Does Attitude to Generosity and Positive Emotion Influence Intention to Cause Related Marketing Activity?

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Abstract: This study aims to provide empirical evidence on the relationship between generosity and intention to participate in Cause-Related Marketing (CRM) program directly or mediated by positive emotion. The quantitative study was conducted with convenience sampling to 54 respondents (92% return rate). The questionnaire included items to measure the attitude toward generosity, intention to participate in the CRM program and positive emotion. All data were analyzed using SmartPLS. The finding of the study is that there is a significant positive relationship between generosity to positive emotion and a significant positive relationship between positive emotion and intention to participate in the CRM program. However, the direct relationship between attitude and generosity to the intention to participate in the CRM program is not significant. This study has both theoretical and practical implications. The contribution to theoretical is that this study gives empirical evidence of the relationship between generosity and intention. The practical implication is that this study can give insight to the manager on how to use CRM to improve company relationships with customers.

Keywords: Cause-Related Marketing, Generosity, Intention, Positive Emotion

1. INTRODUCTION
People currently are more generous. According to the World Giving Index, almost a third of the world population had given money to charity, and 45% of the world had helped strangers (Datablog, 2010). Charitable giving involves a huge amount of money. In the U.S., the total money given to charity in 2011 alone was $298.42 billion – over 2% of U.S. GDP and it is estimated to grow (Chuan & Samek, 2014). Indonesia has a progressing trend on giving according to the World Giving Index. Forty-five percent of Indonesian was reported giving money for donation (Djatmiko, 2017).
Cause-Related Marketing (CRM) was introduced as an approach to combine the act of giving and business purposes. CRM has proven to be an effective marketing and fundraising tool by involving companies in helping behaviors. CRM enables customers to view purchasing as prosocial behavior. Prior studies have shown that the CRM program by the firms has a positive effect on consumer evaluation of products and brands. CRM activities by companies have also been shown to affect purchase decisions and willingness to pay a premium price in previous studies (Choi et al., 2017).

Studies on generosity show that people of being generous is because of reward, extrinsic, or intrinsic reward. However, other authors (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014) state that people being generous without any motive or just pure altruism.

This study aims to fill the gap of empirical evidence on the relationship between generosity and intention of consumers in participating CRM program directly or mediated by positive emotion.

2. LITERATURE REVIEW

2.1. Generosity

Generosity is defined as giving to others – especially at a level that exceeds minimum needs or obligation (Wilcox & Dew, 2016). Generosity comes in various ways, such as giving money, possession, time, attention, emotional availability, etc. Many terms are used in generosity studies such as generosity, altruism, prosocial act, compassion, the act of giving, and virtuousness.

Motivations are behind the act of giving can be economical reasoning (extrinsic) or social reasoning (intrinsic). Tangible reward (e.g. money, reciprocal gift) and intangible reward (e.g. reputation, gain long term cooperation, and avoiding social sanction) are types of extrinsic incentives. The social rationale is when the reason behind giving is to gain intrinsic rewards (DeClerck et al., 2013) such as feeling satisfied, “Warm Glow”, and positive feelings from the experience of donating. The last motivation is pure altruism, which is empathy to help others (Wang & Tong, 2015).

Intrinsic reward is reported by various authors. Previous study claims the main reasons people are generous are to gain luxury, feel the pleasure and purpose, and feel connected with humankind (intrinsic)(Llamas & Uth, 2016). DeClerck et al. (2013) state that people enjoy giving is because of the reward of human cooperation (intrinsic). Greenberg (2014) mentions, that the motivation of prosocial behavior is both intrinsic and also extrinsic. The “Warm Glow” motivation of generosity is reported by Kandul (2016). Natter & Kaufmann (2015) say the reason people initiate a voluntary payment is that they expect to accept reciprocal acts (extrinsic) and avoiding social sanction (extrinsic) (Greenberg, 2014; Hur, 2013). Only Sharp & Randhawa (2014), Hur (2013), and Kandul (2016) mentioned pure altruism as the motivation of generosity.

Various studies show that being generous leads to more happiness and satisfaction (Aknin et al., 2013; Anik et al., 2013; Matz et al., 2016). Giving money uses both cognitive and emotional processes (Corcoran, 2015). Anik et al. (2013) in their experimental study showed that giving prosocial bonuses in the form of donations to charity leads to happier and more satisfied employees.

2.2. Positive Emotion

“Basic emotion” theory identifies six emotion categories namely anger, fear, sadness, disgust, joy, and surprise (Condon & Mendenhall, 2013). In most scientific models, emotions are differentiated into negative emotions (e.g. fear, disgust, sadness) and positive emotions (e.g. gratitude, joy, and pride (Condon & Mendenhall, 2013). Emotions in marketing literature are
defined as “a mental state of readiness that arises from cognitive appraisals of situations or thoughts” (Bock et al., 2016).

Emotions were first studied in the hedonic type of industries such as tourism and culinary (Hosany & Prayag, 2013). But later studies also show that emotions also play an important role in the utilitarian industry such as retail, retail banking (Hosany & Prayag, 2013). Emotions have been known to have a relationship with customer decision making (Brunner-sperdin et al., 2014), loyalty (Chang et al., 2014; Rychalski & Hudson, 2017), purchase and repurchase intention (Lastner et al., 2016; Papagiannidis et al., 2014), satisfaction (Cho et al., 2013; Rychalski & Hudson, 2017), behavior intention (Brunner-sperdin et al., 2014; Ladhari et al., 2017).

2.3. Intention
Retaining customers may be more profitable than attracting one. Clancy and Schulman (1994) in (Ramsaran-Fowdar, 2008) calculated that the cost of attracting new customers to approximately five times that of keeping current customers happy. Customer loyalty is an important goal in the consumer marketing community as it is a key component for long-term viability and sustainability (Su & Hsu, 2013). Customer loyalty refers to “the customers’ willingness to continue patronizing a business over the long-term, purchasing and using its goods and services on a repeated and preferably exclusive basis, and voluntarily recommending the firm’s products to friends and associates” (Lovelock & Wirtz, 2011). Zeithaml et al. (1996) suggested that one of the favorable behavioral intentions is associated with a service provider’s ability to get customers to spend more money with them. Loyalty is a construct comprising several dimensions. Repurchase intention and re-patronize intention represent the most common variables in existing empirical study (Söderlund & Collander, 2015).

2.4. Hypotheses
Generosity comes in various ways, such as giving money, possession, time, attention, etc. However, generosity is not identical to pure altruism, since people can be generous for reasons that serve their interest as well as those of others. Therefore, that generosity is a virtue that serves both sides, as it is for the good of others and beneficial for the donor (Smith & Davidson, 2014). Various authors reveal that being generous is motivated by pure altruistic reasons (empathy to help others)(Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014), intrinsic incentives (the feeling of pleasure, “Warm Glow”, and being more connected to humankind) (DeClerck et al., 2013; Greenberg, 2014; Hur, 2013; Kandul, 2016; C. Liu & Hao, 2017; Llamas & Uth, 2016; Lynn, 2015; Natter & Kaufmann, 2015; Sharp & Randhawa, 2014) and extrinsic incentives (hoping for reciprocity, increase reputation, and avoiding social sanction (Greenberg, 2014; Hur, 2013; Natter & Kaufmann, 2015). Being generous may further lead to happiness, satisfaction, gratitude, and well-being (Aknin et al., 2013; Anik et al., 2013; Matz et al., 2016). The relationship of happiness, positive emotion, and satisfaction to intention has been shown in various studies (Barclay, 2013; Corcoran, 2015; Grolleau et al., 2016; Su & Hsu, 2013; Whillans et al., 2016). Therefore, the proposed hypotheses between generosity, positive emotion and intention are:

H1: Consumer Generosity influences Positive Emotion
H2: Positive Emotion influences Intention in Participating CRM Program
The other motivation for generosity is pure altruism. People are giving, sharing, and contributing because they are moved by inequality, the solidarity of needy, helping others,
concerned with the welfare of others, and are driven by empathy (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014). There is a possible direct relationship of generosity to intention.

H3: Consumer Generosity has a positive direct influence on intention in participating CRM program.

3. MATERIALS AND METHODS

The study is a descriptive quantitative study. Research unit analysis is an individual consumer who can donate or participate in a CRM program. Therefore, the population of this study is middle up SES people. Due to time and resource limitations, sample collection was conducted in Jakarta using a convenience sampling method. Minimum 50 respondents are targeted. All indicators in the questionnaire are developed based on previous studies. Using structured questionnaires, the questions had a 5-point Likert scale format from Strongly Disagree (1) to Strongly Agree (5).

This study used the CRM program initiated by one US coffee shop chain. Respondents were asked whether they have the intention of participating in the CRM program by purchasing mineral water with extra Rp 1,000 which will be donated to a clean water program.

Data analyzing is used PLS-SEM with SmartPLS software. PLS-SEM was chosen because of its advantages over covariance-based modeling, such as the PLS-SEM assumes multivariate normality of data and produces robust results with a small sample size (Hair et al., 2017). The model was evaluated for measurement and structural evaluation.

4. RESULTS AND DISCUSSIONS

There are two indicators with convergent less than 0.7. According to Hulland (1999) in (Hair et al., 2017), convergent validity for social science can be less than 0.7. If convergent validity between 0.4 - 0.7, if deleted then composite reliability increases, then the indicator should be retained. The composite reliability increased when the two indicators deleted, therefore we retained the two indicators. Based on the convergent validity, composite reliability, and Cronbach’s Alpha we can conclude that the indicators are fit to the assigned construct.

Table 1. Discriminant Validity

<table>
<thead>
<tr>
<th>Fornell Larcker Criterion</th>
<th>Consumer Generosity</th>
<th>Intention in participating CRM Program</th>
<th>Positive Emotion</th>
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</thead>
<tbody>
<tr>
<td>Consumer Generosity</td>
<td>0.671</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intention in participating CRM Program</td>
<td>0.429</td>
<td>0.872</td>
<td></td>
</tr>
<tr>
<td>Positive Emotion</td>
<td>0.448</td>
<td>0.755</td>
<td>0.869</td>
</tr>
</tbody>
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Discriminant validity confirmed the construct based on Fornell Larcker Criterion (Table 1). R Square showed that positive emotion is a small effect (0.2), and intention to CRM is a moderate effect (0.58). f Square showed only relationship attitude to prosocial activity to
intention to CRM is low (0.024). Relationship of attitude to prosocial activity to positive emotion and positive emotion to CRM are large effects (0.252 and 0.944 respectively). After bootstrapping with iteration 500 times, the path coefficient showed that the direct relation between generosity and intention in participating CRM program is not significant (Tstat 0.859; Pvalue=0.391). This showed that there is no direct relationship between those two variables (Table 2). However, the indirect effect test showed that the relationship between generosity to intention in participating CRM program is significant (Tstat 3.249; Pvalue=0.001) (Table 3).

The statistical analysis shows that the relationship between generosity and intention in participating in the CRM program does not have a direct relationship (Table 2). However, the indirect effect test, show that there is a relationship between generosity and intention in participating CRM program, mediated by positive emotion.

This result confirms the result from previous studies that saying people being generous because they get ‘benefits’ for themselves. They are being generous because they will feel good about it. Wilcox & Dew (2016) state that there is a paradox in people being generous. People are being generous because they want to get something in return. It does not necessarily extrinsic reward but it can even just intrinsic such as “Warm Glow” and feel more connected to humankind (DeClerck et al., 2013; Greenberg, 2014; Hur, 2013; Kandul, 2016; F. Liu, 2017; Llamas & Uth, 2016; Lynn, 2015; Natter & Kaufmann, 2015; Sharp & Randhawa, 2014). Feel the “Warm Glow” or feel joy and pride is one of the manifestations of positive emotions (Condon & Mendenhall, 2013).

This study fails to confirm that people are being generous without expecting something back or just pure altruism or just driven by empathy unlike what previous authors claimed (Hur, 2013; Kandul, 2016; Sharp & Randhawa, 2014) in the previous studies. Jensen (2016) sees that people being generous without expecting something back is never the case in the view of biologists as well as psychologists. He argues that biologist sees that biological altruism will decrease one’s fitness to increase the fitness of others. Therefore, the question is why an individual would decrease its fitness for the benefits of others. Further Jensen (2016) sees from the psychologist's point of view with similar skepticism. It is argued that generous actions are assumed to have selfish motivations for the donator. The acts of charity might because it can assure one’s entry to heaven, feeling good, and “Warm Glow”. However, the result should be taken with caution. The respondents in this study mostly are from Jakarta.
where people are considered to be more selfish, status-seeking, and considered as high levels. Choi et al. (2017) and C. Liu & Hao (2017) in their study concluded that there is different motivation between status-seeking and high-level people. Status seeking and high-level people being generous because they expecting reciprocity and recognition. That might also might explain why pure altruism motivation is failed to be confirmed.

5. CONCLUSIONS
This study confirms that there is a relationship between generosity and intention in participating in the CRM program. However, the relationship is not direct but mediated by positive emotion. In other words, people are generous because they expect the feeling good which will lead to the intention to participate in a CRM program. This study failed to confirm the people being generous without selfish motives.

The limitation of the study is that convenience sampling was used and the sample size was small, which might not be possible for generalization. Further studies with larger randomly selected samples should be done to confirm attitude to generosity – positive emotion – intention in participating CRM program. Another limitation of this study is that respondents mostly are from Jakarta. Further study with respondents from small cities with non-status seeking individuals and low-level respondents might reveal a direct relationship between generosity and intention.

This study has both theoretical and practical implications. The contribution to theoretical is that this study gives empirical evidence of the relationship between generosity and intention. The practical implication is that this study can give insight to the manager on how to use CRM to improve company relationships with customers.

6. REFERENCES


