence researchers seek these people based on who they think may be most likely to provide accurate information for the research at hand and be willing to provide it (Nardi, 2006; Aaker et al., 2005). Despite being capable of providing accurate description of events, like convenient sampling, this technique lacks generalisability and randomness due to possible research bias. The common purposive sampling techniques are judgemental, snowballing, and quota sampling (Cavana et al., 2001). Judgemental sampling describes the researcher’s judgment of who is the most relevant information provider. The snowballing sampling method is similar to judgemental but applies to the first member of the sample who introduces or provides references for the following potential sample member. Quota sampling is a technique used to ensure each group in the population is represented when there is a necessity for this division for the research. The quota for each group is set using an estimate prior to the selection. Though similar to stratified sampling, which falls under the probability sampling technique, the quota sampling is utilised in a non-probability, unknown population size setting, where generalisability can be an issue (Bryman, 2008; Aaker et al., 2005; Zikmund et al., 2013). In most non probability sampling, it is common to use a combination of purposive, convenience and judgemental sampling techniques.
3.5.2 Probability Sampling Techniques

Common probability sampling techniques are simple random sampling, systematic sampling, stratified sampling, and multistage sampling (Hair et al., 2007; Malhotra, 2007). These techniques are suitable when the population size is known, as this would provide the researcher the opportunity to randomly select individuals, providing each individual an equal chance of being selected. Although the most commonly used phrase in research is ‘random choice’, in research that is highly valid and reliable, random sampling is used only when the population size is known (Malhotra, 2007). The two random sampling methods that are popularly used are lottery method and random number table method. The lottery method is a simple form of either selecting the required sample by referring to a random number table (now available on the internet) or picking a number from a bowl which is filled with all the numbers, until the set sample size is fulfilled. In this way, the method provides an unbiased selection of sample members.

A systematic sampling technique is used when there is a large, known population. A gap between one sample member and another is fixed so that every n\textsuperscript{th} member of the population will be selected. As such systematic sampling allows the sample collection to be spread out to entire population, hence equal representation is maintained (Nardi, 2006). Stratified sampling ensures each social cluster is represented, hence the sample size of each cluster is proportionate to the respective cluster’s population size, whereas multistage sampling ensures representation of each geographical cluster. If the research needs the representation of each geographical cluster, a random sampling technique is used to source representatives for each cluster in different areas (Zikmund et al., 2013).

The population for this study was customers of fast food restaurants in Hong Kong who were 18 years old and above. Based on identified locations of high traffic fast food restaurants, potential respondents were selected using purposive sampling technique. A convenience sampling method was then used to distribute the questionnaires for this study. Furthermore, the purposive and convenient sampling combination ensures homogeneity of respondents, thus reducing common method bias (Bryman, 2008; Bryman and Bell, 2003). Moreover, these sampling methods are considered to be more reliable as the probability of classification errors is reduced (Zikmund et al., 2013; Bryman, 2008; Cavana et al., 2001).
3.6 Data Collection Methods

The quality of the data collected, the questionnaire design, and the ability to collect data from a large sample size are all influenced by the data collection instrument. Therefore, the data collection process for quantitative approach needs careful consideration. A questionnaire survey may be undertaken by using face-to-face interviews, postal interviews, email interviews, or telephone interviews (Sekaran and Bougie, 2013; Malhotra, 2007; Aaker et al., 2005). Each of these methods is assessed based on their advantages and disadvantages. Face-to-face interviews have proven to be most effective as it has a personal persuasive effect (Sekaran and Bougie, 2013; Zikmund et al., 2013; Malhotra, 2007). This method gives the interviewer more power to persuade the interviewee to participate in the survey, which postal, email and telephone methods do not have. Furthermore, the method is relatively cheap and the response is immediate and assured.

Postal and email surveys need a secure database of mailing or email addresses and past studies indicate that the response rate can be lower than 10% (Becker-Olsen et al., 2006; Bryman, 2003). Moreover, the researcher may have to wait for a long time for responses and issues regarding anonymity of respondents can be prevalent. Respondents may worry about the confidentiality of their responses as their email addresses may be traced back to them (Hair et al., 2010; Malhotra, 2007; Burns and Bush, 2003). Despite these disadvantages, email surveys are widely used due to the availability of various questionnaire survey tools and databases on the internet (Zikmund et al., 2013; Malhotra, 2007). Moreover, the researcher does not need to travel to collect data. Telephone interviews need to be short, questions need to be precise, they can be expensive and they are not suitable for scaled questions or semantic differential scales. However, this method can be useful for exploratory research where short questions with true/false responses are required to identify a research problem (Zikmund et al., 2013; Malhotra, 2007; Malhotra and Peterson, 2001).

The various methods of collecting data were carefully considered prior to deciding on the personal face-to-face method for this study. One can conduct the personal survey using interviewer-administered method or self-administered method. Although the interviewer-administered method where the interviewer reads the questions and records the responses, allows the interviewer to explain the questions using voice-tone, the self-administered method is more viable as it saves response time and questionnaire distribution time, and respondents tend to feel less discomfort. As such, the 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.

3.7 Instrument Design

The questionnaire for this research was designed in the English. To alleviate common variance (common method bias), the sequence of questions were rearranged so that respondents’ responses for one construct is not replicated for the following construct (Berneth et al., 2007; Gowen III, McFadden and Tallon, 2006). Measurement scales are in the format of nominal, ordinal, interval and ratio. How the final analysis of quantitative data is performed depends largely on the measurement used to collect data. Nominal and ordinal data are lower level measurements that are mainly used for demographic data, while ratio is commonly used for studies relating to absolute values such as financial data and actual performance in various units (Sekaran and Bougie, 2013; Hair et al., 2007). By contrast, interval scales are the most commonly used in behavioural and social sciences studies, which deal with abstracts.

3.7.1 Item Generation

This study 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 3.1 below. The Likert scale is the most conventionally used scale for self-administered personal surveys in marketing research (Sekaran and Bougie, 2013; Malhotra and Peterson, 2001). A number of Likert scale responses have been introduced, each with its benefit in measuring a variety of reactions and perceptions. Free choice response has odd numbered options in order to provide a neutral option for respondent to opt for, while the forced choice response forces the respondents to choose sides, not allowing them to remain in an indecisive spot. Free choice increases reliability (Malhotra and Peterson, 2001) whereas forced choice reduces social desirability by not allowing participants to remain impartial (Souiden, Kassim and Hong, 2006).

Likert scales can be developed with a number of different points on the scale, such as five-point scale, seven-point scale and ten-point scale. It is essential to be clear about the objective of measuring in order to make the correct choice of point-scale. In general, behavioural
sciences are difficult to measure using small differences in point-scales so a smaller point of scale, such as a five point scale, is preferable. In other words, a ten point scale would make it difficult for respondents to differentiate between small variations when the subject matter is abstract (Hair et al., 2006). Taking this into consideration, and mindful that the study has multi-item questions for each of the five constructs related to customers’ perception of the role played by corporate social responsibility in influencing corporate reputation, a seven point scale was selected as it has the ability to measure service constructs more precisely (Malhotra, 2007; Aaker et al., 2005). Accordingly a seven point Likert scale was chosen, where 1 represented strongly disagree and 7 represented strongly agree (refer to Appendix 1-Questionnaire).

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.

<table>
<thead>
<tr>
<th>Table 3.1: Measuring Items and Sources</th>
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</thead>
<tbody>
<tr>
<td>Constructs</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>Corporate Social Responsibility (CSR)</td>
</tr>
<tr>
<td>Corporate Reputation (CR)</td>
</tr>
<tr>
<td>Customer Word of Mouth Intentions (WoM)</td>
</tr>
<tr>
<td>Customer Repurchase Intenotions (RPI)</td>
</tr>
<tr>
<td>Customer Perceived Food Quality (PFQ)</td>
</tr>
</tbody>
</table>

The questionnaire included eight demographic questions, which provided the description of respondents’ characteristics. There were questions on gender, age, marital status, education
level, income per month, reason and frequency of eating in the restaurant, and frequency of eating in any fast food restaurant. These questions allowed anonymity to be maintained but provided rich information in terms of relational patterns in the demographics.

3.7.2 Common Method Bias

The self-administered data collection method may increase the occurrence of common method bias in large scale data collection, but the pattern projected by the respondents may corrupt the data and disrupt the analyses (Nardi, 2006). The adapted items for the questionnaire help to eliminate the bias. Moreover, for data collection purpose, the sequence of questions was rearranged in such a way that the 400 questionnaires were divided into five parts, thus each construct appeared as question number one in 80 questionnaires. These were mixed prior to distributing to the various locations, to ensure a reduced common method bias (Berneth, et al., 2007; Podsakoff, Mackenzie, Lee and Podsakoff, 2003). Moreover, prior to testing the hypotheses, efforts were made to assess the measurements used as described in Chapter 4. This allowed the researcher to be assured of the validity and reliability of the data collected.

3.7.3 Pilot Study

Although the items were borrowed from various related literature, the questionnaire was pilot tested to ensure it was collectively capable of measuring the constructs posited for this research. The test was carried out in Hong Kong, on 20 fast food restaurant customers who are the researchers’ family and friends (Hair et al., 2010; Cavana et al., 2001). In light of comments received, a few modifications were made to the questionnaire in order to eliminate ambiguous wording.

3.8 Data Analysis

The collected data was keyed into SPSS version 21. It underwent a thorough clean-up using eye balling technique and some minor analysis using frequencies and maximum-minimum values in descriptive analysis. The data was then analysed in several stages, which included descriptive analysis, measurement assessments in the form of validity and reliability tests, confirmatory factor analysis (CFA), and Structural Equation Model (SEM) that tests the significance of the variables. Data analysis for research of this extent is divided into two major parts: 1) Descriptive analysis and 2) Inference analysis.
3.8.1 Descriptive Analysis

Descriptive analysis provides the characteristics of the data collected. This allows the researcher to have an overview of the data and the characteristics of the sample. This overview is pertinent to elucidate findings. As such, frequency and percentages were run for the demographic data in this study as they were measured using nominal and ordinal measurements. Meanwhile, mean, standard deviation, skewness and kurtosis were run on data assessed using interval measures. While mean and standard deviation provide an average and breadth of the distribution of the data, skewness and kurtosis can be used to estimate the normality of the data distribution (Field, 2009; Coakes, Steed and Price, 2008). The negative value in skewness shows the data is negatively skewed, hence more respondents responded as “strongly agree” or “agree” to the statements posted. A positive value of skewness indicates positively skewed data, whereby more respondents have “strongly disagreed” or “disagreed” with the posted statements (Hair et al. 2010; Field, 2009). Kurtosis describes the peakedness of the responses. A flatter bell curve indicates that the peak is at a lower level and is reflective of a normal distribution. Hence, kurtosis that has too large a positive value or that is negative indicates that the distribution is not normal (Field, 2009; Coakes et al., 2008).

3.8.2 Measurement Assessment

The measures used in this study were cleaned and assessed using validity and reliability tests to establish accuracy of data collected. The purpose of the validity test is to evaluate if the items generated managed to measure what they intended to measure (Bryman, 2008). It is common to use face validity (content validity), convergent, discriminant and nomological validity to perform the abovementioned assessments (Bryman, 2008; Cavana et al., 2001). Content validity is achieved by means of a literature review, as this establishes the theoretical underpinning of the research and helps with development of the constructs. This preliminary validity was determined for this study by the extensive literature review presented in Chapter 2 prior to the formation of the constructs and the research framework. Furthermore, the pilot test carried out for this study provided validity that the questionnaire designed for the study was not ambiguous. Nomological validity, however, was authenticated when the posited hypotheses had been tested, further providing assurance that the constructs for this study were valid (Hair et al, 2010). Convergent and discriminant validity are assessed based on the data collected. These assess the validity of the constructs based on the responses provided by the respondents. In the current study, 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.

3.8.2a Exploratory Factor Analysis

Exploratory Factor Analysis is run based on three assumptions (Hair et al. 2010; Field, 2009):

- Kaiser-Meyer-Olkin (KMO) sampling adequacy

  The data collected must satisfy KMO, which measures the sampling adequacy of the data collected. KMO states the sampling is adequate if its value is > 0.6 as shown below:

  \[
  \text{KMO} \geq 0.9 \quad \text{– Excellent adequacy} \\
  \text{KMO} \geq 0.89 \quad \text{– Very Good} \\
  \text{KMO} \geq 0.79 \quad \text{– Good} \\
  \text{KMO} \geq 0.69 \quad \text{– Adequate} \\
  \text{KMO} < 0.60 \quad \text{– Poor}
  \]

  Bartlett’s test of Sphericity

  This assumption evaluates the correlation effect of the items to ensure there is no identity matrix in terms of inter-correlation between the items tested. This test is based on Bartlett’s chi-square value, whereby the p-value < 0.05 rule of thumb is used to reject a null hypothesis as stated below:

  \[
  H_0: \text{Identity matrix exists} \\
  H_1: \text{identity matrix does not exists}
  \]

  The test of n/k, shows is n/k > 5 the sample size for the study is sufficient to run EFA, where n = sample size, k = items in EFA

  EFA is then operationalized using Principal Component Analysis (PCA) extraction with Varimax rotation, as the constructs are not theoretically interrelated. With this rotation method, the factor loading is as recommended by Hair et al., (2010). A larger sample size requires a smaller factor loading as shown below:
Table 3.2: Factor loading in relation to sample size (adapted from Hair et al., 2010)

<table>
<thead>
<tr>
<th>Factor loading</th>
<th>Sample size need</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.30</td>
<td>350</td>
</tr>
<tr>
<td>0.35</td>
<td>250</td>
</tr>
<tr>
<td>0.40</td>
<td>200</td>
</tr>
<tr>
<td>0.50</td>
<td>150</td>
</tr>
</tbody>
</table>

3. 8.2b Reliability Test
The reliability test assesses the data in order to evaluate the consistency in respondents’ understanding the items as intended by the researcher. Consistency is achieved when there is less or no random error. This assessment is based on Nunnally’s (1978) recommendation using Cronbach’s alpha test of internal consistency (Cavana et al., 2001). The reliability of data collected on customer perception and behaviour can increase with homogeneity of sample, use of modified and borrowed items and reduced social desirability bias (Hair et al., 2010; Souiden et al., 2006; Aaker et al., 2005). A Cronbach’s alpha coefficient of 0.7 or more is acceptable for further analysis (Coakes et al., 2008; Nunnally, 1978), whereas, for a newly developed scale, a coefficient of 0.6 or more is acceptable (Nunnally, 1978). However, one needs to bear in mind that these tests do not guarantee 100% reliability and validity (Bryman, 2008), but with the right sample size, valid and reliable scales can have a greater influence in statistical analysis. Zikmund et al. (2013) argued that the real meaning of a single question is difficult to interpret, more so by a large group of respondents, hence several items are usually generated to represent a construct and therefore requiring validity and reliability tests For post measurement assessment, a single summated score is calculated to represent the construct to enable its representation in mathematical models for hypotheses testing.

3.8.2c Confirmatory Factor Analysis
Confirmatory Factor Analysis (CFA) plays a similar role to EFA and reliability, preparing the data for significance tests as postulated in the hypotheses (Kline, 2005; Schumacker and Lomax, 2004). CFA utilises theoretically robust measures to relate to the relevant constructs, while EFA eliminates the measures that do not load well to the constructs. However, these methods have the same objective. While CFA confirms measurements, EFA reveals new relationships between measures and constructs (Byrne, 2001). The current study uses EFA to confirm strong relationships between measures and constructs to study the relationships
between corporate social responsibility and corporate reputation and evaluate their influence on WoM intentions, RPI and PFQ of fast food restaurants in Hong Kong. As the study is based on strongly rooted theory, CFA in this study confirms the pattern of relationships within the model (Hair et al., 2006).

CFA was run concurrently with SEM to determine construct validity and used to strengthen the data’s validity (Kline, 2005; Schumacker and Lomax, 2004). CFA output is analysed using factor loadings, and Byrne (2001) advocated that at least four of the model fit statistics should be fulfilled to confirm CFA and model fit.

**Factor loadings**
Standardised estimates in SEM is observed, as such -1 < Factor loadings < +1, would show as a rule of the thumb, factor loadings > 0.5 is passable, however > 0.7 would indicate convergence validity. This further indicates (0.7)^2 = 0.5 or 50% of variance explained, hence the closer the loading value is to 1, the more variances are explained.

### 3.9 Structural Equation Modelling (SEM)

Structural Equation Modelling is said to be the grandfather of all statistical analysis (Bryne, 2001). It is commonly used to confirm model fit and rebuild a robust model. However, it may also be used to confirm relationships with several statistics unique to SEM as tabled below. The conceptual framework of the research was modelled into the SEM toolbox, ensuring the exogenous and endogenous variables are distinct. The advantage of SEM over standard statistical analysis, such as ANOVA and Multiple Linear Regression, is that it is normality tolerant (Hair et al., 2010; Kline, 2005; Bryne, 2001), thus showing leeway when the data does not meet the assumption of normality.

**SEM statistics**
These show some of the more widely used statistics to indicate the fitness of CFA model:

i. CMIN (χ²), p-value > 0.05 indicating no significance, CFA model fit
ii. CMIN/df < 3, model fit
iii. CFI: 0 < CFI < 1, the closer CFI > 0.9, the better the fit
iv. PCFI: closer PCFI > 0.9, the better the fit
v. GFI ≥ 0.9, shows better model fit
vi. AGFI ≥ 0.9, shows better model fit
vii. RMSEA: 0.03 < RMSEA < 0.08 model fit

The current study does not require the conceptual framework to be a fit model, it merely requires the postulated relationships to be established, hence the regression weights of relationships on constructs, variances and covariances were noted for interpretation (Kline, 2005; Byrne, 2001). According to Kline (2005), four out of the above listed indicators are sufficient to enable the model fit.

3.10 Tests of Mediating Construct
Baron and Kenny (1986) recommended the influence of mediation as characterised in Figure 3.1 below; it is evaluated using direct and indirect effects. The direct effect is shown as A - C while the indirect effect is shown as A - B - C, indicating that B is the mediating factor that intervenes in the relationship between A and C (Hair et al., 2010; Kline, 2005).

![Figure 3.1: The mediating effect](image)

Testing mediation needs several relationships to be confirmed. The mediation can be either partial or full mediation. Hair et al., (2010) suggested two major steps in order to clearly establish the mediating effect. Firstly, the relationships below ought to be significant in order for mediation to take place:

a. A → C relationship exists, indication of a direct relationship
b. A → B relationship exists, hence mediator is related to the exogenous variable
c. B → C relationship exists, indicating a relationship between the mediator and the endogenous variable.

Secondly, the level of mediation effect must be found for the A - C relationship. Following this, the estimates for the relationship A - B and B - C are estimated and compared. The following assessment is used to estimate the extent of mediation:
d. If the direct relationship of A - C does not change after the addition of B, mediation does not exist.

e. If the relationship of A - C is reduced but is still significant, thus partial mediator exists.

f. If the relationship of A - C is reduced and is not significant, full mediation exists.

The mediating influence of corporate reputation of fast food retailers in Hong Kong is tested in SEM using the comparison of direct estimates (DE) and indirect estimates (IE). Table 3.3 shows the rule of the thumb upon which the mediating effect decision is made (Hair et al., 2010). This explains that if IE is less than 0.085, there is no mediation, and if it is more than 0.085 and almost the same as DE, there is partial mediation effect. Full mediation is reflected when IE is more than 0.085 but very much large than DE.

<table>
<thead>
<tr>
<th>Rule of the thumb value (IE)</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>IE &lt; 0.085</td>
<td>no mediation</td>
</tr>
<tr>
<td>IE &gt; 0.085 and IE ( \equiv ) DE</td>
<td>partial mediation</td>
</tr>
<tr>
<td>IE &gt; 0.085 and IE &gt;&gt;&gt;&gt;&gt;&gt; DE</td>
<td>full mediation</td>
</tr>
</tbody>
</table>

(adapted from Hair et al., 2010)

**3.11 Ethical Considerations**

This research took into consideration and adhered to the ethical practices introduced by Human Research Ethics Committee of the University of Newcastle, Australia. The ethical issues commonly faced in a study on humans take place during and after data collection process. Thus, complying with the university’s requirements, this study collected responses only from respondents who voluntarily participated in the survey. The information statement with the approved ethics application from the University helped to address participants’ concerns over confidentiality.

Firstly, the questionnaires were distributed in a public place to customers of fast food restaurants who were given the freedom to choose to participate or not. A completed and returned questionnaire was taken as consent of the respondent to participation. Secondly, in order to address the ethical issue on anonymity, respondents’ personal information was not
required on the questionnaire and the places where the questionnaire was distributed remains confidential to the researcher. The researcher feels that the information statement provided to the respondents assuring them of anonymity strengthened the response rate. Thirdly, the questionnaire design took into account the sensitive nature of the research topic and avoided questions that may lead to falsification of responses or to an increase in social desirability (Barnett, 1998). Scaled items were adapted to accommodate self-administered survey and evoke fair responses.

3.12 Chapter Summary

The influence of corporate social responsibility of fast food restaurants on corporate reputation and subsequently its effect of WOM intentions, RPI, and PFQ is the phenomenon of this study. This chapter explained the steps taken to ethically collect data for this study. It described the purposive and convenience sampling procedures undertaken to ensure that the questionnaire was distributed to the correct population, or potential respondents, and that anonymity was assured. The questionnaire designed captured as much information as possible to ensure that the posited hypotheses and research questions could be addressed. Finally, the chapter describes the statistical analyses carried out to analyse the data and how ethical issues during the data collection process are capitulated.

The following chapter, describes the data analysis and findings. It includes a description of the measurement assessment to ensure that the collected data is reliable and valid, and describes the tests carried out to address the ten postulated hypotheses. The findings focus on answering the research questions that seek to understand the relationship played by corporate social responsibility on specific marketing concepts that could help to improve a company’s performance.

The following chapter describes data analysis and findings, paying much attention to the measurement assessment to ensure reliable and valid data are included in the significance tests. The chapter will further illustrate the tests carried out to address the ten postulated hypotheses. The findings in chapter four will focus on tackling the research questions that seeks to understand the relationship played by corporate social responsibility on specific marketing concepts that could help turn around a company’s performance.
Chapter 4
Data Analysis

4.1 Introduction

This chapter discusses the findings from analysis of the collected data. The chapter begins with a description of the data’s characteristics and is followed by the measurement assessment to qualify the data for significance testing. The final set of data is then used to test the postulated hypotheses using appropriate statistical tools in SPSS and structural equation modelling (SEM).

Responses from 384 fast food customers were gathered for this study and keyed into SPSS version 21 for the use of SPSS and SEM in AMOS. The questionnaires were completed with rarely any missing values nor did they look tempered with patterned responses, therefore all the completed questionnaires received were used for the data analysis. Moreover, the sample size of 384 is adequate to enrich the validity of the data (Bitner, 1990) and the normality of the data is easier to achieve (Nisel, 2001). The data was checked for possible mistakes while keying in the responses by eye balling each case keyed in. The initial descriptive analysis undertaken to understand the data characteristics provided further confirmation of the accuracy of the data set.

4.2 Descriptive Analysis

Descriptive analysis of the data set provides a rough idea of the average measures and broadness of the data spread. This procedure is to ensure normality of the data to remove outliers that may cause disruption to the final analyses. Data that was collected using nominal and ordinal level of measures are described using frequency and percentage; in this study, these are the demographic data of the respondents. Data collected using interval measures are descriptively analysed and provide an indication of the study’s external validity by showing the mean, standard deviation, skewness, and kurtosis. The mean provides a representative response; standard deviation is a measure that determines the broadness of the data set (a broad data set indicates less homogeneity and therefore the likelihood that the data collection has not been carried out amongst the correct population for the intended research); skewness describes the inclination of the data collected (responses may be inclined toward the left or right indicating negative or positive responses to a question); and kurtosis measures the
peakedness of the data, describing the height of distribution or where most of the responses gather (Hair et al., 2010; Zikmund et al., 2013; Coakes et al., 2008; Malhotra, 2007).

4.2.1 Descriptive analysis for discrete data

Table 4.1 below shows 52.6% of respondents are male, aged less than 29 years. This shows that both male and female are equal in their fast food restaurant visits, as the responses came from a good balance of the genders. The responses also came from 40.9% of those aged less than 20 years while 45.6% are between 20 to 29 years of age. Again, reflecting the younger generation of fast food consumers. A small percentage of respondents are above 60 years of age (0.3%). The vast majority of respondents are single (89.8%) while only 10.2% are married, reflecting the age group and inclination to consume fast food when there is lack of home cooked food. Table 4.1 further shows that almost half of the respondents have achieved an undergraduate level of education (48.7%), while 31.5% have a secondary education and 19.5% of them have a postgraduate qualification. Interestingly a majority (71.9%) of respondents earn below HKD10,000 compared to only 16.4% earning HKD10,000 – HKD20,000. This is rather surprising since a smaller income would suggest more home meals that are more affordable, on the other hand it may reflect the earning power of the younger group of respondents. The majority (92.4%) of respondents are Hong Kong residents, hence the findings are adequately reflective of the Hong Kong market.

Table 4.1: Descriptive analysis of respondents’ demographics

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>52.6</td>
</tr>
<tr>
<td>Female</td>
<td>47.4</td>
</tr>
<tr>
<td>Age of respondents</td>
<td></td>
</tr>
<tr>
<td>under 20</td>
<td>40.9</td>
</tr>
<tr>
<td>20 to 29</td>
<td>45.6</td>
</tr>
<tr>
<td>30 to 39</td>
<td>7.3</td>
</tr>
<tr>
<td>40 to 49</td>
<td>4.4</td>
</tr>
<tr>
<td>50 to 59</td>
<td>1.6</td>
</tr>
<tr>
<td>60 and above</td>
<td>0.3</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>89.8</td>
</tr>
<tr>
<td>Married</td>
<td>10.2</td>
</tr>
<tr>
<td>Level of education</td>
<td></td>
</tr>
</tbody>
</table>
Table 4.2a shows that on average, respondents visit a fast food restaurant around 11 times a month and visit the same restaurant around 6 times a month. This is mainly due to the fact that more than half the respondents visit a fast food outlet from 1 to less than 10 times a month (51.8%) and around 26% visit around 10 to less than 20 times a month (Table 4.2b), showing that fast food customers make frequent visits each month. Meanwhile, the percentage of respondents who visit the same fast food restaurant from 1 to less than 10 times a month is 77.8%, with 14.6% visiting the same restaurant from 10 to less than 20 times, and about 7% of respondents visiting 20 times or more (Table 4.2b). This indicates that respondents’ with multiple visits frequently visit the same fast food restaurant.

Table 4.2a: Frequency of eating in fast food restaurant and in a particular restaurant

<table>
<thead>
<tr>
<th>Frequency per month</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of eating in fast food restaurants</td>
<td>11.06</td>
<td>11.382</td>
</tr>
<tr>
<td>Frequency of eating in this restaurant</td>
<td>5.95</td>
<td>8.286</td>
</tr>
</tbody>
</table>

Table 4.2b: Frequency of visits to fast food restaurants and visits to a particular restaurant

<table>
<thead>
<tr>
<th>Frequency of visit per month</th>
<th>0 - &lt; 10times</th>
<th>10 - &lt;20times</th>
<th>20 - &lt;30times</th>
<th>&gt;30times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of eating in fast food restaurants (%)</td>
<td>51.8</td>
<td>25.5</td>
<td>15.6</td>
<td>7</td>
</tr>
<tr>
<td>Frequency of eating in this restaurant (%)</td>
<td>77.8</td>
<td>14.6</td>
<td>4.7</td>
<td>2.9</td>
</tr>
</tbody>
</table>
4.2.2 Data characteristics of continuous/scaled data

Scaled data that measures the constructs in this study are described using mean and standard deviation, which provide the average agreement or disagreement of respondents to items posted in the questionnaire and the broadness of these responses. Skewness indicates the inclination of responses being more toward the agreement or disagreement to the items posted. Kurtosis of the data provides an overview of the data’s normality, whereby the higher the kurtosis, the more respondents responded with a particular response. The questionnaire measured six constructs using a 7 point scale where “1” indicates strongly agree and “7” indicates strongly disagree.

Table 4.3 indicates that slightly more than 3 is the average response. As “1” is strongly agree on the 7-point scale measure, this average shows that although respondents agree in general with the CSR activities of fast food restaurants, they do not totally agree with the statements.

The average response is around 3.6 with a standard deviation of around 1.3. The skewness statistics are positive, corresponding to the mean value, indicating positive responses more in agreement with the statements. Kurtosis is not too large, falling within ±2, which indicates that there are no abnormalities and that the question is normally distributed (Zikmund et al., 2013; Coakes et al., 2008).

### Table 4.3: Descriptive analysis for Corporate Social Responsibility

<table>
<thead>
<tr>
<th>Corporate Social Responsibility</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error Statistic</th>
<th>Kurtosis Statistic</th>
<th>Std. Error Statistic</th>
</tr>
</thead>
<tbody>
<tr>
<td>This fast food restaurant is very concerned with the local community.</td>
<td>3.14</td>
<td>1.294</td>
<td>.415</td>
<td>.125</td>
<td>-.058</td>
<td>.248</td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with environmental protection.</td>
<td>3.77</td>
<td>1.476</td>
<td>.150</td>
<td>.125</td>
<td>-.616</td>
<td>.248</td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with customers’ benefits.</td>
<td>3.53</td>
<td>1.348</td>
<td>.210</td>
<td>.125</td>
<td>-.336</td>
<td>.248</td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with the rights of female and disabled employees.</td>
<td>3.67</td>
<td>1.203</td>
<td>.078</td>
<td>.125</td>
<td>.265</td>
<td>.248</td>
</tr>
<tr>
<td>This fast food restaurant actively participates in social initiatives.</td>
<td>3.67</td>
<td>1.143</td>
<td>.025</td>
<td>.125</td>
<td>.448</td>
<td>.248</td>
</tr>
</tbody>
</table>
Table 4.4 shows that respondents are neutral about restaurants’ reputation, as the average response is around 3.3 whereby the neutral response is 4. This means that even though respondents are agreeable that the restaurants have good reputation, they are not in extreme agreement. The standard deviation of around 1.2 indicates that the responses are not too far from each other and from the average of 3.3. The positive skewness shows the inclination of respondents, responding positively or agreeing to the statements on corporate reputation. The kurtosis is rather small, falling within ±2 value, indicating normality (Zikmund et al., 2013; Coakes et al., 2008).

<table>
<thead>
<tr>
<th>Corporate Reputation</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Kurtosis Statistic</th>
<th>Std. Error Statistic</th>
<th>Kurtosis Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>I believe that this fast food restaurant does what it promises for its customers.</td>
<td>3.32</td>
<td>1.184</td>
<td>.148</td>
<td>-.122</td>
<td>.125</td>
<td>.248</td>
</tr>
<tr>
<td>This fast food restaurant has a good reputation</td>
<td>3.16</td>
<td>1.157</td>
<td>.358</td>
<td>-.073</td>
<td>.125</td>
<td>.248</td>
</tr>
<tr>
<td>I believe that the reputation of this fast food restaurant is better than its competitors.</td>
<td>3.51</td>
<td>1.196</td>
<td>.030</td>
<td>-.006</td>
<td>.125</td>
<td>.248</td>
</tr>
</tbody>
</table>

The characteristics of customers’ repurchase intention are shown in Table 4.5, whereby the average response is around 3.3 with a standard deviation of around 1.4. Although there is an indication that the customers will choose to purchase from the same restaurant in the future, on average the response is closer to neutral. There are no apparent abnormalities indicated by skewness and kurtosis, hence there is normality in the data distribution. All the statistics for skewness are positive, supporting the mean value and leaning more toward the agreeing responses or their intention to repurchase from that particular restaurant. Kurtosis statistics are a mix of positive and negative, but the statistics fall within ±2 value showing normality of the data (Zikmund et al., 2013; Coakes et al., 2008).
Table 4.5: Descriptive analysis for Customer Purchase Intention

<table>
<thead>
<tr>
<th>Customer Repurchase Intention</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
</tr>
<tr>
<td>I intend to buy from this fast food restaurant next time.</td>
<td>2.91</td>
<td>1.155</td>
<td>.572</td>
<td>.125</td>
</tr>
<tr>
<td>I will continue buying from this fast food restaurant.</td>
<td>2.79</td>
<td>1.098</td>
<td>.687</td>
<td>.125</td>
</tr>
<tr>
<td>Most likely, I will buy from this fast food restaurant next time.</td>
<td>3.00</td>
<td>1.201</td>
<td>.537</td>
<td>.125</td>
</tr>
<tr>
<td>I will consider this fast food restaurant my first choice if I need to buy fast food.</td>
<td>3.88</td>
<td>1.409</td>
<td>.219</td>
<td>.125</td>
</tr>
<tr>
<td>I will buy more from this fast food restaurant in the next few months.</td>
<td>3.70</td>
<td>1.363</td>
<td>.104</td>
<td>.125</td>
</tr>
</tbody>
</table>

Table 4.6 below shows an average response of 3.7 with a standard deviation of 1.2, hence the responses to these items, though agreeable, are closer to neutral at the rating of 4. This indicates that the respondents are agreeable that the quality of food in the restaurant they visit is of a good standard but they are hesitant to totally agree with the statements. The skewness is all positive, showing responses leaning toward perceived quality of the restaurant they frequent visit. The positive statistics indicate that respondents agree to the statements. The kurtosis statistics are more negative but within ±2, showing no serious abnormalities in the collected data (Zikmund et al., 2013; Coakes et al., 2008).

Table 4.6: Descriptive analysis for Perceived Food Quality

<table>
<thead>
<tr>
<th>Perceived Food Quality</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Statistic</td>
<td>Statistic</td>
<td>Std. Error</td>
</tr>
<tr>
<td>The food from this fast food restaurant is better than other competitors.</td>
<td>3.69</td>
<td>1.282</td>
<td>.097</td>
<td>.125</td>
</tr>
<tr>
<td>The food quality of this fast food restaurant is higher than other competitors</td>
<td>3.76</td>
<td>1.267</td>
<td>.324</td>
<td>.125</td>
</tr>
<tr>
<td>The food from this fast food restaurant is more consistent and reliable in comparison with other competitors.</td>
<td>3.55</td>
<td>1.146</td>
<td>.123</td>
<td>.125</td>
</tr>
</tbody>
</table>
Table 4.7 below shows that on average there is agreement to pass positive word of mouth, whereby the average of the responses is around 3.6 with a standard deviation of around 1.3. This indicates that although the customers are agreeable about passing on positive word of mouth about the restaurant, they are not fully convinced since the average response is leaning more towards a neutral response. The skewness statistics are leaning toward agreement with the statements while kurtosis, with a mixture of negative and positive, indicates that all three items are evaluated without bias as they fall within ± 2, showing normality is present in this set of data (Zikmund et al., 2013; Coakes et al., 2008).

With regards to customers’ attitude toward the particular brand of fast food restaurant, the average is around 3.4 with a standard deviation of 1.2. Though agreeing to the statements on attitude, the respondents are leaning more toward neutral responses, hence not entirely agreeing with the items on attitude. The average skewness is about 0.3 and are all positive, thus customers have a positive attitude toward the brand of fast food restaurant they are using. The kurtosis is not too big, being around ±2, hence normality of data on customers’ attitude is indicated (Zikmund et al., 2013; Coakes et al., 2008).

<table>
<thead>
<tr>
<th>Word of Mouth Intention</th>
<th>Mean Statistic</th>
<th>Std. Deviation Statistic</th>
<th>Skewness Statistic</th>
<th>Std. Error</th>
<th>Kurtosis Statistic</th>
<th>Std. Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would say positive things about this fast food restaurant.</td>
<td>3.27</td>
<td>1.175</td>
<td>.432</td>
<td>.125</td>
<td>.295</td>
<td>.248</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to anyone who seeks my advice.</td>
<td>3.58</td>
<td>1.324</td>
<td>.464</td>
<td>.125</td>
<td>.057</td>
<td>.248</td>
</tr>
<tr>
<td>I would encourage friends to purchase fast food from this restaurant</td>
<td>3.71</td>
<td>1.337</td>
<td>.344</td>
<td>.125</td>
<td>-.191</td>
<td>.248</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to my friends.</td>
<td>3.65</td>
<td>1.355</td>
<td>.449</td>
<td>.125</td>
<td>-.104</td>
<td>.248</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to my acquaintances.</td>
<td>3.74</td>
<td>1.352</td>
<td>.232</td>
<td>.125</td>
<td>-.270</td>
<td>.248</td>
</tr>
<tr>
<td>If my friends were looking for fast food service, I would tell them to try this restaurant.</td>
<td>3.53</td>
<td>1.357</td>
<td>.467</td>
<td>.125</td>
<td>-.138</td>
<td>.248</td>
</tr>
</tbody>
</table>

4.3 Measurement Assessment

The study utilises five latent variables, namely Corporate Social Responsibility (CSR), Corporate Reputation (CR), Repurchase Intention (RPI), Word of Mouth (WoM) and Perceived Food Quality (PFQ). These variables are measured using a 7-point likert scale, hence it is essential to assess the validity and reliability of the data collected based on the
tests suggested in Chapter 3. Although these are well-established scales adapted from various previous studies, they require measurement assessment to ensure their validity and reliability in the context of Hong Kong fast food customers. Although Hong Kong consumers are affluent and fast food savvy (Hong Kong Food Market Trends, January 2007), most of the scales had not been used in Hong Kong and therefore the statements could be misconstrued by respondents to the questionnaire survey. Therefore, all statements used for collecting data were tested for validity and reliability. Exploratory factor analysis (EFA) was used initially to assess the validity of the data collected and was then verified with confirmatory factor analysis (CFA) as iterated in Chapter 3 and below.

4.3.1 Validity tests – Exploratory Factor Analysis (EFA)

EFA was used to test for convergence and discriminant validity of the collected data as previously discussed in Chapter 3. However, EFA can only be run when three assumptions are fulfilled. The assumptions and their relevant tests, as discussed in depth in Chapter 3 are: the Kaiser-Meyer-Olkin (KMO)’s measure of sampling adequacy; Barlett’s test of Sphericity, testing the existence of identity matrix; and the ratio of sample size over final number of items in the construct estimated to be $> 5$. Since CSR’s main purpose is to increase brand or corporate reputation, assumptions to check the data on the appropriateness to run EFA was carried out on items for CSR and CR.

_EFA test on items for Independent and Mediating constructs: CSR and CR_

**Table 4.8: KMO and Bartlett’s Test**

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>.870</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>956.554</td>
</tr>
<tr>
<td>Df</td>
<td>28</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

With reference to the rule of the thumb given in Chapter 3, the output of KMO and Bartlett’s tests in Table 4.8 indicates KMO = 0.87, showing that the sampling adequacy of the collected data is very good, meeting the first assumption. Moreover, $\chi^2 = 956.55$, df = 28, p-value = 0.0001, and since p-value < 0.05 the hypothesis that there is identity matrix is rejected, thus Bartlett’s test of sphericity shows the second assumption is met. Finally, the value $n/k = 384/8 > 5$, meeting the third assumption for EFA.
In running 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 study 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 4.9 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. Table 4.10 shows component 1 or CSR explaining 47.17% of variances in the responses while CR explains 12.38% of variances in the responses. Thus, these components explain a total of 59.56% of variances. Although all the items tested loaded highly in EFA at eigen value of 1, 40.44% of variances went unexplained. The five items measuring CSR and three items measuring CR loaded, fulfilling conditions for convergent and discriminant validity.

Table 4.9: Rotated Component Matrix for CSR and CR items

<table>
<thead>
<tr>
<th>Items for CSR and CR</th>
<th>Component</th>
<th>CSR</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>This fast food restaurant actively participates in social initiatives.</td>
<td></td>
<td>.810</td>
<td></td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with the rights of female and disabled employees.</td>
<td></td>
<td>.755</td>
<td></td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with the local community.</td>
<td></td>
<td>.645</td>
<td></td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with customers' benefits.</td>
<td></td>
<td>.599</td>
<td></td>
</tr>
<tr>
<td>This fast food restaurant is very concerned with environmental protection.</td>
<td></td>
<td>.559</td>
<td></td>
</tr>
<tr>
<td>I believe that the reputation of this fast-food restaurant is better than its competitors.</td>
<td></td>
<td>.806</td>
<td></td>
</tr>
<tr>
<td>This fast food restaurant has a good reputation</td>
<td></td>
<td>.790</td>
<td></td>
</tr>
<tr>
<td>I believe that this fast food restaurant does what it promises for its customers.</td>
<td></td>
<td>.743</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.10: Total variance explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>3.774</td>
<td>47.174</td>
<td>47.174</td>
</tr>
<tr>
<td>2</td>
<td>.991</td>
<td>12.382</td>
<td>59.556</td>
</tr>
</tbody>
</table>
EFA test on items for Dependent constructs: WoM, PRI and PFQ

Assumptions to enable EFA is carried out for items measuring WoM, PRI and PFQ.

Table 4.11: KMO and Bartlett’s Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .923 |
| Approx. Chi-Square | 3526.127 |
| Bartlett's Test of Sphericity | Df | 55 |
| Sig. | .000 |

Table 4.11 above indicates KMO = 0.92, showing that sampling adequacy of the collected data is excellent. Bartlett’s test of sphericity output $\chi^2 = 3526.13$, df = 55, p-value = 0.0001, and p-value < 0.05 shows that the hypothesis “existence of identity matrix in the data set” is rejected, thus the second EFA assumption is met. Finally, the value n/k = 384/11 > 5, meets the final EFA assumption.

Table 4.12: Rotated Component Matrix for WoM, RPI and PFQ

<table>
<thead>
<tr>
<th>Items</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WOM</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to my friends.</td>
<td>.851</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to my acquaintances.</td>
<td>.837</td>
</tr>
<tr>
<td>I would encourage friends to purchase fast food from this restaurant.</td>
<td>.829</td>
</tr>
<tr>
<td>I would recommend this fast food restaurant to anyone who seeks my advice.</td>
<td>.815</td>
</tr>
<tr>
<td>If my friends were looking for fast food service, I would tell them to try this restaurant.</td>
<td>.786</td>
</tr>
<tr>
<td>I would say positive things about this fast food restaurant.</td>
<td>.670</td>
</tr>
<tr>
<td>I will continue buying from this fast food restaurant.</td>
<td></td>
</tr>
<tr>
<td>I intend to buy from this fast food restaurant next time.</td>
<td></td>
</tr>
<tr>
<td>Most likely, I will buy from this fast food restaurant next time.</td>
<td></td>
</tr>
<tr>
<td>The food quality of this fast food restaurant is higher than other competitors.</td>
<td></td>
</tr>
<tr>
<td>The food from this fast food restaurant is better than other competitors.</td>
<td></td>
</tr>
</tbody>
</table>

With the assumptions met, the five items measuring RPI, six items measuring WoM and three items measuring PFQ are assessed using principal component method, using varimax rotation with an assumption there is no significant correlations between the three variables as indicated in Chapter 2. By suppressing loadings below 0.5, they are automatically removed from the output allowing assessment of the highest loader in an easier manner.
Table 4.12 above 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, namely A3d: “I will consider this fast food restaurant my first choice if I need to buy fast food” and A3e: “I will buy more from this fast food restaurant in the next few months” were removed. Two items measuring PFQ loaded highly in component 3, while one item A4c: “The food from this fast food restaurant is more consistent and reliable in comparison with other competitors” was removed as it did not load clearly.

In summary, Table 4.13 below shows that 62.22% of variance is explained by the six WoM items, 12.21% is explained by the 3 items measuring RPI, while 6.89% of variance is explained by the 2 items representing PFQ. As a total of 81.32% variances are explained by these eleven items, the variance balance of 18.68% went unexplained as three items were discarded. The final six items for WoM, three items for RPI and two items for PFQ loaded highly at eigen value 1 into three distinct components, meeting the requirements for convergent and discriminant validity.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>2</td>
<td>1.343</td>
<td>12.208</td>
<td>74.428</td>
</tr>
<tr>
<td>3</td>
<td>.758</td>
<td>6.888</td>
<td>81.316</td>
</tr>
</tbody>
</table>

### 4.3.2 Reliability Test

Table 4.14 below shows the findings of Cronbach’s alpha test. The Cronbach’s alpha values of all the latent variables of this study are above 0.7, satisfying Nunnally’s (1978) rule of thumb as discussed in Chapter 3. Thus, the validity and reliability tests above indicate that the items used to measure the latent variables converge and discriminate.
Table: 4.14: Reliability Test output

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No of items</th>
<th>Cronbach alpha</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>5</td>
<td>0.78</td>
<td>17.79</td>
<td>4.73</td>
</tr>
<tr>
<td>CR</td>
<td>3</td>
<td>0.76</td>
<td>9.99</td>
<td>2.91</td>
</tr>
<tr>
<td>RPI</td>
<td>3</td>
<td>0.90</td>
<td>8.70</td>
<td>3.15</td>
</tr>
<tr>
<td>Food Quality (FQ)</td>
<td>2</td>
<td>0.86</td>
<td>11.00</td>
<td>3.28</td>
</tr>
<tr>
<td>WoM</td>
<td>6</td>
<td>0.94</td>
<td>21.48</td>
<td>6.96</td>
</tr>
<tr>
<td>Attitude</td>
<td>4</td>
<td>0.92</td>
<td>13.43</td>
<td>4.33</td>
</tr>
</tbody>
</table>

4.3.3 Confirmatory Factor Analysis (CFA)

*Measurement model and CFA for CSR and CR*

Figure 4.1 below shows the measurement model for CSR and CR used to assess the validity. Confirmatory factor analysis (CFA) was used to verify the measurement assessment performed above. As such, measurement models of latent variables are drawn and confirmed the findings above using structural equation modelling (SEM).

![Figure 4.1: Measurement model for CSR and CR](image-url)
Table 4.15: Model fit summary for measurement model – CSR and CR

<table>
<thead>
<tr>
<th>Model Type</th>
<th>CMIN</th>
<th>DF</th>
<th>P</th>
<th>CIM/DF</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>45.013</td>
<td>19</td>
<td>.001</td>
<td>2.369</td>
<td>.971</td>
<td>.945</td>
<td>.972</td>
<td>.060</td>
<td>.0021</td>
</tr>
<tr>
<td>Saturated model</td>
<td>.000</td>
<td>0</td>
<td></td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence model</td>
<td>965.376</td>
<td>28</td>
<td>.000</td>
<td>34.478</td>
<td>.469</td>
<td>.318</td>
<td>.000</td>
<td>.296</td>
<td>.000</td>
</tr>
</tbody>
</table>

The above summary of model fit in Table 4.15 is assessed based on guidelines discussed in Chapter 3. Table 4.15 shows that the model does not quite fit as CMIN = 45.01, df = 19, and p-value = 0.001. However, CIM/DF = 2.37 shows a model fit (Kline, 2005; Bryne, 2001). This is corroborated by the coefficients GFI = 0.97, AGFI = 0.95 and CFI = 0.97, all of which are > 0.9 indicating an acceptable model. As RMSEA < 0.08 is the rule of the thumb to accept a model fit, the RMSEA = 0.06 and PCLOSE = 0.0021 (PCLOSE < 0.05) show an acceptable model. The Factor Score Weights in Table 4.16 below and Standardised Total Effects in Table 4.17 show the clear loading of CSR items and CR items into two distinctive columns, indicating the convergent and discriminant validity of items.

Table 4.16: Factor Score Weights (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Item</th>
<th>A2c</th>
<th>A2b</th>
<th>A2a</th>
<th>A1a</th>
<th>A1b</th>
<th>A1c</th>
<th>A1d</th>
<th>A1e</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR</td>
<td>.151</td>
<td>.302</td>
<td>.192</td>
<td>.039</td>
<td>.034</td>
<td>.046</td>
<td>.036</td>
<td>.047</td>
</tr>
<tr>
<td>CSR</td>
<td>.040</td>
<td>.079</td>
<td>.050</td>
<td>.117</td>
<td>.102</td>
<td>.136</td>
<td>.107</td>
<td>.141</td>
</tr>
</tbody>
</table>

Note: A1s – items measuring CSR  
A2s – items measuring CR

Table 4.17: Standardized Total Effects (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Item</th>
<th>CR</th>
<th>CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>A2c I believe that the reputation of this</td>
<td>.655</td>
<td>.000</td>
</tr>
<tr>
<td>fast-food restaurant is better than its</td>
<td></td>
<td></td>
</tr>
<tr>
<td>competitors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2b This fast-food restaurant has a good</td>
<td>.800</td>
<td>.000</td>
</tr>
<tr>
<td>reputation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2a I believe that this fast-food</td>
<td></td>
<td></td>
</tr>
<tr>
<td>restaurant does what it promises for its</td>
<td></td>
<td></td>
</tr>
<tr>
<td>customers</td>
<td>.713</td>
<td>.000</td>
</tr>
<tr>
<td>A1a This fast-food restaurant is very</td>
<td></td>
<td></td>
</tr>
<tr>
<td>concerned with the local community.</td>
<td>.000</td>
<td>.643</td>
</tr>
<tr>
<td>A1b This fast-food restaurant is very</td>
<td></td>
<td></td>
</tr>
<tr>
<td>concerned with environmental protection</td>
<td>.000</td>
<td>.643</td>
</tr>
<tr>
<td>A1c This fast-food restaurant is very</td>
<td></td>
<td></td>
</tr>
<tr>
<td>concerned with customers’ benefits.</td>
<td>.000</td>
<td>.692</td>
</tr>
<tr>
<td>A1d This fast-food restaurant is very</td>
<td></td>
<td></td>
</tr>
<tr>
<td>concerned with the rights of female and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>disabled employees</td>
<td>.000</td>
<td>.599</td>
</tr>
<tr>
<td>A1e This fast-food restaurant actively</td>
<td></td>
<td></td>
</tr>
<tr>
<td>participates in social initiatives.</td>
<td>.000</td>
<td>.660</td>
</tr>
</tbody>
</table>

Note: A1s – items measuring CSR  
A2s – items measuring CR

Measurement model and CFA for WoM, RPI and PFQ
The CFA used to verify the validity of items measuring WoM, RPI and PFQ is portrayed in the measurement model displayed in Figure 4.2 below. Although the model summary in Table 4.18 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 4.19 and Standardised Total Effects in Table 4.20 show the clear loading of WoM items, RPI items and PFQ items into three distinctive columns.

![Figure 4.2: Measurement model for WoM, RPI and PFQ](image)

**Table 4.18: Model fit summary for measurement model – WoM, RPI and PFQ**

<table>
<thead>
<tr>
<th></th>
<th>CMIN</th>
<th>DF</th>
<th>P</th>
<th>CIM/DF</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>PCLOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default model</td>
<td>108.037</td>
<td>41</td>
<td>.000</td>
<td>2.635</td>
<td>.951</td>
<td>.921</td>
<td>.981</td>
<td>.065</td>
<td>.050</td>
</tr>
<tr>
<td>Saturated model</td>
<td>.000</td>
<td>0</td>
<td></td>
<td>1.000</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independence model</td>
<td>3568.050</td>
<td>55</td>
<td>.000</td>
<td>64.874</td>
<td>.221</td>
<td>.065</td>
<td>.000</td>
<td>.408</td>
<td>.000</td>
</tr>
</tbody>
</table>
Table 4.19: Factor Score Weights (Group number 1 - Default model)

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

Table 4.20: Standardized Total Effects (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Items</th>
<th>PFQ</th>
<th>WOM</th>
<th>RPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>A5f</td>
<td>.000</td>
<td>.836</td>
<td>.000</td>
</tr>
<tr>
<td>A5e</td>
<td>.000</td>
<td>.872</td>
<td>.000</td>
</tr>
<tr>
<td>A5d</td>
<td>.000</td>
<td>.923</td>
<td>.000</td>
</tr>
<tr>
<td>A5c</td>
<td>.000</td>
<td>.887</td>
<td>.000</td>
</tr>
<tr>
<td>A5b</td>
<td>.000</td>
<td>.843</td>
<td>.000</td>
</tr>
<tr>
<td>A5a</td>
<td>.000</td>
<td>.762</td>
<td>.000</td>
</tr>
<tr>
<td>A4b</td>
<td>.875</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>A4a</td>
<td>.884</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>A3c</td>
<td>.000</td>
<td>.000</td>
<td>.853</td>
</tr>
<tr>
<td>A3b</td>
<td>.000</td>
<td>.000</td>
<td>.852</td>
</tr>
<tr>
<td>A3a</td>
<td>.000</td>
<td>.000</td>
<td>.885</td>
</tr>
</tbody>
</table>

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 (CR) values as seen in Table 4.21, 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 4.22 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 relationships that have been hypothesised in Chapter 2.

Table 4.21: Regression Weights: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>A3c &lt;--- RPI</td>
<td>1.001</td>
<td>.048</td>
<td>20.701</td>
<td>***</td>
<td>par_1</td>
</tr>
<tr>
<td>A5a &lt;--- WOM</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A5b &lt;--- WOM</td>
<td>1.246</td>
<td>.069</td>
<td>17.962</td>
<td>***</td>
<td>par_2</td>
</tr>
<tr>
<td>A5c &lt;--- WOM</td>
<td>1.325</td>
<td>.070</td>
<td>18.936</td>
<td>***</td>
<td>par_3</td>
</tr>
</tbody>
</table>
### Table 4.22: Covariances and Correlations: (Group number 1 - Default model)

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Label</th>
<th>Correlation Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>RPI &lt;!-- Wom</td>
<td>.573</td>
<td>.065</td>
<td>8.788</td>
<td>***</td>
<td>par_7</td>
<td>.627</td>
</tr>
<tr>
<td>Wom &lt;!-- Pfq</td>
<td>.768</td>
<td>.079</td>
<td>9.709</td>
<td>***</td>
<td>par_8</td>
<td>.758</td>
</tr>
<tr>
<td>Rpi &lt;!-- Pfq</td>
<td>.659</td>
<td>.079</td>
<td>8.328</td>
<td>***</td>
<td>par_9</td>
<td>.570</td>
</tr>
</tbody>
</table>

Note: *** = p-value < 0.05

4.4 Testing the Structural Model

Testing of the hypotheses for this study is carried out using SEM as displayed in Figure 4.3 below. The study’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 study further verifies the direct influences of CSR on the three dependent latent constructs of WoM, RPI and PFQ. To test the hypotheses posited in Chapter 2 using SEM, the normality of the data is tested to meet assumptions.
Figure 4.3: Structural equation modelling portraying five latent variables

4.4.1 Test of Normality
The test of normality is an assumption to test a model fit. Kline (2005) and Schumaker and Lomax (2004) advocated that the Chi-square ($\chi^2$) test, which is one of the primary test used to determine model fit, requires the data set to be normally distributed. Non-normality of data may interrupt the Chi-square ($\chi^2$) and inflate the value. Model fit is determined using Chi-square ($\chi^2$) value, and its accompanying p-value. The common test-value in most other distributions indicating significance is p-value < 0.05. However in Chi-square ($\chi^2$) distribution, when the value of Chi-square ($\chi^2$) decreases the significance value increases to p-value > 0.05, which leads to confirmation of model fit (Hair et al., 2010; Kline, 2005). Although the study does not aim to fit a model but rather verify a body of emerging marketing theories, the normality test was nevertheless carried out to ensure that other tests could be used to verify the relationships presented in the conceptual model presented in Chapter 2.
Table 4.23: Assessment of normality

<table>
<thead>
<tr>
<th>Variable</th>
<th>min</th>
<th>max</th>
<th>skew</th>
<th>c.r.</th>
<th>Kurtosis</th>
<th>c.r.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>5.000</td>
<td>34.000</td>
<td>.009</td>
<td>.071</td>
<td>.214</td>
<td>.858</td>
</tr>
<tr>
<td>CR</td>
<td>3.000</td>
<td>21.000</td>
<td>.062</td>
<td>.499</td>
<td>.254</td>
<td>1.016</td>
</tr>
<tr>
<td>FQ</td>
<td>2.000</td>
<td>14.000</td>
<td>.254</td>
<td>2.030</td>
<td>-.244</td>
<td>-.976</td>
</tr>
<tr>
<td>WOM</td>
<td>5.000</td>
<td>35.000</td>
<td>.488</td>
<td>3.902</td>
<td>.191</td>
<td>.766</td>
</tr>
<tr>
<td>RPI</td>
<td>3.000</td>
<td>21.000</td>
<td>.641</td>
<td>5.128</td>
<td>.429</td>
<td>1.717</td>
</tr>
<tr>
<td>Multivariate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4.839</td>
</tr>
</tbody>
</table>

Table 4.23 indicates multivariate kurtosis = 4.84 i.e > 1.96, which based on Mardia’s criteria means that there is a violation of normality; Kurtosis’s CR = 5.67 is > ± 5, thereby supporting the normality violation of the data collected. However, as SEM is robust and is capable of withstanding the non-normality of data, the significance of the relationships posited can be determined (Kline, 2005; Byrne, 2001). Moreover, the sample size of 384 is large enough to allow further analysis on SEM (Hair et al., 2010).

4.4 Significance Tests

Table 4.24: Regression Weights

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimate</th>
<th>S.E.</th>
<th>C.R.</th>
<th>P</th>
<th>Standard Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR &lt;--- CSR</td>
<td>.364</td>
<td>.025</td>
<td>14.336</td>
<td>***</td>
<td>.591</td>
</tr>
<tr>
<td>RPI &lt;--- CR</td>
<td>.524</td>
<td>.055</td>
<td>9.615</td>
<td>***</td>
<td>.485</td>
</tr>
<tr>
<td>WoM &lt;--- CR</td>
<td>1.029</td>
<td>.101</td>
<td>10.188</td>
<td>***</td>
<td>.515</td>
</tr>
<tr>
<td>WoM &lt;--- CSR</td>
<td>.161</td>
<td>.062</td>
<td>2.588</td>
<td>.010</td>
<td>.131</td>
</tr>
<tr>
<td>RPI &lt;--- CSR</td>
<td>.115</td>
<td>.034</td>
<td>3.422</td>
<td>***</td>
<td>.173</td>
</tr>
<tr>
<td>PFQ &lt;--- CR</td>
<td>.432</td>
<td>.042</td>
<td>10.336</td>
<td>***</td>
<td>.524</td>
</tr>
<tr>
<td>PFQ &lt;--- CSR</td>
<td>.058</td>
<td>.026</td>
<td>2.249</td>
<td>.025</td>
<td>.114</td>
</tr>
</tbody>
</table>

Variances

<p>| | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR</td>
<td>22.338</td>
<td>1.614</td>
<td>13.838</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>resid1</td>
<td>5.508</td>
<td>.398</td>
<td>13.838</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>resid4</td>
<td>30.148</td>
<td>2.179</td>
<td>13.838</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>resid3</td>
<td>3.686</td>
<td>.266</td>
<td>13.838</td>
<td>***</td>
<td></td>
</tr>
<tr>
<td>resid2</td>
<td>6.275</td>
<td>.453</td>
<td>13.838</td>
<td>***</td>
<td></td>
</tr>
</tbody>
</table>

The Regression Weights displayed in Table 4.24 above shows that the relationships postulated in Figure 4.3 are significant. The influence of CSR on CR is significant as 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, 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.

### 4.4.3 Mediation influence of CR

<table>
<thead>
<tr>
<th></th>
<th>Std. Total Effect (TE)</th>
<th>Std Direct Effect (DE)</th>
<th>Std. Indirect Effect (IE)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CSR CR</td>
<td>CSR CR</td>
<td>CSR CR</td>
</tr>
<tr>
<td>CR</td>
<td>.591 .000</td>
<td>.591 .000</td>
<td>.000 .000</td>
</tr>
<tr>
<td>PFQ</td>
<td>.424 .524</td>
<td>.114 .524</td>
<td>.310 .000</td>
</tr>
<tr>
<td>WoM</td>
<td>.435 .515</td>
<td>.131 .515</td>
<td>.306 .000</td>
</tr>
<tr>
<td>RPI</td>
<td>.460 .485</td>
<td>.173 .485</td>
<td>.287 .000</td>
</tr>
</tbody>
</table>

The SEM estimates of Total Effect, Direct Effect and Indirect Effect are used to determine the mediating influence of CR between CSR and WoM, CSR and RPI, and CSR and PFQ.

Based on description of the rule of the thumb recommended for evaluation of mediating construct described in Table 3.3, Chapter 3 (Hair et al., 2010), the following is concluded from Table 4.25 above. Firstly, the following relationships must exist to allow mediation:

a. CSR → WoM, RPI, PFQ relationship exists, indication of a direct relationship between CSR and WoM, CSR and RPI, CSR and PFQ
b. CSR $\rightarrow$ CR relationship exists, hence mediator (CR) is related to exogenous variable (CSR)

c. CR $\rightarrow$ WoM, RPI, PFQ relationship exists, indicating a relationship between the mediator (CR) and the endogenous variable (WoM, RPI, PFQ).

The Direct Effect (DE) of CSR on WoM (0.131), on RPI (0.173), and on PFQ (0.114) shown in Table 4.25 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. Based on the description in Chapter 3, the effect of mediation is determined using SPSS as recommended by Baron and Kenny (1986). However, in SEM, since the full model is represented, the Indirect Effect (IE) is used to suggest whether the mediation impact is full, partial or non-mediating. Therefore, using Table 4.25 above and the rule of the thumb suggested by Hair et al. (2010), the following conclusion is made on the mediating effect of CR:

a. The direct relationships between CSR and WoM, CSR and RPI, and CSR and PFQ are all significant.

b. The indirect effect of CSR on WoM = 0.306 (> 0.085) and IE (0.306) $\approx$ DE (0.131), hence CR is a partial mediator for the relationship between CSR and WoM.

c. The indirect effect of CSR on RPI = 0.287 (> 0.085) and IE (0.287) $\approx$ DE (0.173), hence CR is a partial mediator for the relationship between CSR and RPI.

d. The indirect effect of CSR on PFQ = 0.310 (> 0.085) and IE (0.310) $\approx$ DE (0.114), hence CR is a partial mediator for the relationship between CSR and PFQ.

Decision rule in Table 3.3 shows that in order for CR to be a full mediator, IE must be greater than 0.085 and IE must very large compared to DE. Thus, the above conclusion indicates that CR is a partial mediator for the relationships between CSR and WoM, RPI and PFQ. Thus, Table 4.26 below shows the hypotheses that are supported in this study.
Table 4.26: The study hypotheses

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 CSR activities of Hong Kong’s fast food restaurants have a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ WoM intentions.</td>
<td></td>
</tr>
<tr>
<td>H2 CSR activities of Hong Kong’s fast food restaurants have a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ repurchase intentions.</td>
<td></td>
</tr>
<tr>
<td>H3 CSR activities of Hong Kong’s fast food restaurants have a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ perceived food quality.</td>
<td></td>
</tr>
<tr>
<td>H4 CSR activities of Hong Kong’s fast food restaurants have a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with its corporate reputation as perceived by customers.</td>
<td></td>
</tr>
<tr>
<td>H5 Corporate reputation of Hong Kong’s fast food restaurants has a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ WoM intentions.</td>
<td></td>
</tr>
<tr>
<td>H6 Corporate reputation of Hong Kong fast food restaurants has a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ repurchase intentions.</td>
<td></td>
</tr>
<tr>
<td>H7 Corporate reputation of Hong Kong’s fast food restaurants has a significant</td>
<td>Supported</td>
</tr>
<tr>
<td>positive relationship with customers’ perceived food quality.</td>
<td></td>
</tr>
<tr>
<td>H8 Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ WoM intentions</td>
<td>Supported</td>
</tr>
<tr>
<td>H9 Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ repurchase intentions.</td>
<td>Supported</td>
</tr>
<tr>
<td>H10 Corporate reputation of Hong Kong’s fast food restaurants mediates the relationship between CSR and customers’ perceived food quality.</td>
<td>Supported</td>
</tr>
</tbody>
</table>

4.5 Chapter Summary

A total of 384 completed questionnaires were collected from fast food restaurant customers in Hong Kong. There were marginally more male than female respondents with many less than 29 years old with incomes less than HK$10,000. The majority of respondents were tertiary-educated singles and Hong Kong residents. The measurement assessment showed reliability and validity. While all the items representing CSR, CR and WoM were retained, two items measuring RPI was removed to gain validity and reliability and one item measuring PFQ was removed to ensure convergent and discriminant validity and enhance reliability.

The hypotheses were tested using SEM, as such requiring normality assumption to be met. However, the large sample size and the use of SEM allowed the tests to proceed without normality being met. The ten hypotheses tested are supported. There is clear evidence of significant and strong relationships between CSR and WoM, RPI and PFQ. Without doubt, there are significant relationships between CR and WoM, RPI and PFQ. More interestingly, CR plays a significant mediating role between CSR and WoM, RPI and PFQ.

The following chapter provides a conclusion to the study, which includes identification of the study’s limitations and suggestions for future related research.
Chapter 5
Discussion and Conclusion

5.1 Introduction
The research questions for this study pursued an understanding of the contribution of corporate social responsibility (CSR), along with the mediating role of corporate reputation, to changes in consumer behaviour, specifically in terms of word of mouth intentions (WoM), repurchase intentions (RPI), and customer perception of food quality (PFQ). To help answer these questions, this chapter provides an in-depth discussion of the research findings. The chapter begins by reviewing the major findings related to the characteristics of the collected data set, followed by findings from assessment of the measuring scales used in the questionnaire. The three sub-research questions and the main research question are then addressed with reference to the results obtained from testing the study’s ten hypotheses. The last part of the chapter identifies the contributions of the study, explores its limitations, and suggests directions for further related research.

5.2 Major Findings
This study was built on a strong platform of literature that produced the main research question and ten hypotheses for the purpose of verifying theories relating to the effect of CSR on consumer behaviour. One of the key focuses of the study was the question of whether corporate reputation plays a significant role in determining the perceptions and intentions of customers of fast food restaurants in Hong Kong. Thus, CSR and corporate reputation became the two predominate constructs and their relationship with perceptions and intentions were examined in order to determine their individual role. Thereafter, the mediating effect of corporate reputation on the relationship between CSR and consumer behaviour was assessed. Although the direct relationships between CSR and customer behaviour have been widely reported in the literature (Gatti et al., 2012; Tang et al., 2012), as well as the relationships between corporate reputation and customer behaviour (Flavián et al., 2005; McDonald, de Chernatony and Harris, 2001), the mediating effects of corporate reputation has barely been investigated. The following findings from this study of fast food restaurant customers in Hong Kong sheds further light on all the aforementioned relationships and effects.
5.2.1 Findings from demographic data

The data for this study was collected using self-administered questionnaires that were distributed to customers outside 20 fast food restaurants, using convenience sampling. This resulted in a majority of male respondents 29 years old and below, which is consistent with studies showing that the younger generation in Hong Kong are more accepting of innovative ideas such as fast food retailing, and have an affinity for choosing well established retail outlets. This younger generation, generally having a lower income, may be regular customers of fast food restaurants because of the lower level of spending (Hong Kong Retail Report Q4, 2013; Hwang and Kandampully, 2012; Qin et al., 2010; Lee, 2008; Ottman, Stafford and Hartman, 2006).

The majority of respondents are single (89.8%), perhaps reflecting that the busy lifestyle in Hong Kong may be driving most working single adults to consume fast food rather than traditional home-cooked food. Based on the demographic data, almost half of the respondents are university graduates, followed by high school students. Reflecting the age and education level is the earning power of current fast food customers that is less than HKD20,000 monthly. Interestingly, the vast majority of respondents are Hong Kong residents with only a very few visitors to Hong Kong (Hong Kong Retail Report Q4, 2013), who may prefer other types of eateries. This shows that the study's findings were unduly distorted by the perceptions and intentions of non Hong Kong residents.

The findings of this study were based on existing items adapted from past studies as indicated in Chapter 3. However due to the nature of the industry and the affluence of Hong Kong society, the items for each construct were tested for reliability and validity using EFA and verified with CFA.

5.2.2 Findings from measurement assessment

The reliability and validity tests were necessary to establish the convergent and discriminant validity of the data collected and to prepare the data for significance testing. Moreover this reduces the number of items for a construct to ensure there is a manageable and strong representation of the construct (Bogue, Coleman and Sorenson, 2005). The convergent and discriminant validity removed three items in order to load highly in their respective components or constructs. The measurement assessment of the five constructs shows high reliability with Cronbach alpha’s (α) above 0.75 (Nunnally, 1978). The two items measuring
customer repurchase intentions (RPI) that did not fit in the construct are A3d: “I will consider this fast food restaurant my first choice if I need to buy fast food”, and A3e: “I will buy more from this fast food restaurant in the next few months”. Interestingly, the nonconformity of A3d clearly shows that customers are not committed to a single retailer and do not consider the retailer where the questionnaire was distributed as their first choice. Meanwhile A3e relates to the amount of food that a customer purchases, and in a perishable product with a short life span it is not logical to buy more than what is needed. Thus, respondents apparently took the time to read and understand the questions prior to responding. Consequently, the removal of A3e and A3d were justified and enhanced the validity of the construct.

Similarly, A4c: “The food from this fast-food restaurant is more consistent and reliable in comparison with other competitors”, seems to require respondents to compare the restaurant where they were interviewed with other fast food retailers in terms of consistency and reliability of food, which may have been difficult for respondents to do since comparing Western style fast foods outlets with Chinese fast food retailers might have seemed nonsensical. In that sense, it is believed that in removing A4c prior to significance testing the quality of the data collected has been enhanced. Moreover it is an assurance that the respondents have participated honestly.

5.2.3 Subsidiary Research Question 1 (Sub RQ1)

What are the respective effects of CSR on corporate reputation, customer word of mouth intentions, customer repurchase intentions, and customer perceived food quality in Hong Kong’s fast food industry?

Referring to Table 4.26 in Chapter 4, H1 relates to the direct relationship between CSR activities and RPI. Similarly H2, H3 and H4 relate to CSR’s direct relationship with PFQ, WoM and corporate reputation respectively. All four hypotheses are supported, thus in general indicating a consensus that CSR activities of a fast food retailer contribute to positive customer behaviour while building a better corporate reputation.

Firstly, H1 postulates that CSR activities of fast food restaurant contribute positively to RPI. Customers’ intention to repeat purchase from a particular retailer is essential for the sustainability of the retailer. This notion suggests that CSR could be a Customer Relationship Management (CRM) tool to retain customers, which is crucial to the success of a business since
it is so hard and expensive to attract new customers (Gatti et al., 2012; Poolthong and Mandhachitara, 2009; Peelen, 2003; Murray and Vogel, 1997). However, retailers need to be selective in terms of CSR activities that enable such intentions amongst their customers. Although CSR activities of a retailer can positively influence the actions of customers, retailers need to ensure the correct activities are implemented (McDonald and Lai, 2011; Wigley, 2008). As the CSR activities that were selected for this study covered nearly all stakeholders, including the local community, employees and customers, favourable intentions were generated. Customers are supportive of CSR activities that are close to their heart (Jose et al., 2012) and favourable CSR activities are those that closely relate to the business, such as the sources of supply (organic farms) and environmentally friendly cutleries (paper boxes and cups), which are more direct and visible at a fast food retail (Jones et al., 2005).

Perhaps fast food customers in Hong Kong are not so much concerned with specific causes but more with their own altruistic behaviour by generally supporting retailers who are involved in CSR. Particularly the young and busy customers may not have the time and/or money to devote to humanitarian or other such worthy causes.

H2 postulates the relationship between CSR and PFQ, where customers of fast food restaurant favourably perceived the quality of food at restaurants that practice CSR. In fast food retailing, this is salient as reputation of an eatery will attract not only potential customers but also retain current customers (Valax, 2012; McDonald and Lai, 2011; Wigley, 2008; Giles, 2007; Liu and Wu, 2007; Sen et al., 2006), most importantly it tends to attract quality employees (Ulrich, 2008). Again, the support for this notion shows the environmental concerns of Hong Kong fast food customers. Recent scandals in terms of food quality, such as the use of unhealthy ingredients and food contamination, may have raised concerns among Hong Kong customers who are becoming more conscious of healthy eating habits (Hong Kong Food Market Trends, January 2007). Customers may have related quality of food to any of the food related CSR activities, such as hygienically processed, healthy, organic food and free range farm source of produce where animal rights, the environment, and pesticide-free fresh food are their major concerns (Assiouras et al., 2013; Massa and Testa, 2012; Gunther, 2006), although the questionnaire for this study did not use these items to measure CSR. However, CSR studies conducted in Canada and the UK (Hutchinson et al., 2012; Jones and Farquhar, 2007), asserted that fast food retailers ought to think of food related CSR activities to entice their customers to perceive their food as being of good quality. In fact, green marketing proponents
advocate that customers’ perception with regards to the quality of food is positive when the retailer is a green product producer (Lee, 2008).

Hypothesis H3, which reflects the relationship between CSR and WoM, is supported thereby showing the salience of CSR in forming positive WoM amongst customers. The positive WoM communicated to their friends and family is pertinent in recruiting new customers (Cretu and Brodie, 2009; Oh, 1999). Customers who have a positive opinion about a retailer will willingly talk about it without being paid or coaxed into passing the positive WoM. However, some studies indicate that it is difficult to measure the contribution of WoM to business performance since the intention is not the actual action (Wangenheim and Bayon, 2003; Kandampully and Butler, 2001). Nevertheless, WoM does help to eliminate potential customers’ doubt as to where to purchase (Wagner et al., 2009; Wangenheim and Bayon, 2003) even though it may not be clear exactly what WoM is disseminated since it may be anything from excellent service or food quality to a negative perception. Although it is not clear from the findings of this study whether or not WoM may have been caused by the retailers’ CSR activities, the findings do support past studies that found CSR contributes to positive WoM through the introduction of friends and family to the retailer (Chomvilailuk and Butcher, 2013; Cretu and Brodie, 2009).

CSR was also tested to evaluate its relationship with reputation of the retailer, as posited in H4. A strong relationship between CSR and reputation reflects the contribution of fast food retailers’ CSR activities to the image of the retailer (Gatti’s et al., 2012; Turban and Greening, 1997). Support for this hypothesis was gained through customers’ positive perception built on their various experiences and encounters with fast food retailers, and concurs with the findings of Gatti et al. (2012), Lai et al. (2010), Sen et al. (2006) and Fan (2005) on CSR’s contribution to the reputation of a business. Due to the convoluted nature of CSR activities, it is essential for retailers to recognise and integrate the activities that are relevant to its customers in order to establish and maintain a good reputation that will ultimately provide a competitive advantage.

5.2.4 Subsidiary Research Question 2 (Sub RQ2)

*What are the effects of corporate reputation on customer word of mouth intentions, customer repurchase intentions, and customer perceived food quality in Hong Kong’s fast-food industry?*
As delineated in Chapter 2, corporate reputation has the ability to change customer intentions and behaviour. The postulated H5, H6 and H7 reflecting the relationship between reputation and WoM, RPI, and PFQ respectively are all supported. This is no surprise, as reputation is strongly rooted and fundamentally is salient in marketing as companies strive to build a strong reputation to be more competitive. Therefore, the supported hypotheses in this study are most probably based on the fundamental theories relating reputation to customer intentions and behaviour (Bourdeau et al., 2013; Kotler, 2008; Martin and Hetrick, 2006). However, in recent years building reputation using normal marketing tools, such as quality product, customer services and provision of convenience, has become insufficient, requiring CSR to play a stronger role to build a stronger reputation to enable a sustainable business (McDonald and Lai, 2011; Lee, 2008; Giles, 2007). There is little doubt that reputation of an organisation can influence customers’ behaviour as reputation has the tendency to satisfy customers (Martin, and Hetrick, 2006), and satisfied customers tend to act positively in their actions towards the product or service. This is more so in a service retail where reputation is difficult to build but easy to lose due to the inherent nature of service (Chomvilailuk and Ken, 2013; Poolthong and Mandhachitara, 2009; Holbrook, 1999; Brown and Dacin, 1997). Thus the supported hypotheses in relation to fast food customers in Hong Kong corroborate the findings from previous research on reputation in other contexts.

5.2.5 Subsidiary Research Question 3 (Sub RQ3)

What are the mediating effects of corporate reputation on the influences of CSR on customer word of mouth intentions, customer repurchase intentions, and customer perceived food quality in Hong Kong’s fast-food industry?

Hypotheses H8, H9 and H10 posit that reputation partially mediates the relationship between CSR and customer behaviour and intentions. All three hypotheses are supported in this study, suggesting that though CSR has direct relationships with WoM, RPI, and PFQ, the reputation of the retailer most likely bridges the relationship in a stronger manner. The CSR activities undertaken by a retailer are usually not visible unless broadcast or practiced in the store, whereas reputation is more visible and is built through various experiences of a customer and is easily understood by customers of a fast food retailer. The retailer can be reputable for the provisions of good quality food, tasty food and fast service. Whereas in terms of CSR activity the retailer may be charitable or is environmentally friendly but it may not be visible enough for the customers to understand and relate to (Poolthong and Mandhachitara, 2009). Findings
from this study suggest that CSR requires reputation in order to evoke positive buying reactions from customers.

The outcome of this study supports the partial mediation role played by reputation. Past studies show that fast food customers are loyal to a particular retailer whom they see as delivering satisfactory products or services (Poolthong and Mandhachitara, 2009; Kandampully and Butler, 2001). This is especially true for food services as customers get comfortable with the food and service offered by a particular retailer. Moreover, customers of fast food retailers are more interested in what benefits them as an individual rather than whether the retailer practices CSR. As discussed in Chapter 2, Becket and Brookes (2006) advocated that whatever CSR programme the retailer is involved in, if it does not provide a good quality product or service, the CSR programme will go unnoticed and unappreciated. Moreover, reputation is strongly related to consumer behaviour, hence the partial mediation of reputation in the relationship between CSR and customer behaviour and intentions.

5.2.6 Main Research Question (Main RQ)

What are the direct and indirect influences of CSR on customer word of mouth intentions, customer repurchase intentions, and customer perceived food quality in Hong Kong’s fast food industry?

The above subsidiary research questions, lead to this main research question. CSR has a direct and indirect relationship with the three intentions and behaviours of customers. In a context such as Hong Kong’s fast food retail industry, a CSR activity that directly affects the customer, such as convenience or environmentally friendly packaging, might be able to demonstrate a stronger direct effect (Assiouras et al., 2013) on customers’ behaviour. However, CSR programmes are still considered valuable even though the activities may not advantage the customers directly.

Therefore, though CSR is seen contributing to customers’ actions and reactions, the contribution is seen as indirect with reputation playing a partial role in the effect if the CSR activities are those that do not benefit customers directly. Moreover, CSR activities that do not directly relate to or are not relevant to the retailers’ product or service, i.e. they are invisible to customers, will be evaluated as having lesser impact on customer behaviour.
Fast food restaurants that are reputable tend to illuminate confidence amongst Hong Kong customers. In fact, with a good reputation, their CSR activities are considered to be more relevant, especially amongst generation Y customers who believe in healthy living and are concerned about social issues and the environment (Lai et al., 2010). Past studies show that Hong Kong customers are generally moving toward hygienic eateries, convenient food and are concerned over food safety, which includes green or organic production of food (Hong Kong Food Market Trends, January 2007). The current findings show that while influencing WoM, RPI and PFQ, CSR initiatives of fast food retailers also influence reputation. CSR initiatives may be considered as direct support for fast food restaurants to organic or to use safe and healthy ingredients, thus enhancing the perception of quality food served in fast food restaurants (Rios et al., 2006; Bogue et al., 2005). While CSR has the ability to build a formidable reputation (Wigley, 2008; Sheth, Newman and Gross, 1991), small fast food retailers lacking the funds to advertise or get involved in large scale CSR initiatives, may still use CSR to improve their reputation by positive WoM, increased repurchases and increased PFQ. The strong relationship CSR has with RPI indicates that the CSR initiatives undertaken by fast food retailers can indeed help retain customers. However, previous studies suggest that despite the relationships between CSR and the various marketing concepts, the actions that consumers take may be determined by the type of initiatives undertaken. CSR activities close to customers’ interest are most likely to gain attention and influence customers’ behaviour (Bourdeau et al., 2013; Vlachos, 2012; Jones et al., 2005; Sheth et al., 1991).

5.3 Implications of the Findings
The retail industry is evolving at a rapid pace, thus requiring an incessant flow of relevant new knowledge. The practical and theoretical implications of the findings from this study add such new knowledge by enriching understanding of the value of practicing CSR to build an organisation’s reputation. In addition to CSR, the study considers constructs that have been theoretically established in the fields of corporate reputation and consumer behaviour. The present study is empirically supported and conceptually reinforced, providing better knowledge of the relationship between CSR and corporate reputation in formulating marketing concepts that ultimately enhance organisational performance. The positive association of CSR to WoM, RPI, and PFQ has been established by various studies (Gatti et al., 2012; Enquist et al., 2006) but the contribution of corporate reputation and the nature of its relationship to CSR had hitherto not been fully explored. This study establishes that the
relationship between CSR and intentions and behaviour is partially mediated by corporate reputation.

The introduction of corporate reputation as a mediator in these relationships has raised the bar, as instead of studying CSR and corporate reputation as two separate constructs relating to marketing, corporate reputation in this study has been conceptually placed as a mediator. In a service industry that lacks visibility and is high on perishability, reputation that has been built under the strong influence of CSR practices would seem to logically elucidate the relationship. Corporate reputation that is developed over time on the part of the retailer and built due to customers’ repeated positive experiences is valuable to a service organisation. Meanwhile, the involvement of CSR in that relationship provides useful insight on how to appropriately use CSR to fully benefit and sustain a retail business. The current study used a broad array of CSR practices to enhance the corporate reputation of retailers.

5.3.1 Theoretical implications

The theoretical background of the study was established by using marketing literature related to consumer intention and behaviour as the main source of theories for this study. The findings enhance the understanding of the roles that CSR and corporate reputation play in changing customer intentions and behaviour.

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

As a partial mediator, corporate reputation plays a direct role in consumer actions. This being the case, the findings from this study indicate that nonconforming CSR activities may be a mover of certain consumer behaviour but it may not be very convincing nor is there an
assurance that this will last long, as only incessant CSR activities contribute to sustainable behaviour. This suggests that in order to benefit most from CSR practices, businesses ought to develop a reputable brand using CSR as this would bring about a long term and sustainable positive impact on consumer behaviour and intentions. Therefore, this study’s theoretical contribution is the introduction of corporate reputation as a long term benefit to the relationship between CSR and customer behaviour and intentions.

5.3.2 Practical implications

Retail managers and service managers in general are able to build a strong reputation for their business. However, due to competitive pressure, CSR is beginning to be recognised as a resilient tool for enhancing reputation via positive consumer behaviour and intentions (Blazevic et al., 2013). As service lacks consistency, it is difficult to maintain customer interest and buying behaviour (Bogue et al., 2005). This study identified theoretically established relationships and then went one step further by rearranging the relationships and discovered the use of CSR for the fast food retail industry. This study found that CSR components that are more focused toward retailing may have either a strong direct relationship or a strong relationship that is partially mediated by reputation. Thus, managers could either build the brand name of retail or add to their corporate reputation by employing CSR activities that are found suitable for their type of retail. The fast food industry is an industry that attracts young, dynamic, brand-conscious and hard working customers. The industry continues to be very competitive with more retailers following in the footsteps of McDonald’s and KFC by exploring the international market place. This proliferating competition calls for better competitive strategies that will withstand the pressures domestically and internationally. Therefore, managers of retails in industries such as the fast food industry may need to implement CSR activities or programmes that are capable of continuance and of building corporate reputation. This may be done by carrying out CSR programmes that are generally closer to customers’ interests. This study found that consumers are more likely to appreciate CSR activities that are visible to them, thus treating employees well will result in satisfied employees who will face customers with a happy disposition and a positive attitude (Bourdeau et al., 2013).

Ensuring that customers understand the source for the production of food is also pertinent. For example, organic food, pesticide-free vegetables, preservative-free ingredients, meat sourced from free range farms, would be suitable for a fast food restaurant’s CSR.
Furthermore, fast food restaurants that use biodegradable packaging and cutlery may attract more customers’ attention than some other CSR programmes that cannot be seen or felt. Moreover, studies show that customers are keen on CSR activities that benefit them directly and are more concerned with humanitarian issues rather than with environmental concerns (McDonald and Lai, 2011; Wigley, 2008; Oh, 1999). As such CSR initiatives will need to be down to earth and aimed at showing customers that the CSR activities are undertaken for their benefit not for the company’s, such as providing service from satisfied employees, serving healthy food that has been hygienically prepared, and offering food that is largely free of chemicals.

5.3.3 Methodological implications

The research methodology included the need to assess the measurement of the collected data. As the items for this study were borrowed from previous studies, the measurement assessment revealed a high reliability with Cronbach’s alpha of more than 0.75. However, validity and reliability tests for the collected data conducted on the five constructs led to the removal of three items. The three items were removed from the construct of customer repurchase intentions (A3) and the construct of perceived food quality (A4). This removal added to the quality of the overall data. Item A3d required respondents to commit to making the fast food restaurant his/her first choice. Since fast food restaurants specialise in a variety of food types, it is perhaps unreasonable to keep visiting the same fast food restaurant. The respondents’ demographic data indicated that most customers visited a fast food restaurant at least 10 times a month, thus visiting the same one each time may become monotonous. A3e may not have been suitable in this context as it required respondents to agree to buy more from that particular retailer in the future. Upon reflection this does not seem logical, as repurchasing or even revisiting does not mean the customer needs to buy more, especially in the context of fast food where there is a limit as to how much a customer can consume during a relatively short visit. Finally, A4c required customers to compare consistency and reliability of food between two restaurants. This was considered too difficult as it requires customers to compare from memory. Therefore this study contributes methodologically by reducing the items in the questionnaire that were not considered suitable for fast food retailers or service organisations. It should be noted that although not suitable in the context of this study, the removed items may be suitable in other contexts.
5.4 Limitations and Future Research

The main limitation of this study is the sample used for this study, which is a subset of fast food restaurant customers in Hong Kong. The respondents may not have had any knowledge of CSR or may not have been aware of the CSR activities carried out by the retailer where they were interviewed. Hence generalizability may be distorted, as some of the respondents may have participated without fully knowing the reasons for CSR. Respondent may have responded based on his or her own knowledge of CSR, which may be a diluted knowledge, thus attracting a social desirability response.

The present study limited the influence of CSR and CR on three marketing concepts, however, there may be more than these concepts that may be affected by CSR and CR. In fact, there may be other constructs such as corporate image that could mediate the abovementioned relationships. Hence the current study’s conclusion was made bearing in mind all other constructs remain the same. Furthermore, a mixed methodology approach could have brought out new associations and relationships that are more prominent in phenomenon of interest and in particular in the Hong Kong fast food scenario.

Other limitation may emerge from the fact that this research was based on a cross-sectional study, where customers’ view was collected at one time, most likely providing views on their current brand of retail and current actions of the retailer. A longitudinal study could have enhanced the quality of the research providing views over a period of time, monitoring the changes made by the retailers and the changes in choice made by the customers. However, this may require a panel of participant who will provide a pattern of changes.

Further related research might consider developing items for CSR that are more suitable for the type of retail being examined. Consideration might also be given to interviewing a group of visitors to Hong Kong, possibly from mainland China, in order to provide a 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.
5.5 Summary and Conclusion

This chapter discusses the findings in Chapter 4, linking the outcomes with practices and theories in the setting of service retail and the role of CSR in building a better brand through corporate reputation. In summary, this research shows that Hong Kong fast food customers are young adults who have limited spending power and can only frequently consume fast food. The study’s five constructs show the relationship between antecedents and consequences. CSR is found to be directly related to corporate reputation, which is considered to be an important tool for sustainable business. Furthermore, the study 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.

In conclusion, this study has undertaken a quantitative approach to evaluating the contribution of CSR to customer behaviour and intentions. In doing so, the study added the corporate reputation of the retailer as partial mediator in the relationship between CSR and customer behaviour and intentions. This study drew upon a broad swath of literature related to CSR, corporate reputation and customer behaviour and intentions.

This quantitative study took into account CSR activities that would change 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.
References


Appendix 1 Participant Information Statement

Newcastle Business School,  
Faculty of Business and Law,  
Level 3, University House,  
University of Newcastle,  
Callaghan 2300,  
NSW Australia,

For further information:  
Supervisor: Dr. Canon Tong  
Tel: + (86) 135 3098 8800 or (852) 2722 6677  
Email: canon.tong@newcastle.edu.au

Student: Mr. Thomas Wood  
Tel: (852) 25710825  
Email: t.wood@uon.edu.au

Information Statement for the Research Project:

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.

Dear Sir/Madam:

You are invited to participate in the research project identified above which is being conducted by Dr. Canon Tong, Newcastle Business School and Thomas Wood, a candidate of the Doctor of Business Administration degree from the Newcastle Business School, University of Newcastle.

The research is part of Thomas Wood's studies of Doctor of Business Administration at the University of Newcastle, supervised by Dr. Canon Tong.

Why is the research being done?
The aims of this research are to examine the effects of corporate social responsibility (CSR) on customer repurchase intentions, customer word-of-mouth (WoM) intentions and customer perceived food quality in the fast-food industry in Hong Kong and to examine the mediating roles of corporate reputation in the above relationships. The research findings of this study will provide new insights on the key dimensions of CSR, customer repurchase intentions, customer WoM intentions and perceived food quality research to benefit both academic research and management practices.

Who can participate in the research?
We are seeking people who are currently customers of fast-food industry in Hong Kong to participate in this research. To participate in this research, you need to be 18 years old or above and a resident of Hong Kong. If you are not currently meeting the above criteria, then unfortunately you are not eligible to participate.

What choice do you have?
Appendix 1 Participant Information Statement

Participation in this research is entirely voluntary. Only those people who give their informed consent will be included in this study. Whether or not you decide to participate, your decision will not disadvantage you or your organization. Your decision to participate, or not to participate, will have no effect on you and no one will know whether or not you participated. If you do decide to participate, you may withdraw from the project at any time prior to returning of your completed questionnaire.

Please note that as the questionnaire is to be completed anonymously, the data cannot be withdrawn from the study after you have returned the completed questionnaire to the researchers.

What would you be asked to do?
You are invited to fill out an anonymous questionnaire about your perceptions on CSR, corporate reputation, customer repurchase intentions, customer perceived food quality and customer WoM intentions honestly and to the best of your knowledge and experience. You are also requested to return the copy of questionnaire after completion.

How much time will it take?
The anonymous questionnaire will take approximately 10 minutes to complete.

What are the risks and benefits of participating?
There will be no personal benefit to you in participating in this research. No legal, physical or psychological risks are expected by participating in this study. However, the research will benefit the community as a whole by increasing our understanding of consumer behaviour in the fast-food industry in Hong Kong.

How will your privacy be protected?
All information provided by you will be treated as strictly confidential. Access to the data is only limited to the student researcher and supervisor except as required by law. All data collected will be stored securely in a locked cabinet and electronic file which will be protected with a password that will not be released to any other party. The questionnaires will be shredded after final acceptance of the thesis by the Office of Graduate Studies. Prior to being shredded, all data will be securely stored in Thomas Wood’s office and electronic files which will be protected with a password, only the researchers will have access to the data.

As this is a University research, at least a verified electronic copy of data will be securely stored at the Newcastle Business School, University of Newcastle, for a minimum period of 5 years from the date of final acceptance of the thesis. Your identity will at all times remain anonymous.

How will the information collected be used?
The information collected will be used in a thesis to be submitted by Thomas Wood as part of his Doctor of Business Administration degree. Individual participants will not be identified in any reports arising from the study.

You may contact the researcher for a copy of the report. The findings of this study may be published in a scholarly journal but you will not be named or be able to be identified from the published report.

What do you need to do to participate?
Appendix 1 Participant Information Statement

Please read this Information Statement and be sure you understand its contents before you consent to participate. If there is anything you do not understand, or you have questions, please contact the student researcher.

If you would like to participate, please do the followings:

1. Complete the anonymous questionnaire which will take approximately 10 minutes of your time;
2. Return the completed questionnaire back to one of the researcher assistants.

Further information
If you need any further information please contact Dr. Canon Tong (please refer to the contact information on the first page of this letter) or Thomas Wood in Hong Kong at Tel: (852) 25710825 or t.wood@uon.edu.au.

Thank you for considering this invitation.

Dr. Canon Tong (Supervisor) Mr. Thomas Wood (DBA candidate)

Complaints about this research
This project has been approved by the University's Human Research Ethics Committee, Approval No. H-2013-0212.

Should you have concerns about your rights as a participant in this research, or you have a complaint about the manner in which the research is conducted, please contact the researcher, or, if an independent person is preferred, please contact the Human Research Ethics Officer, Research Office, The Chancellery, The University of Newcastle, University Drive, Callaghan NSW 2308, Australia, telephone 61 2 492 16333, email Human-Ethics@newcastle.edu.au.
# Appendix 2 Questionnaire

**FACULTY OF BUSINESS AND LAW**

## Questionnaire

<table>
<thead>
<tr>
<th>A1. Corporate Social Responsibility:</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Slightly Agree</th>
<th>Neutral</th>
<th>Slightly Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 This fast-food restaurant is very concerned with the local community.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 This fast-food restaurant is very concerned with environmental protection.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 This fast-food restaurant is very concerned with customers' benefits.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 This fast-food restaurant is very concerned with the rights of female and disabled employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 This fast-food restaurant actively participates in social initiatives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A2. Corporate Reputation:</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Slightly Agree</th>
<th>Neutral</th>
<th>Slightly Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I believe that this fast-food restaurant does what it promises for its customers.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 This fast-food restaurant has a good reputation.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 I believe that the reputation of this fast-food restaurant is better than its competitors.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A3. Customer Repurchase Intentions:</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Slightly Agree</th>
<th>Neutral</th>
<th>Slightly Disagree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 I intend to buy from this fast-food restaurant next time.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 I will continue buying from this fast-food restaurant.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Most likely, I will buy from this fast-food restaurant next time.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 I will consider this fast-food restaurant my first choice if I need to buy fast food.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 I will buy more from this fast-food restaurant in the next few months.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 2 Questionnaire

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### A4. Customer Perceived Food Quality:

<table>
<thead>
<tr>
<th></th>
<th>The food from this fast-food restaurant is better than other competitors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>The food quality of this fast-food restaurant is higher than other competitors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>The food from this fast-food restaurant is more consistent and reliable in comparison with other competitors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

### A5. Customer WoM Intentions:

<table>
<thead>
<tr>
<th></th>
<th>I would say positive things about this fast-food restaurant.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I would recommend this fast-food restaurant to anyone who seeks my advice.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I would encourage friends to purchase fast-food from this restaurant.</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I would recommend this fast-food restaurant to my friends.</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I would recommend this fast-food restaurant to my acquaintances.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>If my friends were looking for fast food service, I would tell them to try this restaurant.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

### B. Control Variable: Attitude to the Brand

<table>
<thead>
<tr>
<th></th>
<th>I like this restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>This restaurant is good</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I am favourable to this restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>I have a positive feeling toward this restaurant</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 2 Questionnaire

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#### C. Demographic Information:

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>My gender is:</td>
<td>Male, Female</td>
</tr>
<tr>
<td>2</td>
<td>My age is:</td>
<td>Under 20, 30 to 39, 50 to 59, 20 to 29, 40 to 49, 60 or above</td>
</tr>
<tr>
<td>3</td>
<td>My marital status is:</td>
<td>Single, Married</td>
</tr>
<tr>
<td>4</td>
<td>My education level is:</td>
<td>Primary, Secondary, Postgrad</td>
</tr>
<tr>
<td>5</td>
<td>My monthly salary range is:</td>
<td>Below HK$10,000, HK$20,000 - 40,000, HK$10,000 - 19,999, Above HK$40,000</td>
</tr>
<tr>
<td>6</td>
<td>Why do you eat in this restaurant:</td>
<td>Like eating here, Prefer eating here, Only because it is convenient</td>
</tr>
<tr>
<td>7</td>
<td>Frequency of eating in fast-food restaurants:</td>
<td>About ( ) times / month</td>
</tr>
<tr>
<td>8</td>
<td>Frequency of eating in this restaurant:</td>
<td>About ( ) times / month</td>
</tr>
<tr>
<td>9</td>
<td>I am a</td>
<td>Hong Kong Resident, Visitor from China, Visitor from other country apart from China</td>
</tr>
</tbody>
</table>
(All questions will be measured using a 7-point Likert scale which ranges from strongly agree to strongly disagree).

Corporate Social Responsibility (CSR):  
(adapted from: Lai, Chiu, Yang and Pai, 2010)  
CSR1: This fast-food restaurant is very concerned with local community.  
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:  
(adapted from Flavian, Guinaliu and Torres, 2005)  
CP1: I believe that this fast-food restaurant does what it promises for its customers.  
CP2: This fast-food restaurant has a good reputation.  
CP3: I believe that the reputation of this fast-food restaurant is better than its competitors.

Customer Repurchase Intentions:  
(adapted from Maxham III, 2001; Zeithaml, Berry and Parasuraman, 1996)  
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.

Customer Perceived Food Quality:  
(adapted from Pina, Martinez, de Chernatony and Drury, 2006; Lai, Chiu, Yang and Pai, 2010)  
PQ1: The food from this fast-food restaurant is better than other competitors.  
PQ2: The food quality of this fast-food restaurant is higher than other competitors.  
PQ3: The food from this fast-food restaurant is more consistent and reliable in comparison with other competitors.

Customer WoM Intentions:  
(adapted from Maxham III, 2001; Srinivasan, Anderson and Ponnavaulu, 2002; Zeithaml, Berry and Parasuraman, 1996)  
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.