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Do CSR Activities Create Value to Society? Customers' and Society's Perspectives

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ABSTRACT

This paper examines whether corporate social responsibility (CSR) activities, as perceived by customers, promote companies' social performance (represented by subjective well-being (SWB) and perceived children's quality of life (QOL)) and business performance (represented by customer loyalty). This paper compares two indicators of social performance from customers' and society's perspectives. The survey is conducted in five cities in Indonesia: Jakarta, Padang, Surabaya, Makassar, and Kupang. The respondents are customers of three companies operating in Indonesia, Pertamina, Aqua-Danone, and Frisian Flag Indonesia, and people in the communities exposed to these companies' CSR activities. Total respondents numbered 600, consisting of 90 customers and 30 community members in each city. The data are analyzed with factor analysis, the multiple general linear model, and the t-independent test. The results show that different perceived motivations are generated by various CSR activities and take different paths to influence social and business performance. The implication of this study is that social activities increase business performance; therefore, companies must manage their CSR activities properly to strengthen their market position

Keywords: Quality of Life, Corporate Social Responsibility, Customer Loyalty, Subjective Well-Being

JEL Classification: M14, M31

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INTRODUCTION

In a business environment, companies are expected to comply with regulations and the social order. This expectation has forced companies across the globe to make significant commitments to become more socially responsible (Harjoto & Jo, 2015), especially since consumers now demand social responsibility from companies and their brands (Kang & Atkinson, 2016).

Corporate social responsibility (CSR) can be analyzed from two perspectives. First, CSR is an activity that increases companies' expenditures and, therefore, may lessen the value for shareholders. On the other hand, CSR can serve as an investment to build the company's reputation, which in turn will increase revenue. Investors may react positively to CSR initiatives if these initiatives have positive associations with CSR's outcome. Understanding how stakeholders perceive a company's CSR activities may help to explain how a company gains benefit from such activities (Story & Neves, 2014). The various forms of CSR activities deliver different value for different parties associated with the activities and the firm itself.

Although many companies have engaged in CSR, such activities have usually been driven directly or indirectly by their stakeholders (Kiessling *et al*., 2015). An explanation for this is that organizational behavior reflects the nature of the organization's diverse stakeholders, the norms that they adopt to define right and wrong, and their relative influence on organizational decisions (Helmig *et al*., 2016).

Market globalization means that companies operate in a more diverse and complex business environment via interaction with various stakeholders. Different individuals and different stakeholders may perceive CSR differently (Story & Neves, 2014), and these stakeholders may pressure the company to engage in CSR (Helmig *et al*., 2016).

Previous research has demonstrated a positive influence on CSR motives and perceived quality of life (QOL) among underprivileged children who live in areas where CSR activities are conducted (Balqiah *et al*., 2011). This research also showed that CSR activities have impacts not only on customers but also on communities and disadvantaged children, who are considered stakeholders of the company.

An extant proposition suggests that CSR activities create economic value (in the form of customer loyalty) and simultaneously create social value for society (in the form of subjective well-being (SWB) and QOL). CSR motives might differ among companies. This study examines the effects of CSR on SWB and customer loyalty and how customers and societies perceive SWB and children's QOL.

In the following section, we introduce various motives for CSR. Section 2 covers the literature related to CSR and its benefit in influencing stakeholders' perceptions and performance. Section 3 presents the research methodology, results and discussion are in Section 4, and the conclusion is in Section 5.

REVIEW OF LITERATURE

The idea that organizations have more responsibilities than solely meeting the expectations of shareholders is highly influential in the business world (Erdiaw-Kwasie *et al*., 2015). Corporate responsibilities involve three principal components: conducting business transactions in a sincere and transparent fashion, considering the welfare of all organizational constituents in managerial decisions, and seeking to exert a positive impact on society and the environment beyond the minimal requirements of the law (Vidaver-Cohen & Brønn, 2015).

CSR Motives

Carroll (1991, 1999) introduced four forms of social responsibility which are reflected in CSR activities: economic, legal, ethical, and philanthropic. Economic social responsibility is the main reason companies conduct business, producing goods and services consistent with consumers' needs and wants to generate profit as the primary objective of the business. In the legal form of CSR responsibility, businesses are expected to operate in line with the laws and regulations established by the government. Companies must achieve their economic goals while adhering to the rules. Ethical responsibility is associated with the responsibility to comply with standards, norms, and expectations of consumers, employees, shareholders, and communities. This form of liability is also related to fairness, respect, and protection of stakeholder rights. Ethical obligations must be fulfilled despite any difficulties companies encounter in executing this type of duty. Philanthropic responsibility is associated with businesses' actions in response to the public's expectations regarding corporate citizenship. This kind of responsibility includes being actively involved in programs to promote human welfare or charities.

CSR activities are usually driven by two primary motives: extrinsic and intrinsic (Graafland & Schouten, 2012). External motives concern the financial objective that CSR contribute to the (long-term) financial performance of the company. Intrinsic motives involve non-financial aspects, such as managers' personal values and beliefs, which may be important motivational factors for CSR, especially in small and medium-sized enterprises (SMEs). Another example of intrinsic motive is altruism. Executives may initiate CSR because they enjoy helping others or want to contribute to the prosperity of others.

Ellen *et al*. (2006) suggested four motives associated with CSR activities. The first is value-driven attributions, which relate to the reason for caring about the causes supported by CSR activities. Second is stakeholder-driven attributions, which reflect responses to the expectations of different stakeholders. Third is the egoistic attribution, which brings the company's participation to more self-centered reasons like taking advantage of the cause. Last, strategic attribution relates to the company's involvement in self-centered goals reflecting typical business objectives (e.g., making a profit). Egoistic-driven motives often exploit the cause rather than helping it, while strategic-driven motives support executives in attaining business goals (e.g., increasing market share, creating a positive impression). Stakeholder-driven motives are related to the support of social causes solely because of pressure from stakeholders. Finally, values-driven motives are related to benevolence-motivated giving (Vlachos *et al*., 2009).

Matten and Moon (2008) identified the implicit and explicit elements of CSR. Implicit CSR refers to the role of corporations, as part of wider formal and informal institutions, in caring about society's interests and concerns. It generally consists of values, norms, and rules to address stakeholder issues. Explicit CSR refers to policies that assume and articulate responsibility for societal interests. It generally consists of voluntary programs and strategies combining social and business value and addresses activities perceived as the social responsibility of the company. In the explicit CSR element, the company always communicates its CSR activities. Although companies may conduct similar CSR activities, implicit CSR is usually perceived as involuntary, only a reaction to the institutional environment. Furthermore, Matten and Moon (2008) argued that companies' CSR practices become institutionalized because they are considered legitimate. This legitimacy is produced by coercive isomorphism, mimetic processes, and normative pressures (DiMaggio & Powell, 1983, in Matten & Moon, 2008). In the CSR perspective, coercive isomorphism is the pressure for the company to comply with rules, norms, or laws in adopting CSR practices. In the mimetic process, the company just imitates the activities of the "best practice company." Last, normative pressure is the influence of educational and professional entities in setting standards for business practices.

Yin (2015), drawing on institutional theory, identified the institutional driver that explains why some companies have implemented CSR activities, or the antecedents of CSR. Yin found both external and internal mechanisms that drive companies to implement CSR activities in China, with different links between the external institutional and internal institutional forces to CSR practices. The external institutional forces were globalization's pressure, political embeddedness, peer imitation pressure, and normative social pressure. The internal forces were top management commitment and ethical corporate culture. In his research, CSR practices were measured based on the actual firm behavior toward its stakeholders, such as market-related stakeholders (shareholders and customers) and non-market-related stakeholders (employees, community, and natural environment). His study indicated that, in China, internal institutional forces are stronger predictors of CSR behavior toward non-market stakeholders than market stakeholders. However, Chinese firms have been forced by the external institutional forces to adopt CSR mainly related to market stakeholders.

Subjective Well-Being

SWB is a concept that measures community well-being. This concept is widely used by academics to develop and test theoretical and conceptual models associated with community welfare and satisfaction. SWB is labeled life satisfaction and depends on the standard of a good life (Diener, 1984). This includes emotional responses, domain satisfaction, and people's global judgment of their life satisfaction (Diener *et al*., 1999), which is their evaluation of their overall satisfaction including pleasant and unpleasant emotions (Moore *et al*., 2005). It draws on human perceptions to determine what is substantial for people about their lives (Hicks *et al*., 2013).

Based on their literature review, Kapteyn *et al*. (2015) concluded that there are three types of measurement for SWB: evaluative, experienced, and eudaimonic. Evaluative well-being is the evaluation of life satisfaction/dissatisfaction, experienced well-being is the assessment of the combination of experienced effects (range of emotions), and eudaimonic well-being is an evaluation of psychological needs.

Sirgy *et al*. (2010) developed measurements to capture public perceptions of public systems and its environment (services and conditions of public services), which were considered to have an impact on many domains of life. The measurements are classified as social, leisure, health, safety, family and home, political, spiritual, neighborhood, environmental, transportation, education, work, financial, and consumer well-being.

Lin *et al*. (2014) proposed different measurements of SWB than Sirgy *et al*. (2010). Lin *et al*. (2014) used life, physical, mental, appearance, achievement, evaluation, friendship, family, community, finance, hope, happiness, and society as measures of SWB.

Quality of Life

Three approaches can be used to determine QOL (Brock, 1993, in Diener & Suh, 1997). First, QOL is the normative ideal based on religious, philosophical, or other systems. Second, QOL is defined based on satisfaction of preferences. Last, QOL is related to the experience of individuals and is most closely associated with SWB.

QOL is the perceptions of individuals' position in life where they are surrounded by culture and value systems related to their goals, expectations, standards, and concerns (WHOQOL, 1993). It is influenced by physical health, psychological state, level of independence, social relationships, personal beliefs, and relationship with the environment. Thus, socio-economic factors may influence QOL, including children's QOL.

Like the World Health Organization (WHO), Jozefiak *et al*. (2008) defined QOL as a subjective assessment related to well-being regarding physical and mental health, self-esteem, the perception of personal activities (playing or hobby), and perceived connection with friends and family as well as school.

Drukker *et al*. (2003) explained the influence of social indicators and social capital on children's QOL, especially children's health QOL. They used the Children Health Questionnaire (CHQ)-general instrument to measure the behavior and physical, emotional, and social well-being of children. CHQ analyzes general and mental health, self-esteem, and behavior. General health measures overall health conditions, illness, and susceptibility to disease. Mental health assesses general well-being, as well as negative and positive emotions. Self-esteem measures overall life satisfaction, and behavior evaluates overt behavior.

Another instrument measuring children's QOL is KIDSCREEN, which is based on the definition of quality of life as a multidimensional measurement that includes physical, emotional, mental, social, and behavioral components related to well-being and function, as perceived by children or other individuals (Ravens-Sieberer *et al*., 2014). KIDSCREEN dimensions consisted of physical, psychological, moods and emotions, self-perception, autonomy, parent relations and home life, social support and peers, school environment, social acceptance (bullying), and financial resources.

Customer Loyalty

Loyalty is an important concept in marketing. The company builds a competitive advantage to create loyal customers. Today, it is more challenging to develop and maintain loyalty because of the competitive and complex environment related to global competition, an abundance of alternative offerings, and changing customer profiles that influence customers' decision-making process and consumption.

Customers have varying levels of loyalty to a brand, a store, and a company (Kotler & Keller, 2011). Loyalty is a commitment to buy back or re-subscribe to the preferred product or service, although loyalty may be influenced by situational factors and marketing efforts which lead to switching behavior (Oliver, in Kotler & Keller, 2011). Customer loyalty is also defined as “a deeply held commitment to rebuy or repurchase a preferred product/service consistently, thereby causing repetitive same-brand-set purchasing, despite situational influences and marketing effort having the potential to cause switching behavior” (Oliver, 1999, p. 34). These definitions explain loyalty related to commitment (attitude) and rebuy or repurchase (behavior).

Charduri and Holbrook (2001) introduced two types of loyalty, attitudinal and behavioral. Attitudinal loyalty means the degree of dispositional commitment in terms of some unique value association with the brand, whereas behavioral or purchase loyalty consists of repeated purchases of the brand. In line with previous authors, Zhang *et al*. (2010) defined customer loyalty as a customer’s intention to choose a particular brand that he or she has purchased in the past. This definition embraces both attitudinal commitment and habitual buying. Drawing from Katz (1960), Russel-Bennet *et al*. (2013) described three dimensions of loyalty: emotional and cognitive, which represent attitudinal loyalty, and behavioral.

Previously, Dick and Basu (1994) proposed four types of loyalty based on relative attitude and repeat patronage (attitude-repeat patronage classifications): no loyalty, spurious loyalty, latent loyalty, and loyalty. No loyalty is the condition when customers have relatively low patronage and low repeat patronage. This may be because they have not been informed about the distinct advantage of the product. Spurious loyalty is the situation when customers undertake repeat buying, but they perceive only a little differentiation among alternatives. Customers are categorized in latent loyalty when they have relatively high attitude but low repeat patronage. This type of customer needs some force from the environment or situation to engage in support behavior. Last, loyalty is the situation when customers have relatively high attitude and repeat patronage..

RESEARCH METHODOLOGY

Research Model

In this study, the research model was developed to evaluate the relationships among CSR activities for children’s health (Health-CSR), customers’ perceptions of children’s QOL, SWB, and customer loyalty. Literature related to CSR outcomes and stakeholders is used to construct this model; some previous researchers have shown that CSR influences QOL (Sirgy & Lee, 1996; Sen *et al*., 2006; Balqiah *et al*., 2010, 2011).

CSR initiatives for society can create value not only for society but also for the company. These efforts reflect a brand personality that is in line with altruistic values; therefore, they might result in connections and identifications with customers (Sen *et al*., 2006). Becker-Olsen *et al*. (2006) also proposed various consumer perceptions of CSR activities. For example, when CSR motives are related to profit, attitudes toward the firm are likely to be negative; however, when CSR purposes are considered socially motivated, or society/community focused, positive attitudes are likely to be enhanced. Figure 1 depicts this conceptual model.

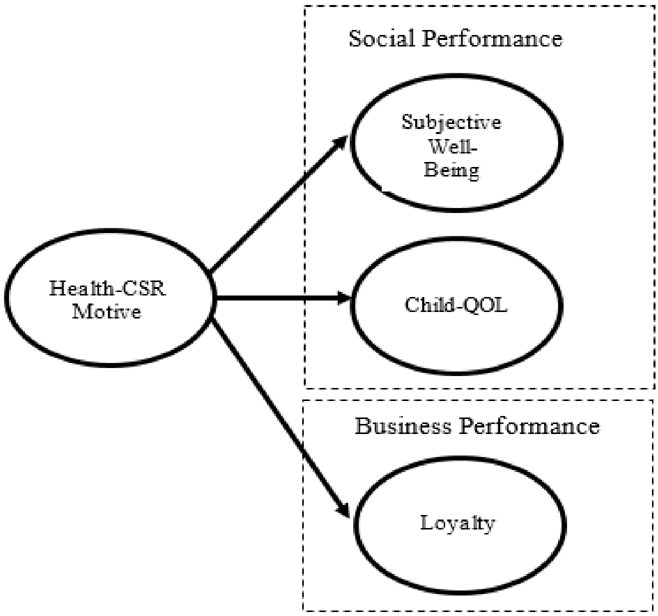

Figure 1. Conceptual model.

Hypotheses

Different motives for CSR might have different impacts on social and business performance, and the various stakeholders may have different perceptions of CSR's welfare benefits. This situation occurs because implementing different types of CSR activities might generate different understandings of the CSR motives and outcomes among various stakeholders.

CSR supports the belief that businesses can work together with governments and other stakeholders to promote a better life. Thus, CSR represents companies' commitment to contribute to sustainable economic development and work with employees, their families, and the local community to improve the overall quality of their lives (World Business Council for Sustainability Development, 2004). CSR activity should be directly related to the provision and delivery of products that minimize harmful impacts on consumers, and CSR also may be conducted to improve society's QOL.

According to Cantrell *et al*. (2015), stakeholder theory helps in understanding not only the influences and influencers of an organization but also how an organization's actions can affect various stakeholders. Institutional pressures to develop a meaningful social agenda can come externally from customers, transaction partners, government agencies, and local communities or internally from employees. The pressure might also come from business reference groups, such as competitors and industry associations (Bronn & Vidaver-Cohen, 2009).

When CSR is perceived as a social activity of the company, it may be seen differently by the company's stakeholders since their involvement and attention to those activities also differ as the result of their perceptions of CSR motives. Intrinsic motivation refers to a situation when customers perceive that companies' care about or get involved with society because they believe that they are morally obligated or at least expected to help others. The companies' executives enjoy helping others because they care about the well-being of others (Graafland & Schouten, 2012). This noble motive for a social initiative has an ethical duty to society perspective (Vidaver-Cohen & Bronn, 2008). This condition will create social benefit. Thus, the following hypothesis was developed:

H_1: Intrinsic motives create social performance.

At the opposite end, extrinsic motivation is when customers perceive that the company has egoistic reasons for CSR. In this scenario, the main reason why business executives contribute to CSR is the financial incentive (Graafland & Schouten, 2012). This incentive encourages only CSR activities which bring instrumental value for business performance. Thus, companies are only concerned about the financial outcome or business performance. This condition will also create business benefit:

H_2: Extrinsic motives create business performance.

Ellen *et al*. (2006) explained that it is possible for a variety of business practices to generate mixed motives. When a company implements CSR activities, it may create reasons or mixed motives which have different impacts on performance. This condition will create both social and business benefits, but on different scales.

H_{3a}: Intrinsic motives create higher social performance than extrinsic motives.

H_{3b}: Extrinsic motives create greater business performance than intrinsic motives.

When CSR activities are perceived as social events, they may be seen differently by different stakeholders because the stakeholders' involvement and attention to those activities differ. This condition creates their perceptions toward CSR motives. SWB and QOL are two indicators of community welfare which may be influenced by CSR. Based on this explanation, we proposed the following hypothesis:

H_4: Customers and society have different perceptions of social performance.

Data

Data were collected through cross-sectional surveys, using self-administered questionnaires in five cities in Indonesia: Jakarta, Padang, Surabaya, Makassar, and Kupang. There were two types of respondents: first, customers of each company that had been buying and consuming the brand in last 3 months, and had informed about its CSR activities. Second, community members of locations where CSR initiatives were conducted. Using purposive sampling, face to face interview, authors gathered data from 600 respondents, where 90 respondents were customers and 30 respondents were community members from each city. The sample was 54.9% female, 55.1% of customers were under 25 years of age, and 68.3% of customer respondents did not have a bachelor's degree.

The companies selected for study included Aqua-Danone (mineral water), Pertamina (vehicle lubricants), and Frisian Flag Indonesia (milk). These companies were chosen due to their track records in health-CSR activities and because they are major and well-known companies in Indonesia. Aqua-Danone's CSR initiative is supplying clean water to children, whereas Pertamina supports shaping a healthy lifestyle for children and their mothers, and Frisian Flag Indonesia helps to form the habit of drinking milk for children. These CSR activities are all categorized as philanthropic.

The questionnaire was developed from previous research associated with each construct in the research model. The survey consisted of 40 items for four constructs measured on a 6-point Likert scale. The items were classified into 16 Health-CSR motives items from Ellen *et al*. (2006), 10 SWB items from Sirgy *et al*. (2010) and Lin *et al*. (2014), 8 QOL items from Josefiak *et al*. (2008), Lippman *et al*. (2011), and Ravens-Sieberger *et al*. (2014), and 6 customer loyalty items from Stanaland (2011). The authors also conducted a pretest with 30 respondents to ensure the reliability and validity of all constructs. The pretest was necessary to refine the questionnaire by reducing response error. Furthermore, after 600 questionnaires were collected, exploratory factor analysis was used to identify the dimensions of CSR motives, and a t-independent test was used to compare social performance between customers and society. Finally, the multivariate general linear model was used to measure the influence of CSR motives on social and business performance.

RESULTS AND DISCUSSION

CSR Motives

Exploratory factor analysis (EFA) was conducted to identify the CSR causes perceived by the customer respondents. The results showed three dimensions of Health-CSR which represent three motives, as perceived by the customers: moral, stakeholder, and business motives. Table 1 summarizes the result.

Table 1. Health-CSR dimensions (loading factors).

Item	Dimension (CSR motives)		
	Business	Moral	Stakeholer
Moral responsibilities		0.65	
Care to society		0.78	
Positive benefit beliefs		0.76	
It easy for customers involved in conservation activities		0.65	
Balancing take and give to society		0.51	
Meet the customer's expectation			0.60
Respond to employee's expectation			0.84
Respond to shareholder's expectation			0.77
Respond to society's expectation			0.61
Get benefit through collaboration	0.70		
Support business activities	0.74		

Table 1 (Cont.)

Minimize income tax	0.67
Publicity'	0.77
Get more customers	0.87
Retain customers	0.85
Increase profit	0.89

Based on this result, the research model is shown in Figure 2. Moral motives represent the intrinsic motive. Stakeholder and business motives serve as extrinsic motives.

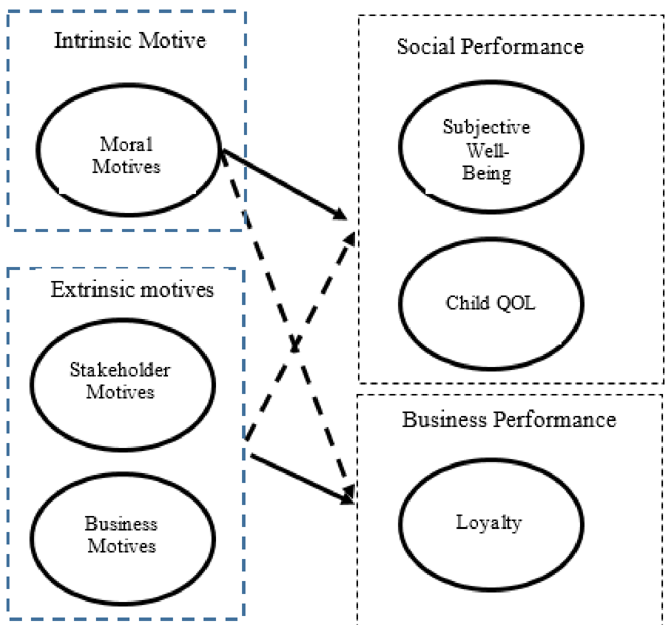

Figure 2. Research model.

Ellen *et al*. (2006) categorized CSR motives into two groups, depending on their effects on customers' purchase intentions: positive, which are values-driven (other-centered) and strategic (self-centered), and negative, which are egoistic (self-centered) and stakeholder-driven (other-centered). Graafland and Schouten (2012) proposed the two primary motives for companies' executives to become involved in CSR, which are extrinsic and intrinsic causes. Extrinsic motives involve business and financial reasons, where CSR should contribute to the company's (long-term) financial performance. Intrinsic reasons involve non-financial aspects, such as managers' personal values and beliefs that might be important motivating factors in CSR, particularly in SMEs and larger companies. The other intrinsic motive is altruism. Executives may contribute to CSR because they enjoy helping others or want to contribute to others' prosperity.

Graafland and Schouten (2012) showed that business and stakeholder orientations, which relate to economic performance, may harm a company's image. These motives represent strategic and egoistic reasons that are perceived by customers as negative. This is similar to the perception of internal stakeholders who assume that companies only execute CSR activities because their employees and shareholders force them to do so. Their effort is not perceived as sincere and is considered as a negative motive. This motive might be viewed as an institutional reason for a social initiative, suggesting that companies engage in social initiatives primarily due to institutional pressures (Bronn & Vidaver-Cohen, 2009). On the other hand, moral obligation is perceived as a positive motive because the associated causes demonstrate that companies have concerns about the social aspects of their business.

In this research, moral obligation represents intrinsic and public serving motives, stakeholder motives represent extrinsic and other-serving motives, and business reasons represent external and firm-serving motives.

Subjective Well-Being

The four dimensions of SWB (Table 2) serve communities' welfare concerning their health, economic, social, and hope dimensions. These four dimensions also reflect a community's overall life satisfaction and emotional responses (Hooghe & Vanhoutte, 2011).

Table 2. Subjective well-being dimensions (loading factors).

Variables	Factors (SWB Dimensions)			
	Economics	Health	Social	Hope
Life satisfaction		0.73		
Physical Health		0.81		
Psychological Health		0.85		
Support the family	0.74			
Sufficient economic conditions	0.88			
Financial condition is able to support the needs of life	0.88			
Happy			0.76	
Live in a social environment kinship			0.79	
Decent living conditions	0.60			
Hopes of better living conditions				0.95

Descriptive Statistics

CSR motives are highest for moral motives and lowest for business reasons (Table 3). Pertamina is high in the moral cause, while Aqua-Danone is strong in stakeholder and business motives. This result demonstrates, despite all CSR activities being philanthropic, that these CSR activities are perceived differently by customers. The highest score of moral motives for Pertamina might be caused by the characteristics of its CSR activities, which were not directed related to its product as an oil and gas company, while the CSR activities of Frisian Flag Indonesia and Aqua-Danone are more related to their products.

The degree of similarity to the core business might be perceived as a reflection of extrinsic motives in CSR and, thus, be regarded as part of marketing strategies to achieve business goals.

Contrary to the finding of Ellen *et al*. (2006) and Battacharya and Sen (2001) showing that consumers react more favorably when CSR activity is relevant to a company's product. They conducted their research on businesses without a prior negative reputation.

These differences in motive perception may be influenced by issues such as spatial distance (Groza *et al*., 2011) and campaign effects that inflluence the magnitude of the CSR belief.

Table 3. Descriptive statistics (mean score).

CSR Motives	Firm	Location				
		Jabodetabek	Padang	Surabaya	Makasar	Kupang
CSR_ Moral	Pertamina	4.75	4.69	4.72	4.53	5.25
	Frisian Flag	4.45	4.81	4.77	4.46	4.82
	Aqua	4.95	4.83	4.59	4.56	4.89
CSR_ Stakeholder	Pertamina	4.21	3.67	4.16	4.41	4.08
	Frisian Flag	3.66	3.87	4.06	4.12	3.87
	Aqua	4.64	3.78	3.88	4.03	4.48
CSR_ Business	Pertamina	4.06	3.46	3.98	3.79	3.53
	Frisian Flag	4.38	3.75	4.32	2.77	3.57
	Aqua	4.43	3.72	4.11	2.79	4.06

Effect of CSR on Social and Business Performance

This section discusses the influence of each CSR motive on SWB and QOL (representing social performance) and customer loyalty (representing business performance). The significance of the path coefficients is evaluated by analyzing the value of the parameters.

As summarized in Table 4, the moral and stakeholder motives significantly influence SWB, QOL, and customer loyalty. Meanwhile, the business motive only affects SWB. This result indicates that moral motives (as either intrinsic or other-centered reasons) positively affect social performance, and stakeholder motives (as extrinsic or self-centered reasons) positively influence business performance. Thus, H1 and H2 are supported.

Table 4. The influence toward dependent variables (unstandardized coefficients regressions).

Independent Variables	Dependent Variables		
	Subjective Well Being	Child-QOL	Customer Loyalty
CSR Moral	0.360*	0.412*	0.734*
CSR Stakeholder	0.314*	0.187*	0.285*
CSR Business	0.098*	-0.021	-0.036

*) sig at α =5%

These results showed that CSR motives can increase SWB, children's QOL, and customer loyalty. Self-centered and other-centered motives can influence both social and business performance. Interestingly, even though stakeholder and business motives were categorized as extrinsic and self-centered, these motives also enhanced social performance.

Customers distinguish among other, self-centered, and win–win motives (Ellen *et al*., 2006). Most customers assume companies have mixed motives for their CSR activities (Öberseder *et al*., 2013). However, the act of supporting a social initiative may seem to be a public-serving action. Customers' perceptions of the underlying motivations for the action may drive their evaluations of the firm and influence their beliefs, attitudes, and intentions (Becker-Olsen *et al*., 2006). When customers notice a company's social involvement, they are likely to elaborate on the message and assign one of two primary types of motives to the company's self-serving intentions (e.g., increasing customer loyalty) or public-serving intentions (e.g., enhancing SWB and children's QOL). These results showed two sides of CSR activities, one side as social events that "give" to society and the other as creating competitive advantage (Hult, 2011; Hunt, 2011; Huang & Rust, 2011).

Vlachos *et al*. (2009) found that egoistic-driven and strategic-driven attributions have adverse effects on word-of-mouth and purchase intentions when consumers are suspicious of the business and the non-profit world. Regarding positive motives in the attribution process of consumers' reactions to CSR action, consumers are likely to make positive attributions because they consider companies to be acting with sincere and benevolent intentions and care, and they tend to view CSR activities as derived from the companies' moral behavior (Vlachos *et al*., 2009).

Ellen *et al*. (2006) also showed that both positive and negative motives can create benefits for social performance. Customers can react positively and negatively to self-centered reasons. In this research, although customers perceived companies to have egoistic and strategic-driven motives, such as stakeholder and business motives, the CSR activities increased corporate social performance. Stakeholder motives are involved when a company is perceived as only conducting CSR because of expectations from its stakeholders. However, this situation can still create stakeholder satisfaction. It appears that customers even give credit to companies that engage in CSR because of pressures from customers and other stakeholders. Concerning business motives, if CSR activities are perceived as driven by business motives (self-serving, self-oriented motives), this should be relevant to any negative motives that might lessen support from customers (e.g., decrease loyalty). However, in this research, business motives do not result in decreasing business performance. This might be the result of customers' perceptions of the companies' sincerity in undertaking their social initiatives. Some respondents react positively and others react negatively (Ellen *et al*., 2006) because the financial motive is not the only reason a company contributes to CSR activities.

Many companies have business cultures committed to certain business principles and moral duties. This confirms that instrumental motives revolve fundamentally around the managerial belief that engaging in social initiatives can have a direct impact on profitability – improving revenue or protecting existing profit levels (Bronn & Vidaver-Cohen, 2009). In this research, customer loyalty, as a representation of business performance, can enhance companies' revenue and profitability.

The Differential Effect of CSR on Social and Business Performance

Kang and Atkinson (2016) stated that when consumers interpret the CSR motive as being solely for the social good (a public-serving motive), it elicits positive responses, whereas a self-serving motive results in perceptions of the firm as selfish, motivated only to gain corporate benefits. This is because consumers' attributions play an important role in their responses to CSR (Ellen *et al*., 2006). Thus, one can conclude that, even though there are mixed motives, intrinsic motives (other-centered or public-serving) focus more on creating social performance rather than business performance. At the opposite end, extrinsic motives (self-centered or firm-serving) focus more on creating business performance rather than social performance.

Table 5. The influence toward performance (unstandardized coefficients regressions).

Independent Variables	Dependent Variables	
	Social	Business
CSR Moral	0.386*	0.734*
CSR Stakeholder	0.249*	0.285*
CSR Business	0.038	-0.036

*) sig at α =5%

Based on the result of the multivariate general linear model, as summarized in Table 5, both moral and stakeholder motives have a more significant influence on customer loyalty (business performance) than social performance (mean score of SWB and QOL), while business motives do not influence either's performance. In other words, intrinsic and extrinsic motives have greater influence on business performance than on social performance. Compared to stakeholder motives (extrinsic), the influence of moral motives (intrinsic) on social and business performance is higher. Thus, H3a is supported and H3b is not supported. This result confirmed the mixed motives of CSR, and both public-serving and firm-serving motives have a goal: business performance. This result might be caused by the characteristics of philanthropic CSR activities. Aqua-Danone and Frisian Flag conducted CSR activities related to their products. A high fit between the company's business and the cause leads consumers to believe that the company is motivated by a desire to help others in the normal conduct of its business affairs rather than a desire to use the cause for selfish reasons, which could enhance loyalty and purchase intention (Ellen *et al*., 2006). When consumers perceive a motive toward good efforts for the community, they are prone to build a positive attitude toward the company (Kang & Atkinson, 2016) because the use of a self-serving motive along with a society-serving motive reduces stakeholders' skeptical attribution toward the CSR program (Kim, 2014).

Differences in Customers' and Society's Perception of Social Performance

From the perspective of stakeholder theory, customers' perceptions of SWB and children's QOL are lower than society's perception. Park, Lee, and Kim (2014) stated that ethical responsibilities require businesses to be bound by the moral rules defining appropriate behaviors in society, and the law prescribes actions that a company must avoid. Ethical responsibilities cover companies' activities which society expects them to undertake. Institutional pressures to develop a meaningful social agenda can come externally from customers, transaction partners, government agencies, and local communities, internally from employees, and from business reference groups such as competitors and industry associations (Bronn & Vidaver-Cohen, 2008).

Table 6. Social performance difference (mean score).

Dimension	Firm	Respondents		Sig
		Customers	Societies	
SWB_Health	Pertamina	3.59	5.08	
	Frisian Flag	3.86	4.79	0.000
	Aqua	3.84	4.90	
SWB_Economic	Pertamina	3.67	4.54	
	Frisian Flag	4.08	4.21	0.000
	Aqua	3.88	4.81	
SWB_Social	Pertamina	4.13	4.95	
	Frisian Flag	4.24	4.83	0.000
	Aqua	4.24	4.98	
SWB_Hope	Pertamina	4.73	5.30	
	Frisian Flag	4.63	5.47	0.000
	Aqua	4.65	5.42	
QOL	Pertamina	4.25	5.17	
	Frisian Flag	4.55	5.09	0.000
	Aqua	4.39	5.15	

*) sig at α =5%

Table 6 summarizes the perceptions of social performance between customers and societies, but not for all companies. The differences in SWB are only found in economic well-being. Thus, H4 is supported.

CONCLUSIONS

This study proposed that CSR activities related to children's health (Health-CSR) create social and business performance. Results of the study are consistent with previous literature (Sen *et al*., 2006; Vlachos *et al*., 2009; Balqiah *et al*., 2010, 2011; Park *et al*., 2014); customers perceive that Health-CSR activities have positive and negative motives.

CSR motives have three dimensions: moral obligation-oriented (moral motive), business-oriented (business motive), and stakeholder-oriented motives (stakeholder motive). These different motives also have different impacts on societies and customers, and CSR activities driven by both motives can improve social and business performance.

Both the moral and stakeholder motives for CSR influenced SWB, children's QOL, and customer loyalty. Meanwhile, the business motive only influenced SWB. These results proved that some CSR motives can increase SWB and QOL (as social performance) and loyalty (as business performance). Intrinsic reasons (moral motives) and extrinsic motives (stakeholder motives) can increase social and business performance. The implication is that social activities improve business performance. Therefore, companies must implement CSR activities strategically to strengthen their market position.

This study only investigated one type of CSR activity, which was Health-CSR activities directed to children. The study will be enriched if future researchers consider other types of CSR activities of mutual support, such as scholarships and facilities and infrastructures, or a combination of activities, such as scholarships and cause-related marketing or employee volunteering. Using four companies from different industries and overlooking the brands' strengths are limitations of this research because of the potential effect of industry, product, and brand equity on CSR perception and loyalty. Future research must address these issues. This study compared only the perceptions of customers and society in measuring SWB and QOL; future research can use different stakeholders to test the hypotheses.

Finally, the measurements of SWB and QOL must be re-evaluated and adjusted regarding the social and physical environment of the community. Future research should adapt the measurements of the two constructs for different geographic areas since macroeconomic indicators may have different influences in diverse provinces of Indonesia.

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