


Sustaining Business Beyond Corporate Hypocrisy: Social Distance and Corporate Social Initiatives

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Abstract

The involvement of firms in charitable initiatives has been put into practice utilizing direct corporate donations, corporate volunteering, and cause-related marketing. Despite the popularity of such marketing tools, consumers have become skeptical of such practices. The corporate sector and charity organizations struggle to channel more resources toward charity causes. In light of this, the study investigates how value-driven individual differences – self-construal – moderate the relationship between social distance and donation behavior. The results of two experiments reveal that, when individuals evaluate donation options jointly, social distance evokes a mental process through which individuals tend to go for time donations, if the event is organized by someone similar, whereas individuals tend to choose the money donation option if the event is organized by someone dissimilar. The interaction effect is well pronounced, concerning money donations compared to time donations. Moreover, the lower social distance attenuates skepticism towards Cause-Related Marketing (CRM) and Corporate Social Responsibility (CSR) initiatives.

Keywords: self-construal, psychological distance, social distance, time and money donations, cause-related marketing, skepticism

1. Introduction

Fair trade and Corporate Social Responsibility (CSR) have become a focal point of the present business world, and there has been increasing attention towards these notions, especially by practitioners and researchers. Despite few reported gray areas of fair trade (e.g., Starbucks) and CSR activities (e.g., pretending as environmental friendly through pro-environmental advertising) (Wagner, Lutz, & Weitz, 2009), widespread applications of these notions are apparent in charity and donations.

According to the definition given by the European Commission, CSR is a “concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis” (Ditlev - Simonsen, 2010) p. 452. Accordingly, the concept of CSR possesses two properties: a broader spectrum of environmental and social activities; and interaction with stakeholders on a voluntary basis. CSR initiatives are associated with various forms of company involvement with charitable causes and non-profitable activities and these have been termed as Cause-Related Marketing (CRM), corporate social initiatives, sales-related fund-raising, social alliances, corporate community involvement (Lichtenstein, Drumwright, & Braig, 2004).

However, as a corporate body, companies contribute to charitable initiatives in varying degrees. The company may get involved in charitable initiatives as a facilitating body, in addition to being a donor by making alliance with a charity organization (e.g. Asiana Airline, American Airlines, Cathay Pacific collect donations from its travelers to contribute towards United Nations Children’s fund). As an alternative approach, to address the issue, the company donates money to a charity each time a consumer makes a purchase: CRM (Chang & Liu, 2012). By 2016, nearly 16 brands used TOMS’s buy-one-give-one model.

Another aspect of company involvement with charitable causes is Corporate Volunteering (CV), commercial organizations support and provide opportunities for employees volunteering their time and skills in serving the

community (Plewa et al., 2015) and financially assisting Non-Profit Organizations (NPO). For instance, General Electric, Google, etc., involve in corporate matching gifts and corporate volunteer grants in order to motivate employees to make donations to and volunteer in NPOs. In a similar vein, a substantial body of empirical research has demonstrated the involvement of companies in the aforementioned charitable initiatives (or CSR initiatives) is positively associated with employee engagement (Gao, 2014). The same is also associated with CSR and company images (Plewa et al., 2015); favorable corporate evaluation behavior and increased purchasing behavior (Lichtenstein et al., 2004); the market value of the firm through customer satisfaction, innovativeness and product quality (Luo & Bhattacharya, 2006).

In spite of the fact that CRM is a popular marketing tool due to its perceived benefits, consumers have become skeptical about its usage. Amoroso and Roman (2019) concluded that young consumers would repeatedly purchase from an organization if it fulfills CSR promises. Moreover, consumers may disbelieve the advertisement claims when the advertiser is more socially irresponsible than responsible, the donation size is stated more subjectively than objectively (Y. J. Kim & Lee, 2009), and the donation size is smaller compared to consumer's proportion (Chang & Liu 2012). All these facts emphasize the need to have carefully created, innovative, and tactical CRM tools to avoid negative consequences and increase the number of donations and stakeholders' benefits.

Companies get involved in charitable initiatives by obtaining help from consumers and employees. However, it is evident that, for-profit organizations have been unable to make consumers volunteer in either CRM or CV programs, despite the fact that individuals prefer time donations to money donations (Liu & Aaker, 2008). Then the question that remains to be answered is "how companies can get external customers involved in time donations?". This indicates the need for initiating innovative CRM and CV programs where consumers also can volunteer their time.

1.1 Theoretical Background and the Gap

Donation behavior is regarded as a moral act in every society. However, the response towards a request for donation may be different from person to person as well as culture to culture, depending on the nature of donation (i.e. time and money). At the individual level, this diversity of perception towards moral acts, at large, can be explained through the lens of psychological distance. Defined as different ways in which an object, event or a task is removed from direct experience (the self) along with dimensions such as time, space, social and hypothetically (Trope, Liberman, & Wakslak, 2007). Mental representations of moral acts are different when such acts are structured in a way of proximal and distant future. Eyal et al. (2008) concluded that people judge moral acts as more virtues when acts are psychologically distant than nearer. In a related vein, Madurapperuma and Kyung-min (2020) demonstrated that the size of money donation is higher when the event takes place in the far future. Nevertheless, findings of morality and psychological distance are not convergent. In their work, Gong & Medin (2012), it is concluded that individual's judgment of a moral act becomes more extreme when the act is psychologically nearer than distant. In addition, when the donation appeal is framed as a gain (vs a loss) donation intention of an individual is significantly higher both in near and distant future (Tugrul & Lee, 2018). These divergent results are due to the difference in accessibility of values (i.e. central value and secondary values) and culture (i.e. mitigating and emotional factors) (Eyal & Liberman, 2012; Gong & Medin, 2012). However, it should be noted that the relationship between psychological distance (i.e. social distance) and donation behavior has never been investigated implicitly, particularly concerning money donations. In light of this, from a theoretical standpoint, this study investigates how social distance influences donation behavior (i.e. time and money donation) by taking the customer (i.e. self-construal) aspect into account.

1.2 Cause-Related Marketing and Corporate Volunteering

The involvement of companies in charitable causes is implemented in the forms of CRM and CV. CRM is a process of formulating and implementing marketing activates characterized by an offer from a firm to contribute a specified amount to a designated course when customers engage in revenue-providing activity that satisfies organizational and individual objectives (Varadarajan & Menon, 1988). Thus, CRM has been a popular tool that ties a brand or a company with a social cause (Y. J. Kim & Lee, 2009).

Corporate volunteering, through which commercial organizations support and provide opportunities for employees to volunteer their time and skills in service to NPOs, is also increasingly getting popular as a mean of enhancing company image in public (Plewa et al., 2015). According to them, corporate volunteering includes a range of activities such as providing matching funds to employees voluntarily devoting time for projects, organizing voluntary teams for projects, releasing employees from official duties to perform volunteering activities, and acknowledging and rewarding employee participation in voluntary programs etc. Such a corporate volunteering climate evokes thoughts in the minds of employees, even make them engage in personal volunteering (Rodell et al., 2017).

Involvement of a company in charitable initiatives (or CSR initiatives) is positively associated with all the important aspects of a company that is needed to enhance its competitive advantage and financial performance, with spillovers. That is, CV has a positive impact on both the CSR image and company image (Plewa, Conduit, Quester, & Johnson, 2015); and CSR behavior can result in an array of corporate benefits like more favorable corporate evaluation behavior and increased purchased behavior (Lichtenstein et al., 2004); CSR affects market value of the firm through customer satisfaction, innovativeness and product quality (Luo & Bhattacharya, 2006). As far as spillovers are concerned, CV results in increased customer loyalty (affective and cognitive) and positive word-of-mouth, and among others creates strategic opportunities for the non-profit organizations (Samuel et al., 2013; Plewa et al., 2015).

In spite of the benefits derived from CRM tactics, consumers have become skeptical about CRM usage as it has become widespread and its marketing motive has become apparent (Kim & Lee, 2009). In such situations, consumers tend to disbelieve the advertisement claims when the advertiser is more socially irresponsible than responsible, the donation size is stated more subjectively than objectively (Y. J. Kim & Lee, 2009), failure to align with the promise to be socially responsible would negatively impact customer evaluations of trust, repurchase intent, and brand attitude (Smith & Rhiney, 2020) and the donation size is smaller compared to consumer's proportion (Chang & Liu, 2012). However, new innovative marketing practices are subjected to less skepticism until they become widespread, since consumers do not readily identify the persuasive intention.

1.3 Psychological (Social) Distance and Evaluation

The focus of this study is limited to social distance, and it defines ways in which an object, event or task is removed from direct experience (the self) along with the social dimension. Social distance occurs when someone is less similar or dissimilar to the self-perform actions. Power distance is one of the sources that can increase dissimilarity. Notably, the social category fault line persuades the self to see someone either as similar to the self or dissimilar (K.-M. Kim & Madurapperuma, 2016b). The behavior performed by someone dissimilar would be represented in an abstract (higher level of construal) manner than the same behavior performed by someone similar.

According to psychological distance and construal level theory individual's mental representation of stimuli that are psychologically proximal are at a lower level and concrete, whereas stimuli that are psychologically distant are at a higher level and abstract. Further, the mental representation of knowledge structures pertaining to the near future is concerned about the practicality and feasibility aspect, while knowledge structures pertaining to the distant future is concerned about the ideal and desirability aspect. Nonetheless, prior research reported that people might generally default to concrete-level processing than abstract-level in the absence of priming effect.

1.4 Culture, Value and Self-Construal

Values are a focal part of human life in defining individual's self and identity, thereby deterring patterns of thinking and behavior. Prior research has investigated differences and similarities of value properties by taking either country-level or individual-level into account as a unit of analysis. Nevertheless, some researchers argue that analysis of individual-level pooled data may produce individual-level dimensions with a basic structure similar to that found at the national level, meaning these value dimensions are simply the same at both levels (Dobewall & Rudnev, 2014). From the psychological perspective, values can be defined as beliefs about "desirable, trans-situational, yet varying in importance, that serve as guiding principles in people's lives" (Schwartz & Bardi, 2001, p. 269). By considering individual-level value properties, Schwartz (1992) proposed ten fundamental universal human values which differ in their underlying motivational goals. Those value types are defined in terms of their central goals (Schwartz & Bardi, 2001): power, achievement, hedonism, stimulation, self-direction, universalism, benevolence, tradition, conformity, and security.

In addition, country-level differences in value properties are reflected through cultural differences. Individuals construe 'self' either as interdependent or as independent concerning others in cultures that are widely recognized as individualistic and collectivistic, consecutively. In relation to fundamental motivational values, interdependent self-view is appeared to be driven by conformity value (and perhaps benevolence value), whereas independent self-view is seemed to be guided by self-direction value (and perhaps universalism value).

A substantial body of empirical research has demonstrated that western countries such as the US and Germany are more individualistic cultures, whereas eastern countries such as China, Japan and Korea are more collectivist cultures (Kitayama, Park, Sevincer, Karasawa, & Uskul, 2009; Triandis & Gelfand, 1998). Among other differences in these two cultures, the answer to the question "Who am I in relation to others?" is focal. The extent to which the self is defined in relation to others and belief about the ability to control over environment differentiate one's self as either independent self-view or interdependent self-view (Gardner, Gabriel, & Lee, 1999; Markus & Kitayama, 1991).

In their work, Markus and Kitayama (1991) noted several consequences of divergent self-systems for emotion, cognition, and motivation. Emotions are distinguished as ego-focused emotions versus other-focused emotions. Ego-focused emotions comprise anger, frustration and pride, which are driven by his or her internal attributes like needs, goals, desires or abilities. In contrast, some emotions such as sympathy, the feeling of interpersonal communion and shame that have other persons as a primary reference are encapsulated into other-focused emotions. Those with independent self are appeared to experience more ego-focused emotions compared to other-focused emotions. Because, cultural value system trains the interdependent self to control ego-focused emotions especially with relevant to others, compared to the independent self, the interdependent self is appeared to experience other-focused emotions more frequently.

With regard to cognition, the characteristics of attentiveness and sensitivity to others demonstrated by interdependent self-resulting in greater cognitive elaboration of others or of the self-in-relation-to-others in such a way that how they are feeling, thinking and likely to act in a particular context. In contrast, a unique configuration of internal attributes by independent self leads to the greater elaboration of one's own self. In retrieving self-related information, in later situations, leads to higher accessibility of knowledge about others for individuals with interdependent self, whereas higher accessibility of knowledge about the one's self for those who are with independent self. Moreover, those with interdependent self are likely to organize knowledge more situational specific and concrete manner. That is, what was done, where it was done, and to whom or with whom it was done. Nevertheless, the independent self organizes knowledge in a context-free and abstract manner. For instance, whereas interdependent selves may describe themselves and other as "I play tennis on weekends" and "He is hesitant to give his money away", dependent self describe themselves and others as "I am friendly" and "He is tight or selfish" (Markus & Kitayama 199, p.232). However, despite chronicle accessibility of self-construal induced by cultural values (western and eastern), self-construal may also situational accessible (Gardner et al., 1999).

According to Schwartz (1992), value has some formal features; for example, values are concepts or beliefs, values pertain to desirable end states or behaviors, values transcend specific situation, values guide selection or evaluation of behavior and events, and values are ordered by relative importance. Therefore, since fundamental human motivational values are structured within oneself in a compatible manner (e.g. benevolence and universalism) as well as conflicting manner (e.g. benevolence and power), some values become central and vital, whereas other values become secondary or even insignificant depending on situations. This relative importance of values guides individuals to evaluate (or select) events and in effect direct them to behave in a desirable manner.

1.5 Psychological Distance, Self-Construal and Moral Behavior

According to Qian (2014), entrepreneurs who are more accessible with an abstract mindset and interdependent self-view are likely to make more moral decisions in relation to customers and entrepreneurial values than those who are more accessible with independent self. Nevertheless, with regard to external accountability (social and environment), entrepreneurs focusing on the distant future and accessible with independent self-view are more likely to make moral decisions concerning society and the environment. These divergent results indicate that the independent self may also show a higher moral behavior depending on the context where there is a high probability of activating universal value (Eyal et al., 2009). On the other hand, it could be argued that value activation of self-construal may differ from temporal distance to social distance.

Helping behavior is morally driven and widely encompass both assisting financially to people closer to them and in extending monetary donations to the needy and devoting time to assist people requiring various kinds of help (time donation). Madurapperuma and Kyung-min ((2020) demonstrated that temporal distance interacts with the self-construal to influence the money donation but not the time donation. In addition, some economic theories like the private consumption model, the impure altruist model, and the investment model explain giving behaviors by solving the puzzle associated with the observation that individuals both donate and volunteer (Handy & Katz, 2008). They further stated that if the purpose of a giving individual is to maximize the effect of his/her donation, then indeed it is best to donate as effectively as possible by engaging in productive options. However, individuals do not volunteer in the sectors in which they work, suggesting that they may be suffering from a high disutility of engaging in more of the work they do for a living.

1.6 Psychology of Time and Money Donation

The moral identity—the extent to which moral traits (e.g., fair, just, kind, compassionate) are experienced as a central part of one's overall self-concept – is the vibrant part of donation behavior (Lindauer et al., 2020). However, higher moral identity does not unconditionally increase charitable giving when the recipients are perceived as responsible for their plight (Saerom, Page Winterich, & Ross Jr, 2014; Smith & Rhiney, 2020). In contrast, Liu and

Aaker (2008) concluded that provoking intention of donation with respect to time leads to a significant increase in the actual amount of contribution (both in terms of time and money). Consideration of money activates the value (utility) maximization mind-set, leading to dissatisfaction that in turn reduces the size of the donation. Nonetheless, drawing attention to time appears to activate goals of emotional well-being and beliefs involving personal happiness. Such a mind-set or mechanism leads to greater willingness to make an actual donation.

1.7 Firm Identification and Donation

Organizational identification is another form of psychological attachment that refers to the overlap of a person's self-perception with his or her perception towards the organization (Lichtenstein et al., 2004). As a result of the cognitive link between the definition of the self and the organization when someone is strongly identified with the organization, the attributes they used to define organization also define the self (Dutton, Dukerich, & Harquail, 1994). Therefore, a customer who defines an organization using its CSR initiatives may provide donations to a non-profit organization through consumer-company identification process (Lichtenstein et al., 2004). Moreover, the consumer-company identification process leads to create loyalty, increasing the number of visits to the store and the number of purchases. Likewise, identification-driven behavior supports a range of organizational objectives such as company promotion, customer recruitment, and resilience to negative corporate information (C.B. Bhattacharya & Sen, 2003). In essence, the consumer-company relationship extends more voluntary effort on behalf of the organization.

1.8 Conceptual Framework

Overarching, psychological distance provides a theoretical base to predict how individuals plan their future events. With regard to the moral act, Eyal et al. (2008) concluded that people judge moral acts as more virtuous when such acts are psychologically distant than nearer. In line with this, Agerström and Björklund (2009) demonstrated that participants were more willing to contribute to altruistic causes in the distant future. In a later study, contrary to the above finding, Gong and Medin (2012) reported that individual's judgment of moral acts becomes more extreme when acts are psychologically nearer than distant. On the other hand, value properties linked with psychological attributes appear to be contextually laden to cause divergent outcomes. Because of these inconsistent results and psychological representation of time is different from money, it is pretty unclear at this point to predict whether social distant makes a person to donate more time or money, or whether social closeness makes one to donate more time or money. In all, to provide a clear understating of the mixed and complex picture of psychological distance and donation behavior, value-driven self-construal is proposed to interact with the mental attribute of the social dimension of psychological distance to bring about expected donation, Figure 1.

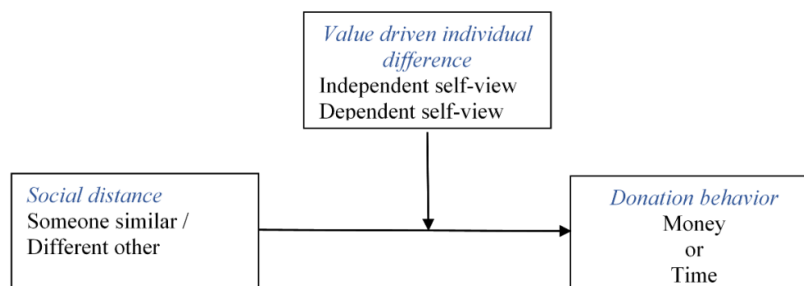


Figure 1. Conceptual model of willingness to donate

1.9 Hypothesis

Social distance occurs when someone dissimilar to the self performs actions (Trope et al., 2007). In the case of laden value, self-direction value becomes central while letting benevolence secondary for individuals who are more accessible with independent self when the request of donation is from someone similar to oneself (i.e. close). In contrast, benevolence value becomes central while self-direction is secondary for individuals with interdependent self when the request of donation is from someone dissimilar (i.e. distant/higher level of construal) (Trope et al., 2007). Therefore, the interdependent self who value building relationships with others, harmony-fostering activities, socially-oriented achievement may contribute more time and money to a social cause when such a request is from a

person dissimilar to someone similar to oneself. Whereas, the independent self who thinks of him/herself in terms of unique personality traits, attributes, and achievements may contribute more time and money to a social cause when such a request is made by a person similar to oneself than by a person dissimilar.

H1: (a) Individuals with independent self are likely to donate more time compared to individuals with interdependent self, when the appeal to donate is made by someone similar, (b) whereas individuals with interdependent self are likely to donate more time compared to individuals with independent self, when the appeal to donate is made by someone dissimilar.

H2: (a) Individuals with independent self are likely to donate more money compared to individuals with interdependent self, when the appeal to donate is made by someone similar, (b) whereas individuals with interdependent self are likely to donate more money compared to individuals with independent self, when the appeal to donate is made by someone dissimilar.

Finally, the social distance application is extended to the organizational context. Consumers may view organizational attributes as more similar to self-thorough organization identification when they are familiar with the company, than when unfamiliar with the company. Therefore, if consumers are familiar with the company and the consumer-company relationship is more robust, consumers will extend more voluntary effort on behalf of the organization (Bhattacharya & Sen, 2003), such as company promotion, customer recruitment, and resilience to negative corporate information. Moreover, consumer-employee social connectedness strengthens the relationship between warm advertising appeals and time donation intention (Zhang, Lin, & Yang, 2019). In this respect, study one provides substantial evidence to show that individuals tend to select time donation option compared to money donation option when the appeal of donation is made by someone similar to oneself. That is, when a group of university students (vs a group of outsiders) request fellow students to donate for an event of cleaning the university environment, they prefer to donate time instead of money.

H3: Consumers tend to donate time over money when the appeal to donate for a charity cause is made by a familiar company/shop than by an unfamiliar company/shop, but it is opposite when the appeal to donate for a charity cause is made by an unfamiliar shop than by a familiar shop.

2. Method

The experimental design is used as the research strategy in order to test the proposed hypotheses. Study one was designed to investigate how self-construal mediates donation behavior in response to social distance. Study two was designed to test how social distance (perhaps organization identification) influences CRM and to explore the relationship between social distance and skepticism.

2.1 Independent Variables

Social distance is the independent variable, and participants of the studies were primed by whether the behavior performed by someone similar/close to oneself or someone dissimilar/distant (Liviatan, Trope, & Liberman, 2008; Trope et al., 2007). In study one, participants who had been similar/closer to each other were told that the waste removal program would be organized by a group of university students (the same Faculty), whereas participants who were in the distance/dissimilar to each other were told that the environment preservation program would be organized by a group of individuals outside the university. In study two, participants similar/closer to each other were told that the appeal for donations was made by familiar employees working in their preferred shop. Whereas participants who were in the distance/dissimilar to each other were told that the appeal for donations was made by unfamiliar employees working in a firm that they had not tried before.

2.2 Moderate Variables

Self-construal is operationalized as chronic individual differences rather than manipulations in two studies. In order to assess these constructs, multi-item scales were adapted from previous studies. In assessing self-construal, a thirty-item scale comprising two major factors – independent construal (15-items), and interdependent construal (15-items) was utilized (Singelis, 1994). All those items were measured using a five-scale anchoring, ranging from 1= ‘strongly disagree’ to 5= ‘strongly agree’.

2.3 Dependent Variables

Donation behavior comprising time donations and money donations are operationalized as expected donations instead of real donations (Liu & Aaker, 2008). In the first study, time donations are measured in terms of the number of hours: 5 hours of spare time; whereas money donations are measured in terms of the number of monetary units: \$5

from saving. In the second study, donation behavior is operationalized as a donation option, the size of donations not taken into consideration: for example, “buy and donate more” or “participate and donate more”.

2.4 Study One: Procedure and Participants

One hundred and forty-eight undergraduate students, from a leading university of Sri Lanka pursuing a course in economics voluntarily registered to participate in the experiment scheduled to be conducted for 15 minutes. Then, by considering the registration numbers of these students, they were randomly categorized into either someone similar group or others dissimilar group, accordingly 76 and 75 students were chosen for each category respectively. Three days prior to the experiment, students were informed about which group they belonged to in addition to the details of their respective experiment venues. On the day of the experiment, two groups of students were accommodated in separate lecture theatres, and it was reported that only 141 students participated (someone similar; 71; others dissimilar: 70) in the exercise. The questionnaire with scenarios designed for each group was kept on desks in the lecture theatre prior to their arrival. After the arrival, clear instructions were given to fill the questionnaire constructively. At the end of the exercise, participants were appreciated and thanked. One hundred and thirty-three questionnaires (mean age =22; 20% male) were found to be valid

The scenario explained a situation in which university students were confronted with some issues regarding an unpleasant learning environment resulting from delayed waste and garbage removal. Therefore, students were expected to volunteer in terms of financial and time donation to clean up the environment. Except the nature of the volunteered group, the content of the advertisement is identical in both conditions (i.e. someone similar and others dissimilar). Detailed information is provided in Annexure A and B.

Following the scenario, under the main narration, three questions were directed to the participants. The purpose of the narration was to ask participants to gear their attention towards someone similar to themselves (group of university students) or to others dissimilar (volunteer group outside the university). Therefore, in the between-subject design, participants were asked “if the program is to be organized by the university students [someone similar]” or “if the program is to be organized by the volunteers outside the university [others dissimilar]”, what would be their responses to the following questions. Thereafter, in the within-subject design, the first question sought to find kinds of preferable donations (time or money). The second and third questions sought to measure the willingness to donate time and money respectively. The willingness to donate money measured in terms of monetary value (\$5) was converted to Sri Lankan rupee Rs 800 (\$1=Rs160).

2.5 Study Two: Procedure and Participants

Because the study was conducted in two cultural settings (Sri Lanka and Korea), the initial questionnaire was developed in English and then translated into Sinhalese and Korean by bilingual translators. The method of double translation and pre-testing were used to ensure consistency and practical usage (Brislin, 1980). Since questionnaires and scenarios were administered in the native languages of two countries, monetary unit (\$) was converted to local currency units by using cross exchange rate (\$1=W1, 000 =Rs160). The questionnaire consisted of three parts (A, B and C). Part A was designed to gather demographic information about participants. Part B captured the chronic self-construal of respondents in order to measure the cultural difference between the two countries. The preference for donation options was captured in part C following the scenario. Three questions based on the scenario were forwarded to the participants. The questions were designed to test whether the preference of donation option and scepticism towards CRM differ according to the social distance.

The scenario of this study explained a donation campaign being implemented by a company. The purpose of collecting donations from their customers was to provide new clothes and shoes for children in need. It was a voluntary donation in which two options were available. The first option is called “buy and donate more” under which once a customer buys a product; she/he can contribute \$ 2, which is already included in the price of the product. Nevertheless, since it is voluntary, the customer can deny it if she/he does not wish. The second option is called “participate and donate more” under which customers can contribute \$ 2 by participating in their new product propaganda campaign for at least half an hour. Irrespective of donation options, company’s contribution is \$ 3 per purchase and participation. In other words, each purchase and participation make a total donation of \$ 5 to the fund. However, the scenario in the familiar outlet condition differed from that of the unfamiliar outlet condition in terms of manipulation. The first paragraph of the scenario in both conditions were devoted to this purpose. See Annexure C and D for detailed information.

In the between-subject design, participants were asked (narration) “If you were to visit the untried shop where the staff is unfamiliar to you [dissimilar other condition]” or “If you are to visit the preferred shop where the staff is

familiar to you [someone similar condition]”, what would be your responses to the following questions. The first question sought to find the preferred donation option “for the purpose of the donation, which option would you much prefer to choose?”. The last two questions sought to measure the consumers’ skepticism towards CRM. In order to measure scepticism towards the donation claim, a two-item scale was employed, used by Kim and Lee (2009).

Participants: The experiment procedure of the Korean sample is much similar to study one. One hundred twenty students following a marketing course volunteered to participate in this 15 minutes exercise. Then they were randomly assigned to either a familiar group (60) or an unfamiliar other group (58), and only 118 were reported on the day of the experiment. Questionnaires and scenarios were administered separately for two groups. The participants in the Sri Lankan experiment were volunteers visiting two supermarket chains in Colombo suburban area. In administering the questionnaire, two enumerators were recruited for two conditions and were given clear instructions to get the questionnaire filled. Then questionnaires together with the scenario designed for each condition were left with enumerators (65 from each condition) and the filled questionnaires were returned after 10 days and only 124 (Familiar: 60; Unfamiliar 64) were found to be valid.

A total of two hundred and fifty-four individuals voluntarily participated in this study and 242 (mean age =28; 38% male) were found to be valid. The total was distributed as undergraduate students ($N=118$; mean age =23; 38% male) from a leading university in Korea and non-student individuals from Sri Lanka ($N=124$; mean age =34; 37% male).

3. Results

3.1 Study One

3.1.1 Reliability and Chronic Accessibility Check

Due to poor reliability scores, ten items (five independent construal items and five interdependent construal items) were discarded from the initial 30-items scale. The remaining 20-items were used to test the reliability of the two constructs (i.e. independent and interdependent). The reliability of the constructs was tested computing Cronbach’s Alpha, and values are 0.604 and 0.715 for independent and interdependent constructs respectively, demonstrating a satisfactory level of factor reliability. Next, participants were grouped into two groups, namely independent and interdependent, based on mean scores reported concerning independent and interdependent measurement items. The subjects who reported the highest mean score for independent items relative to interdependent items were assigned to the independent group, while the subjects who reported the highest mean score for interdependent items relative to independent items were assigned to the interdependent group. In the next step, an independent sample t-test was run to check whether the chronic accessibility of independent and interdependent construal is statistically significant (see Thomas and Tsai 2012). The reported scores on independent scale items were significantly higher in the independent group ($M=3.72$) compared to the interdependent group, $M=3.31$; $t(121)=4.33$, $p<0.0005$, whereas the reported scores on interdependent scale items were significantly higher in the interdependent group ($M=4.02$) compared to the independent group, $M=3.33$; $t(121)=-7.68$, $p<0.0005$.

3.1.2 Analysis and Results

A two-way between group – 2 (social distance: someone similar and others dissimilar) × 2 (self-construal: independent and interdependent) – Analysis of Variance (ANOVA) was conducted to explore the impact of social distance and self-construal level on time donation (H1). The main effect for the social distance, $F(1, 99)=1.07$, 0.30 and the self construal level, $F(1, 99)=0.21$, $p=0.65$ were not significant. Though the interaction effect between social distance and self-construal was not statistically significant, $F(1, 99)=0.29$, $p=0.59$, it was in the predicted direction (See Figure 2). Therefore, the Pair wise comparison was performed, and it reveals that the mean value for interdependent self was higher than the mean value for independent self under the others dissimilar condition ($M_{interdependent}=1.83$, $M_{independent}=1.60$, $p=0.44$). Similarly, the mean value for independent self was marginally higher compared to the mean value of interdependent, under someone similar condition ($M_{independent}=1.96$, $M_{interdependent}=1.94$, $p=0.95$) (See Table 1). The results of the analysis don’t provide supportive evidence to confirm H1.

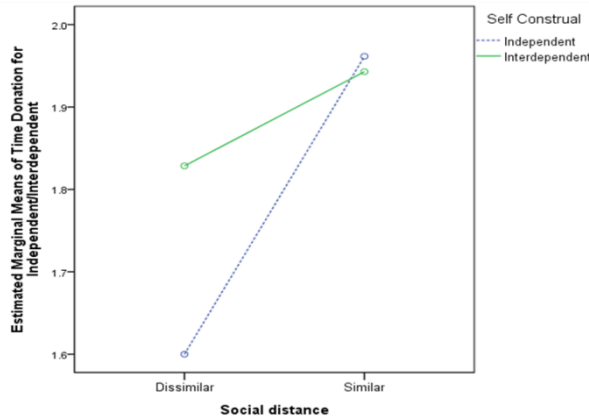


Figure 2. The impact of social distance and self-construal on time donation

Table 1. Descriptive statistics for time donation

Social distance	Self construal level	M	SD	N
Others dissimilar	Independent	1.60	1.034	20
	Interdependent	1.83	0.915	35
Someone Similar	Independent	1.96	1.233	13
	Interdependent	1.94	1.168	35

Next, a two-way between group – 2 (social distance: someone similar and others dissimilar) × 2 (self-construal level: independent and interdependent) – ANOVA was conducted to explore the impact of social distance and self-construal level on money donations (H2). The main effect for social distance, $F(1, 108) = 1.64, p = 0.20$ and self-construal level, $F(1, 108) = 0.71, p = 0.40$ were not significant. Only the interaction effect between social distance and the self-construal level was statistically significant, $F(1, 108) = 5.43, p = 0.02$ (See Figure 3), and it was in the predicted direction. Pair wise comparison reveals that the mean value for independent self was significantly higher than the mean value of interdependent self, under someone similar condition ($M_{independent} = 1.70, M_{interdependent} = 1.16, p = 0.03$). However, though the mean value for the interdependent self was higher than the mean for the independent self in the other dissimilar condition ($M_{independent} = 1.08, M_{interdependent} = 1.34, p = 0.28$), the difference was not statistically significant (See Table 2). The results of the analysis provide partially supportive evidence to confirm H2.

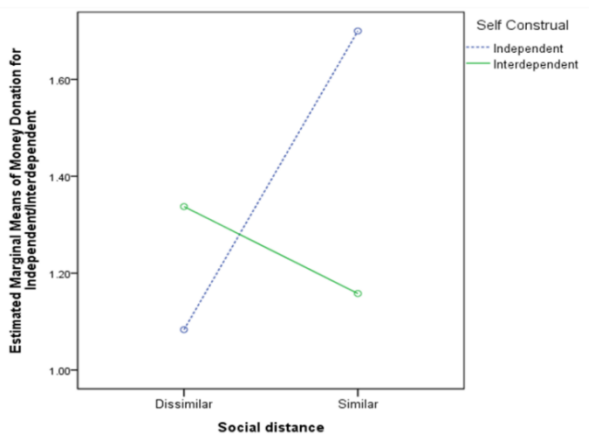


Figure 3. The impact of social distance and self-construal on money donation

Table 2. Descriptive statistics for money donation

<i>Social distance</i>	<i>Self-construal</i>	M	SD	N
Others dissimilar	Independent	1.08	0.575	18
	Interdependent	1.34	0.843	40
Someone similar	Independent	1.70	1.134	16
	Interdependent	1.16	0.769	38

Donation type and size: In order to answer the question “which social distance (someone similar to oneself or others dissimilar) has a greater impact on the types of donation and the size of time and money?”, a 2 (types of donation: time donation and money donation) × 2 (social distance: someone similar and others dissimilar) chi-square test of independence was performed. There was a significant difference between the social distance (someone similar or others dissimilar) and types of contribution (time donation and money donation) ($\chi^2(1, n=128) = 6.31, p=0.01$, Cramer’s $v=0.22$). An appeal made by others dissimilar to contribute to a social event has no significant impact on donating time (52%) or money (48%). However, an appeal made by someone similar to contribute to a social event has a substantial impact on donating time (74%) over money (26%) (See Figure 4). This indicates that when donors decide to select types of donations (i.e. joint evaluation), social distance has a significant impact on means of contribution. Thus, in essence, individuals are likely to go for the money donation option when the request for the donation comes from others dissimilar rather than someone similar, whereas individuals prefer to go for the time donation option when the request for the donation comes from someone similar than someone dissimilar.

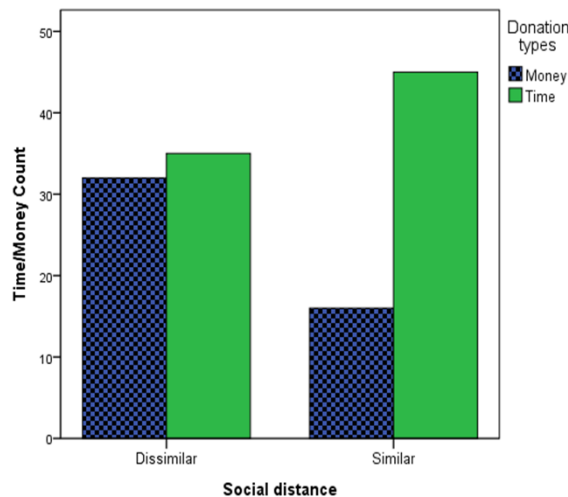


Figure 4. The relationship between social distance and types of donation

Next, a between-within subject ANOVA was performed to get a broader picture of which social distance (someone similar or others dissimilar) has a greater impact on the donation size of time and money. It assesses the impact of social distance (similar vs dissimilar) on the size of the contribution across two types of donation (time and money). The size of contribution was measured in terms of amount of time (out of 5 hours) and money (out of 5 dollars) a person is willing to donate. There was no interaction effect between social distance and types of donation on willingness to donate (size of donation), Wilks Lambda = 0.987, $F(1, 106) = 1.40, p=0.24$. However, there was a significant effect on types of donation, Wilks Lambda = 0.770, ($F(1, 106) = 31.58, p < 0.0005$, partial eta squared = 0.23 (See Figure 5).

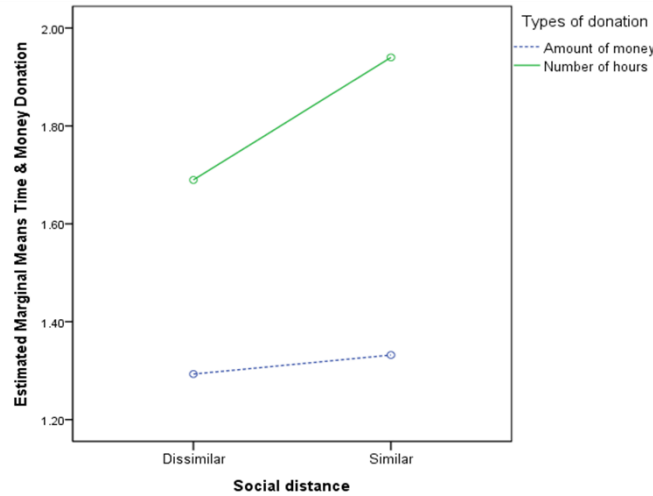


Figure 5. Social distance and types of donation

Pair wise comparison reveals that the difference in the mean value between time contribution and money contribution was significant when the request to donate comes from others dissimilar ($M_{time}=1.69$, $M_{money}=1.29$, $p=0.001$), as well as when the request to donate comes from someone similar ($M_{time}=1.94$, $M_{money}=1.33$ $p=0.0005$). Moreover, money donation was not significantly different when others dissimilar appeal for donations ($M=1.29$) and when someone similar appeals for donations ($M=1.33$, $p>0.1$). On a similar note, time donation was also not significantly different when others dissimilar appeal for donations ($M=1.69$) and when someone similar appeals for donations ($M=1.94$, $p>0.1$). Therefore, neither amount of money a person is willing to donate nor the number of hours a person is willing to donate was significantly different depending on social distance (See Table 3).

Table 3. Descriptive statistics for money and time donation

Types of donation	Social distance	M	SD	N
Amount of money	Others dissimilar	1.29	0.784	58
	Someone similar	1.33	0.881	50
Number of hours	Others dissimilar	1.69	0.852	58
	Someone Similar	1.94	1.150	50

3.1.3 Discussion

Results found that individuals were likely to go for money donation option when the request of donation comes from others dissimilar (e.g. a group of volunteers from outside the university) than someone similar (group of university), whereas individuals prefer to go for time donation option when the request of donation comes from someone similar than others dissimilar. Thus, it can be concluded that social distance has a significant impact on types of donations as means of contribution (donation options). Notably, when individuals evaluate time and money donation options jointly and tend to select one, volunteering option was well pronounced in socially close rather than socially distant contexts.

Regarding the donation size of time and money, the number of hours individuals are willing to volunteer is substantially higher relative to the amount of money he/she is willing to donate in both socially close and distant situations. This result is analogue to the notion of Liu and Aaker (2008). As mentioned above, a higher willingness to donate time may be due to consideration of time as less scarce resource than money (Macdonnell & White, 2015). However, social distance itself has no impact on either donating money or volunteering time. Overall, though social distance influences donation options, there is no such impact on the amount of money and number of hours donated.

Hypothesis one that predicts individuals with independent self are likely to donate more time compared to individuals with interdependent self when the appeal to donate is made by someone similar, whereas individuals with interdependent self are likely to donate more time compared to individuals with independent self when the appeal to donate is made by others dissimilar, was not supported. Nevertheless, it was in the predicted direction. The different mental representation of time compared to money (Liu & Aaker 2008; Ein-Gar & Levontin 2013); consideration of time as less scarce resource than money (Macdonnell & White, 2015); and ambiguous nature of valuing time than money donation (Okada & Hoch, 2004) may be the causes that brought about the weak results. The second hypothesis was partially confirmed. That is, individuals with independent self are likely to donate more money compared to individuals with interdependent self when the appeal to donate is made by someone similar, whereas individuals with interdependent self are likely to donate more money compared to individuals with independent self when the appeal to donate is made by others dissimilar.

Finally, this study does not provide sufficient evidence on the influence of gender difference itself and it together with social distance either on the number of hours or amount of money a person is willing to donate.

3.2 Study Two

3.2.1 Analysis and Results

To test whether consumers tend to donate time over money (H3), a 2 (donation options: buy and donate more and participate and donate more) × 2 (social distance: familiar company and unfamiliar company) chi-square test of independence was performed. There was a significant difference between the social distance (familiar company and unfamiliar company) and donation options (buy and donate more and participate and donate more) ($\chi^2(1, n=242) = 13.49, p < 0.0005$, Cramer's $v = 0.24$). An appeal made by unfamiliar firm to contribute to a charity cause had a significant impact in selecting buy and donate option (69%) over participate and donate option (31%). In contrast, an appeal made by familiar firm to contribute to a social event has a substantial impact in selecting participate and donate option (55%) over buy and donate option (45%) (See Figure 6). In other words, when a familiar company requests for a donation, the likelihood of selecting participate and donate option (time donation) was substantially higher compared to when the same request is made by unfamiliar company. In contrast, the likelihood of selecting buy and donate (time donation) was significantly higher, when the request for a donation is made by an unfamiliar company than familiar company. Thus, H3 is verified.

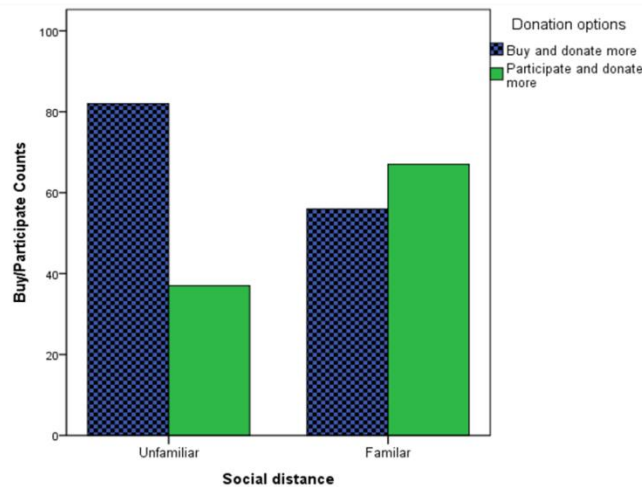


Figure 6. The relationship between customer-firm familiarity and donation options

Country level differences: A 2 (donation options: buy and donate more and participate and donate more) × 2 (social distance: familiar company and unfamiliar company) chi-square test of independence was performed for the Korean subjects and the Sri Lankan sample separately, in order to understand whether the results of the above analysis (H3) differs at country level. Prior to the chi-square analysis, the data file was split into two groups, namely Korean and Sri Lankan groups. The results reveal that there is a significant difference between the social distance (familiar

company and unfamiliar company) and donation options (buy and donate more and participate and donate more), for both Korean subjects ($\chi^2(1, n=118) = 9.88, p=0.002, \text{Cramer's } \nu=0.29$) and Sri Lankan subjects ($\chi^2(1, n=124) = 4.28, p<0.038$) (See Figure 7 and Figure 8).

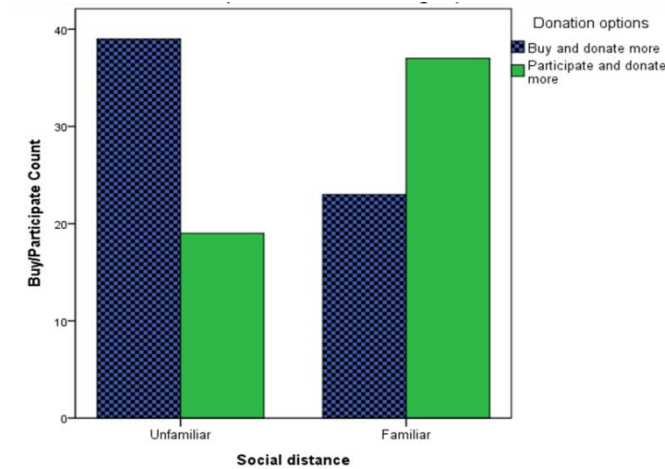


Figure 7. The relationship between customer-firm familiarity and donation options (For Korean sample)

With regard to Korea, (Figure 7) findings reflect that an appeal made by the unfamiliar firm to contribute to a charity cause had a significant impact on selecting the buy and donate option (67%) over participate and donate option (33%). In contrast, an appeal made by the familiar firm to contribute to a charity had a substantial impact on selecting participate and donate option (62%) over the buy and donate option (38%). In other words, when a familiar company requests for a donation, the likelihood of selecting participate and donate option (time donation) was substantially higher compared to when an unfamiliar company makes the same request. In contrast, the likelihood of selecting the buy and donate option (money donation) was significantly higher when an unfamiliar company requests a donation than a familiar company. Korean subjects follow predicted the direction of hypothesis. Thus, H3 is confirmed for Korea.

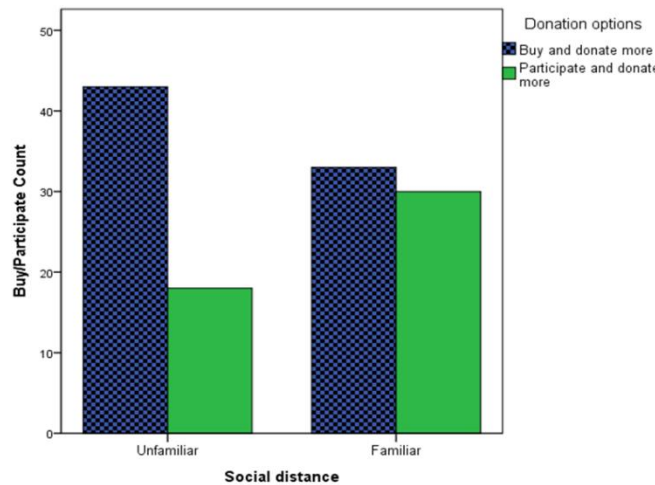


Figure 8. The relationship between customer-firm familiarity and donation options (For Sri Lankan sample)

With regard to Sri Lanka, as (Figure 8) shown above, an appeal made by an unfamiliar firm to contribute to a charity cause had a significant impact on selecting the buy and donate option (70%) over participate and donate option

(30%). However, there is no significant impact on selection options when the familiar firm appeals to contribute to a charity cause. About the familiar firm, 52% of individuals have selected the buy and donate option, while 48% have selected participate and donate. Put differently, when an unfamiliar company requests for a donation, the likelihood of selecting the buy and donate option (money donation) was substantially higher compared to participate and donate, whereas when a familiar company makes the request to donate, the selection option is inconclusive. Thus, H3 is partially confirmed with respect to Sri Lanka.

Since participants were from two different cultural backgrounds, the deviations of the Sri Lankan sample from the predicted direction with regard to the familiar company may be due, in part, to cultural differences. To explore this notion, independent and interdependent constructs were used. As the first step, factor analysis was conducted to reconfirm (internal consistency) the latent variables. Twenty items were discarded from the initial 30-item scale owing to weak loading and loading under the different classifications. Factor loading pertaining to the remaining 10-items is shown in Annexure E. The factor loading values ranged from 0.415 to 0.761. Afterwards, five items of independent scale and dependent scale were averaged to build two indices. The reliability of the constructs was tested computing Cronbach's Alpha and values are 0.696 and 0.612 for interdependent and independent constructs respectively, demonstrating a satisfactory level of factor reliability.

As the second step, a between-within subject ANOVA was performed. Because every participant reported their independent and interdependent self-level, these two constructs were treated as within-subjects while two countries were treated as between subjects. Both the main effect, Wilks Lambda = 0.443, $F(1, 240) = 301.47$, $p < 0.0005$, partial eta squared = 0.55, and the interaction effect were significant, Wilks Lambda = 0.713, $F(1, 240) = 96.62$, $p < 0.0005$, partial eta squared = 0.29 (See Figure 9).

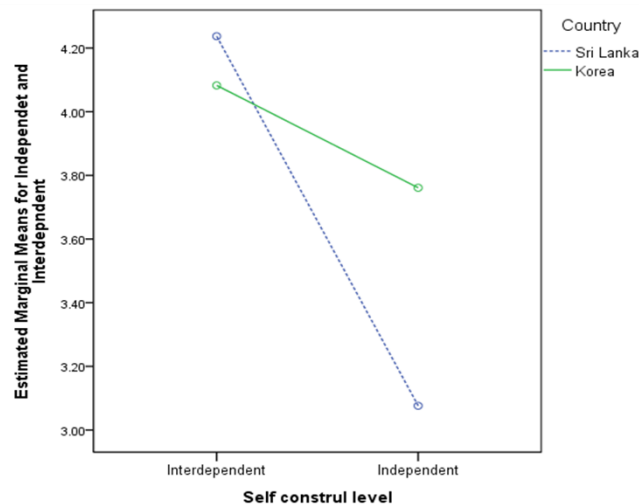


Figure 9. The relationship between country and self-construal levels

According to the Pair wise comparison, the mean value difference between interdependent and independent was significant concerning both the Korean and Sri Lankan samples. The mean value for interdependent self was significantly higher in the Sri Lankan sample ($M=4.24$) than that of Korean sample ($M=4.08$, $p=0.02$), whereas the mean value for independent self was significantly higher in the Korean sample ($M=3.76$) than that of the Sri Lankan sample ($M=3.07$, $p<0.0005$) (See Table 4). These results indicate that individuals in Sri Lanka are interdependent self-oriented while Korean individuals are independent self-oriented. Therefore, it is reasonable to conclude that the deviations of the Sri Lankan sample from the predicted direction concerning the familiar company have been due, in part, to cultural differences. That is, the interdependent self may influence the selection of donation options when the appeal for donations is made by a familiar (someone similar) condition.

Table 4. Descriptive statistics for independent and interdependent self

<i>Construal level</i>	<i>Country</i>	M	SD	N
Interdependent self	Korea	4.08	0.541	118
	Sri Lanka	4.24	0.507	124
Independent self	Korea	3.76	0.565	118
	Sri Lanka	3.07	0.657	124

3.2.2 Additional Analysis

This analysis attempts to explore to what extent individuals are skeptical towards CRM appeals when the appeal for donations is made by a familiar and preferred company versus an unfamiliar company. In order to form “skepticism” index, participants were asked to report on a 5-point scale: “how likely is it that this claim is true?” (1=not at all likely, 5= extremely likely); “how skeptical are you about the truth of this claim?” (1=not at all skeptical, 5= extremely skeptical). The second item was reverse coded before forming the skepticism index ($\alpha = 0.58$). Because the Cronbach’s Alpha value is marginally below the cut-off point correlation between two items, $r=0.838$, $n=241$, $p<0.0005$ (See Agerström and Björklund, 2009) is reported. It is noteworthy that higher values of this index indicate low skepticism towards CRM appeals, while low values indicate higher skepticism.

An independent sample t-test was performed to investigate how individuals’ skepticism towards CRM appeals differs when a familiar company makes the appeal for donations than when the same appeal is made by an unfamiliar company. The mean value of skepticism (Note 1) towards CRM appeals was significantly higher about the familiar company ($M=3.36$) than that of the unfamiliar company $M=3.14$; $t(232) = -2.10$, $p=0.03$ (See Table 5).

Table 5. Descriptive statistics for skepticism

<i>Dependent variable</i>	<i>Social distance</i>	M	SD	N
Skepticism	Unfamiliar company	3.14	0.713	118
	Familiar company	3.36	0.890	123

In order to test whether individuals’ skepticism towards CRM appeals is different at the country level, the data file was split into two, namely the Korean group and the Sri Lankan group. Independent sample t-test for Korean group was significant ($t(116) = -2.48$, $p=0.01$), while it was insignificant for the Sri Lankan group ($t(108) = -0.59$, $p=0.55$). With regard to Korea, the mean value of skepticism was significantly higher in relation to the familiar company ($M=3.34$) compared to the unfamiliar company ($M=2.99$). However, regarding Sri Lanka, it is in the same direction similar to the Korean sample, but it is not statistically significant (See Table 6). These results highlight that consumers’ familiarity with a company may reduce their skepticism towards CRM appeals. Further, lower skepticism may induce consumers to go for the participate and donate option, while relatively higher skepticism may induce them to go for buy and donate options. Thus, on top of these facts, it can be suggested that individuals appear to be selecting participate and donate option when they perceive CRM appeals are less skeptical and skeptical towards CRM appeal declines when familiar companies make such appeals.

Table 6. Descriptive statistics for country level skepticism

<i>Country</i>	<i>Social distance</i>	M	SD	N
Korea	Unfamiliar company	2.99	0.746	58
	Familiar company	3.34	0.784	60
Sri Lanka	Unfamiliar company	3.29	0.653	60
	Familiar company	3.38	0.987	63

3.2.3 Discussion

The study demonstrated that a significant number of individuals were likely to choose the “buy and donate more” option when an unfamiliar company appeals for donations towards a charity cause. In contrast, a substantial number of individuals were likely to choose the “participate and donate more” option when a familiar and preferred company appeals for a donation. This finding is in line with the finding of the first study. In the study, individuals opted for a time donation option when a group of university students (vs. a group of volunteers outside the university) requested donations.

At the country level, Korean subjects show convergent results. Nevertheless, it is observed that when a familiar and preferred company requests donations, the selection of donation options by Sri Lankans has not been conclusive. This slight deviation has been due, in part, to cultural differences. It was shown that individuals from Sri Lanka were interdependent self-oriented while Korean individuals were independent self-oriented. Therefore, it is reasonable to conclude that interdependent self may influence the selection of donation options when a familiar company appeals to donate. The second study further provides evidence that individuals with interdependent self tend to donate less money than individuals who are more accessible with independent self when similar someone make a similar appeal for donations. In addition, the classification of Korea as an independent self-oriented country and Sri Lanka as an interdependent country is consistent with prior research (Madurapperuma et al., (2016).

Other reasons that might have contributed to the said deviation are the level of awareness about marketing and promotion campaigns and the age difference of the participants in the two countries. Sri Lanka is an emerging and developing country (Madurapperuma et al. 2016), where marketing and promotion campaigns are much more conventional and people are less aware of CRM than Koreans. Conventional and static marketing and promotional activities might have precluded individuals from selecting participate and donate option. Regarding age, as Korean participants were undergraduate students with a mean age of 23, inherently, they are willing to enjoy being with others. As such, youngsters may use such opportunities than middle-aged Sri Lankans whose mean age was 44. Overarching, as a CRM tactic applying of “participate and donate” option is seemed to be less effective for developing countries and countries where individuals are dominated by the interdependent self (collectivist cultures)

Despite the benefits of CRM tactics, consumers had become skeptical towards CRM usage when the advertiser was socially irresponsible than responsible. The donation size was stated subjectively than objectively (Kim & Lee 2009), and the donation size was smaller compared to the consumer’s proportion (Chang & Liu 2012). In addition to those causes, this study illustrated that individuals become more skeptical towards CRM appeal when such appeals are made by unfamiliar companies than familiar companies.

4. Discussion

4.1 General Discussion

When individuals evaluate time and money donation options jointly and someone similar to oneself organizes the event, people appear to be going for the volunteering option.

With regard to the size of the donation, social distance does not have an impact on volunteering time and money donations. However, these findings are not consistent with the notion that individuals expect slack for time than money to be greater in the distant future than in the near future, in general (Zauberman & John, 2005). Such deviations might have occurred since money and time are differently represented in mind (Liu & Aaker, 2008) and this context (donation for social work) is different from a general phenomenon.

In contrast, self-construal moderates the relationship between temporal distance and donation behavior (both time and money). People who are more accessible with independent self are willing to donate more time and money in the near future, while those who are more accessible with interdependent self are willing to donate more time and money in the distant future. Because benevolence value becomes central and laden for individuals with interdependent self when they gear their attention towards far future, whereas when individuals with independent self gear their attention towards the near future, secondary value becomes laden. Therefore, the result of the study is in line with the justification made by Eyal and Liberman (2012) for divergent results relating to temporal distance and judgment of moral acts.

Evidence has not been sufficient (i.e. although results are in the predicted direction) to conclude that the self-construal moderates the relationship between social distance and donating time. Nevertheless, the relationship between social distance and donating money is moderated by self-construal. As mentioned above, different degree of central and secondary value accessibility causes the results to appear in a way that it was postulated (Eyal & Liberman, 2012).

The second study, which exclusively focused on a business environment, came up with results similar to the finding of the first study. In the sense that a significant number of individuals were likely to choose the “participate and donate more” option when a familiar and preferred company appeals for donations towards a charity cause. In contrast, a substantial number of individuals were likely to choose the “buy and donate more” option when an unfamiliar company appeals for donations. The familiar company condition of the Sri Lankan sample (interdependent self) slightly shifted its focus from the prediction. The study demonstrated that the cultural difference measured in terms of the self-construal level was one of the reasons among others that cause the shift in focus. As such it is evident that culture may influence people to judge moral acts diversely (Gong & Medin, 2012).

Finally, individuals doubt about the donation request when an unfamiliar company appeals for donations. Conversely, the lower social distance attenuates skepticism towards CRM and CSR initiatives.

4.2 Concluding Remarks

4.2.1 Theoretical Contribution

This study contributes to the existing body of knowledge of psychological distance, CRM and skepticism, and cross-culture. First, much less research has intensively investigated the relationship between psychological distance and donation behaviour. Among them, notably, Ein-Gar and Levontin (2013) investigated how social distance alone or it together with temporal distance influences either the money donations or time donations in separate studies, whereas this study has separated a social distance from a temporal distance and investigated their influence on time and money donation within-subject design. Moreover, instead of measuring only the donation size, this study has introduced donation options as joint evaluation. Notably, the study has investigated the influence of social distance on time and money donations through the lens of value-driven individual differences. Therefore, the findings advance knowledge, especially in relation to how self-construal interacts with the social dimension of psychological distance to evoke different sizes of expected donations. Further, finding contributes to the knowledge of social distance in such a way that the donor tends to perceive the beneficiaries through the donor agent (organizer of the event), and thus the relationship between donor and donor agent becomes the central driver of social distance (i.e. indirect social distance).

Third, the study contributes to CRM by introducing a new tactic called “participate and donate more”. Much of the prior research has focused on ways to increase consumer involvement in donating money, whereas this study has introduced a new method in which business firms can attract customers to contribute by voluntarily getting involved in their programs. Moreover, the study found that social closeness is one way of attenuating skepticism towards CRM tactics.

Finally, the study advances the knowledge of cross-cultural research by providing further evidence to confirm that Koreans are more accessible with independent self, whereas Sri Lankans are more accessible with interdependent self.

4.2.2 Managerial Implications

At present, charity organizations and NPOs are struggling to raise funds to help needy communities, especially during a situation like the COVID pandemic. This situation may become more serious when non-profit sector faces difficulties in applying complex marketing tools (Kashif, Sarifuddin, & Hassan, 2015). In an effort to tackle the issue, charity organizations collaborate with profit-making organizations. On the other hand, profit-making organizations willingly accept such proposals and implement them as part of their CSR initiatives to build a positive image among the public. However, researchers have revealed recently that consumers are skeptical about such CRM programs (Y. J. Kim & Lee, 2009; Zhigang & Haoming, 2020). Considering this background, the findings of the research have a higher implicational value in many ways.

First, because the self-construal level substantially interacts with social distance, the knowledge that came out through this work can be applied in structuring and targeting messages: familiar/regular customers and unfamiliar/irregular customers. Because individuals with independent self tend to donate more when a familiar company appeals for contributions, a message targeted at familiar/regular customers should consist of as many singular pronouns as possible (Brewer & Gardner, 1996). Conversely, individuals with independent self tend to donate more when a familiar company appeals for contributions, a message targeted at unfamiliar/irregular customers should consist of as many plural pronouns as possible. Marketers can apply customer relationship management and big-data analytic techniques to identify the target customers. As such tailor-made messages requesting donations help to gravitate more recourses towards charity organizations directly as well as through profit-making organizations.

Second, when business organizations promote a fixed amount of money donations for charity causes (e.g. buy and donate), it can be coupled with participate and donate option. Such joint evaluation induces people to go for one of the options, minimizing the probability of rejecting donations. Further, the participate and donate option would be much more productive when customers are familiar with the firm and have spare time. For instance, in an airport, when people wait for long hours for transit, duty-free outlets (especially operating internationally) can use this strategy.

Finally, because consumers-company familiarity reduces the skepticism in CRM, marketers can draw their attention to increase the consumers-company familiarity in order to reap the expected benefits from CSR programs.

4.2.3 Limitation and Future Direction

The results presented in this paper are subjected to a few inherited limitations. Eliciting decision-making methodology from participants based on hypothetical scenarios is a widely accepted methodology in consumer behaviour. However, someone can argue that employing university students as subjects may attenuate the value of pragmatic use of the findings in a real business context. University students could become consumers in another time and Sri Lankan participants of the second study were non-students, it can be believed that the validity of the findings has not been reduced.

Moreover, this study has limited focus; it investigated only social dimensions of psychological distance. Therefore, future research can focus on investigating how self-construal level moderates the relationship between physical distance (and hypothetical distance) and donation behaviour, and how it differs from the results of this study.

Much prior research has highlighted that, consumers have become skeptical towards CRM usage. The current study demonstrated that consumer familiarity with employees reduces consumer skepticism towards CRM usage. Therefore, it is worth exploring this phenomenon further with respect to temporal and hypothetical psychological distance. Moreover, it would be appropriate for future research to investigate how consumer skepticism towards CSR usage moderates the relationship between different dimensions of psychological distance and donation behavior.

In addition to value properties, social influence, empathetic feeling about others and search of hedonism are some reasons people are induced to donate. These antecedences of donation influence one's feeling. That is, the donation would cause someone to feel calm, whereas it could make another feel excited. Hence, if donations arouse someone's emotional feeling, it is interesting to investigate how donations affect emotional happiness; and how emotional happiness resulting from money donations differs from volunteering. Such future research is significant because emotional happiness has implications on consumer decisions of choice (K.-M. Kim & Madurapperuma, 2016a).

5. Conclusion

Psychological distance shows how an object, event or task is removed from the self or direct experience. When individuals evaluate donation options jointly, social distance evokes a process through which they tend to go for time donation if the organizer of the event is someone similar to oneself. In a similar vein, there is a tendency to choose money donation options by people if the organizer of the event is someone dissimilar. With regard to the size of the donation, social distance does not have an impact on donating both money and time. Notably, self-construal moderates the relationship between social distance and donation behavior. Findings suggest that the moderation effect is much apparent concerning money donation than time donation. Furthermore, in the case of joint evaluation, particularly social distance interacts substantially with time donation and money donation options. Finally, the lower social distance attenuates skepticism towards CRM and CSR initiatives.

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Note

Note 1. Higher mean value of the index indicates lower skepticism and vice versa

Annexures

Annexure A: scenario of social distance: someone similar (experiment 1)

Caring for the environment

Owing to a trade union action by the cleaning staff of the university, sanitary service has come to a standstill during the last couple of weeks. Therefore, everywhere in the university, waste and garbage heaps were apparent and the environment became dirty, ugly, and sometimes the stench emanating from this garbage heaps made it impossible for the students to engage in their studies. Considering the above situation, we as a group of **university students** volunteer to remove garbage and clean up the environment. We expect your contribution to this program in terms of time

Annexure B: scenario of social distance: others dissimilar (experiment 1)

Caring of the environment

Owing to a trade union action by the cleaning staff of the university, sanitary service has come to a standstill during last couple of weeks. Therefore, everywhere in the university waste and garbage heaps were apparent and the environment became dirty, ugly, and sometimes, the stench emanating from this garbage heaps made it impossible for the students to engage in their studies. Considering the above situation, we as a volunteer **group outside the university**, volunteer to clean up the environment in order to make it beautiful. We expect your contribution to this

Annexure C: scenario of social distance: unfamiliar outlet (experiment 2)

“Let’s Give a New Life”

When you want to buy a sport shoe or casual clothes, you usually go to the closest shop or to a shop which is convenient to you. If after going to the shop you find nothing that best suits you and then you visit another shop to find a suitable one irrespective of whether it is urgent or not. **Because, you don’t have any preferred shop (assume or recall such a situation).**

One holiday when you visited **the untried shop where employees were unfamiliar to you**, they were creating awareness about a donation program called “Let’s Give a New Life” to their customers with the intention of providing new clothes and shoes for children in need. In this, each time when a consumer makes a donation, the company also adds a certain proportion of money to the fund. If someone is expected to donate, two options were available. As the first option (**Buy and donate more**), once you buy a product your contribution of \$ 2 that is already included in the product price goes to the fund together with the company’s contribution of \$ 3, as their proportion. Altogether, total donation of \$ 5 goes to the fund. However, if you buy the product and do not intend to donate out of your pocket, you can get \$ 2 back on the spot.

Second option (**Participate and donate more**) was designed for individuals who neither wish to donate out of their pocket nor wish to buy the products. In this option, the donation to the “New Life Begins”, comes from your time contribution. That is, by participating in a product promotion and company propaganda campaign; at least half an hour whenever convenient; your participation is equivalent to \$2 which is contributed to the fund while company contributes \$ 3 as their proportion. The total of \$ 5 goes to the fund.

Annexure D: scenario of social distance: familiar outlet (experiment 2)

“Let’s Give a New Life”

When you want to buy a sport shoe or casual clothes, a particular shop automatically comes to your mind. Therefore, you first visit your preferred shop and try to find one that is best suits you. If there is nothing that best suits you then it is urgent then you try another shop. (Assume or recall such a preferred shop).

One holiday when you visit ***the preferred shop where employees are familiar to you***, they were creating awareness about a donation program called “Let’s Give a New Life” to their customers with the intention to provide new clothes and shoes for children in need. In this, each time when a consumer makes a donation, the company also adds a certain proportion of money to the fund. If someone is expected to donate, two options were available. As the first option (***Buy and donate more***), once you buy a product your contribution of \$ 2 that is already included in the product price goes to the fund together with the company’s contribution of \$ 3, as their proportion. Altogether, total donation of \$ 5 goes to the fund. However, if you buy the product and do not intend to donate out of your pocket, you can get \$ 2 back on the spot.

Second option (***Participate and donate more***) was designed for individuals who neither wish to donate out of their pocket nor wish to buy the products. In this option, the donation to the “New Life Begins”, comes from your time contribution. That is, by participating in a product promotion and company propaganda campaign; at least half an hour whenever convenient; your participation is equivalent to \$2, which is contributed to the fund while company contributes \$ 3 as their proportion. The total of \$ 5 goes to the fund.

Annexure E: Results of Factor Analysis (experiment 2)

Factors and items	Interdependent	Independent
<i>It is important for me to maintain harmony within my group</i>	.761	-.004
<i>I respect people who are modest</i>	.718	-.067
<i>It is important for me to respect decisions made by the group</i>	.663	.210
<i>I respect persons at the authority with whom I interact</i>	.611	.008
<i>I feel good when I cooperate with others</i>	.589	.279
<i>I prefer to be direct and forthright when dealing with people I've just met</i>	-.011	.722
<i>Having a lively imagination is important to me</i>	.228	.685
<i>I am comfortable by being singled out for praise or rewards</i>	-.010	.648
<i>I can talk openly with a person who I meet for the first time, even when this person is much older than I am</i>	.036	.574
<i>Speaking up during a class (or a meeting) is not a problem for me</i>	.037	.415
Eigenvalues	2.645	1.705
Cumulative variance explain (%)	26.451	43.499
AVE	.451	.382
Cronbach's Alpha	.696	.612

Note: Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is 0.697

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