

3. Conceptual Framework and Hypotheses

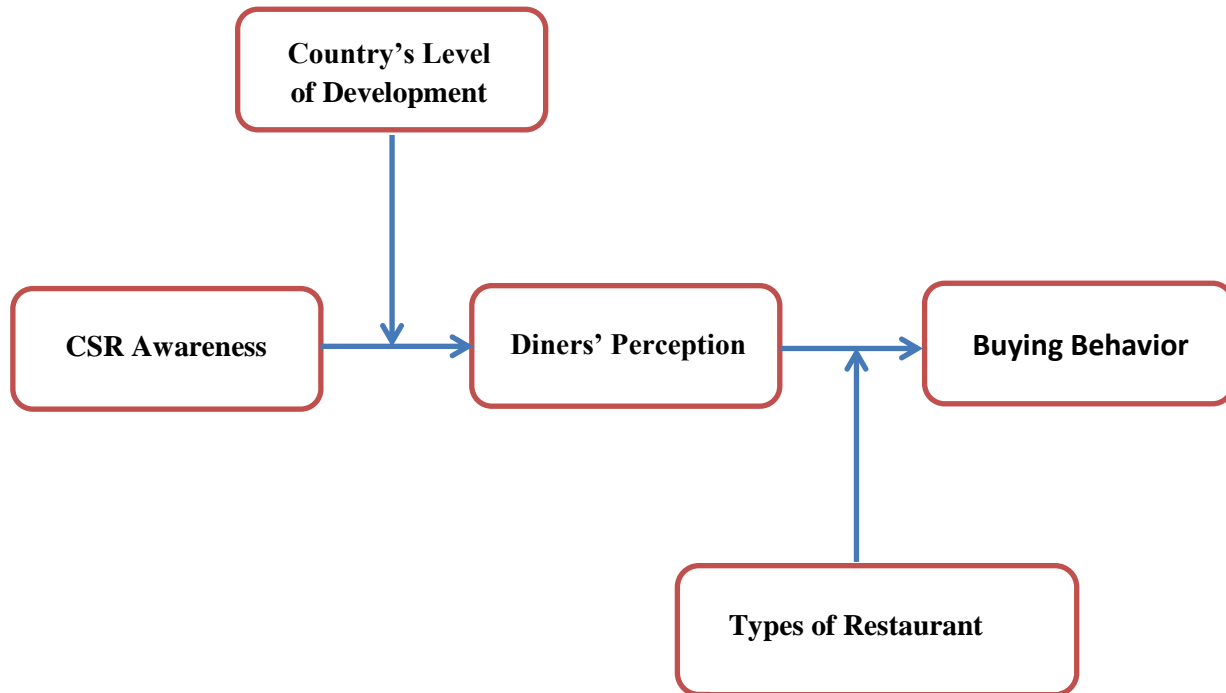
3.0. Introduction

In the previous chapters a thorough study was conducted on prior literature about CSR concepts, trends and frameworks and its consequent benefits for the company, society and the environment and also its effects on consumers' perception toward the brand and consequent changes in their buying behavior. In this chapter, in addition to the introduction of the hypotheses of the study, the conceptual framework of this study including Independent, dependent, moderating and mediating variables are presented and elaborated.

3.1. Conceptual Framework

For the purpose of this study four types of variable have been used. Dependent Variables which include brand perception and buying behavior, independent variables consist of CSR activities and diners' perception and two moderating variables which are, the country's level of development and types of restaurants respectively.

Through the proposed framework the influence of diners' awareness of restaurants' involvement in CSR activities on their perception toward those restaurants as well as possible effects of country's level of economic development on their perception is examined. Furthermore, the proposed framework would provide an opportunity to determine whether the positive or negative perception could influence diners buying behavior and whether the type of restaurant (fast food, casual dining and fine dining) moderate this relationship.



3.2. Hypotheses

3.2.1. CSR Awareness (Independent Variable)

The European Commission (2001, p. 8) defines CSR as, “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. There have been many studies conducted on the subject and its effect on consumers’ perception.

Many researchers argue that being involved in CSR activities influences the service quality and value perception of the company and hence increases customer trust in the product and services of the brand which consequently leads to more positive brand perception and evaluation (Osterhus, 1997; Sen and Bhattacharya, 2001; Mandhachitara and Poolthong, 2009; Galbreath, 2008; Ferreria et al., 2010). In more detail, Cornell and Shapiro (1987) argue that companies that are involved in CSR activities have a better brand image as customers often use the CSR

initiatives as a tool to judge brand (Lewis, 2003). Similarly, it has been suggested by Mandhachitara & Poolthong (2009) that involvement in CSR activities could influence the service quality perception.

However, despite the fact that it has been stated that CSR has a positive relationship with brand perception in many different industries, the relationship in catering industry and food retail has not yet been thoroughly examined. Therefore the following hypothesis is constructed and examined to understand the relationship of diners' awareness of restaurants CSR activities and diners' perception in catering industry.

H.1: Restaurants involvement in CSR activities positively influences Diners' perception.

3.2.2. Level of Development of the Country (Moderating Variable)

There have been various studies conducted by many esteemed institutes with regards to top socially responsible, sustainable and ethical companies around the world and most of the studies pointed to the same conclusion that most of these organizations are located in developed countries and some in emerging market and developing countries. (Corporate Knights Inc. and Innovest Strategic Value Advisors Inc., 2010; Ethisphere Magazine, 2010; The Reputation Institute, 2010; Environics International, 2001).

According to the Reputation Institute (2010) most of admired, respected and trusted organizations in the world are located in developed countries. This is also consistent with the findings of Ethisphere Magazine (2010) in which most ethical companies were located in developed countries specially in the United States of America.

Based on these data one can assume that organizations' reluctance in getting involved in CSR initiative in developing countries and emerging markets could be due to people's lack of knowledge when it comes to CSR initiative and consequently their neutral perception, attitude and behavior toward CSR and companies that are involved in such initiatives. Therefore the following hypothesis has been constructed and examined to understand whether the level of development of the country could play a moderating effect on people's perception of restaurants that are involved in CSR activities. In other words, higher level of development of the country results in a more positive attitude toward CSR initiatives. This could be especially beneficial for young entrepreneur who desire to establish a socially responsible restaurant. The findings would assist them in choosing the most desirable location for their restaurant were its most appreciated by diners.

H.2: The country's level of development moderates the diners' perception of socially responsible restaurants.

3.2.3. Diners' Perception (Independent/Dependent Variable)

Pomerantz (2003) defines perception as "the process by which an organism attains awareness or understanding of its environment by organizing and interpreting sensory information".

In marketing terms, customers observe and receive information from external sources and retain and remember them when needed. This create an overall view and an attitude towards a product, a service or a brand. Customers brand perception in turn could influence their buying behavior (Haque et al., 2009; Meidan and Moutinho, 1988).

In other words, customers buying behavior is affected by a complex combination of psychological variables one them being perception. This is also important for restaurant owners

to understand the influences of diner's perception on their buying behavior as it could assist the restaurant owners to employ the right initiatives and adjust their budget accordingly. Therefore, at this point the relationship between diners' perception of socially responsible restaurants and their buying behavior is analyzed through the following hypothesis.

Furthermore, it has also been argued by some researchers that the knowledge and awareness of companies' involvement in CSR initiatives positively influences customers' perception and this positive perception in return influences their purchase decision and buying behavior (Wigley, 2008; Creyer and Ross, 1997).

H3: Diners with positive perception toward socially responsible restaurants are more likely to dine in those restaurants.

H.4: Diner's perception of socially responsible restaurants mediates the relationship between their awareness of restaurant CSR initiatives and their buying behavior.

3.2.4. Type of the restaurant (Moderating Variable)

It has been known that the level of involvement affects consumers' decision making process. In other words, customers are more involved and concerned when dealing with more expensive product and consider many aspects prior to actual purchase in order to reduce the risk and post purchase dissonance. Dining in general is considered to be a low involvement purchase; however one can argue that dining in a fine dining restaurant requires considerably higher level of involvement than fast food or casual dining due to its nature. When it comes to fine dining customers rely on their perception which is formed based on reviews, searches and word of mouth and are more selective in their choices. One of the concepts that can create positive perception is awareness of CSR activities of the restaurant.

Since the type of restaurant is a determinant of the level of involvement, when dealing with upper scale restaurants diners are more likely to base their decision to select the restaurant on their CSR initiatives.

H.5: The type of restaurant moderates the relationship between brand perception and buying behavior.

3.3. Summary

CSR has been the center of much research in recent years but in the catering industry it has not received that much attention. Through the proposed conceptual framework and five hypotheses that were forwarded from the framework, the relationship between variables such as restaurants involvement in CSR activities and its effects on diners' perception, the moderating effect of country's level of development on this relationship and the relationship between brand perception and buying behavior are measured. In addition the proposed framework provides a unique opportunity to understand the moderating effects of restaurant types on the relationship between brand perception and buying behavior.

