

Corporate social responsibility and corporate social irresponsibility management ...

[Business](#), [Management](#)



Chapter 1

INTRODUCTION

Introduction

This chapter provides the research outline of the study. Firstly, the background of the study is being highlighted, followed by the problem statement, research objectives, research questions and significance of the study. In order to help the reader in understanding this research report, the definitions of the key terms are provided to ensure consistency in terminology used in this thesis. Lastly, the organization of the remaining chapter will be given for a brief overview.

Background of Study

1. 1. 1Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) has become a growing concern for businesses (Jones, Comfort, & Hillier, 2006; Moir, 2001). Company stakeholders, including but not limited to customers and investors, are becoming more sophisticated, well-educated, and well-informed. As a result, they are demanding higher standards in many aspects of the company, including being good corporate citizens. These stakeholders may consider a company's behaviour when making decisions on investing in or choosing whether or not to buy products from the company (Idowu & Papasolomou, 2007; Sen, Bhattacharya, & Korschun, 2006). To address these escalating concerns for CSR and stakeholders' expectations, companies are becoming more active in performing social responsibilities in their business. Many companies have adopted social causes based on the assumption that

consumers will reward firms for their support of social programs (Levy, 1999). However, it is unlikely that consumers will blindly accept these social initiatives as sincere actions and thus may or may not reward the firm. Prior research suggests consumers will punish firms that are perceived as insincere in their social involvement (Sen & Bhattacharya, 2001). As consumer interest in CSR activities continues to rise, companies are dedicating more attention and resources to defining and communicating company values. However, much remains to be done. Those activities require additional exploration and evaluation. The CSR literature has been noted as lacking cohesion, definitional consensus and theoretical maturity, resulting in confusion and ambiguity (Carroll, 1999; Coelho, McClure, & Spry, 2003; Godfrey, 2005). Vlachos (2010) suggest researcher to investigate predictors of stakeholder CSR perceptions as well as the process by which individual stakeholder perceptions translate into supportive behaviour towards organizations. Various studies have supported that CSR affects consumers' behaviour. CSR's influence on consumers' behaviours is much more complex and tentative than its effects on their attitudes and beliefs. In worse cases, consumers may boycott companies that behave unethically as a punishment to those companies (Alexander, 2002; Schrader, Hansen, & Halbes, 2006; Vassilikopoulou, Siomkos, & Mylonakis, 2005). Moreover they are more sensitive to negative CSR information than to positive CSR information, thus increasing the risk of boycott of events of perceived social irresponsibility (Beckmann & Langer, 2003). In other words, CSR may help build up and strengthen corporate reputation when consumers perceive a company as ethical.

1. 1. 2The Pharmaceutical Industry and CSR

The pharmaceutical industry's role in the global economy has been described as the complex of processes, operations and organizations involved in the research, development and manufacturing of innovative drugs and medications which have the ability to save sick people's lives (Shah, 2004; Lee, & Kohler, 2010). Nevertheless, as business entities, the pharmaceutical companies have a duty to their shareholders to increase profits (Lee, & Kohler, 2010). As in any other businesses, the prerequisites for financial success in the pharmaceutical companies generally strive from excellent product or service quality and reasonable prices (Jörg, Dieter, & Florian, 2012). A major challenge to pharmaceutical companies is the decline in reputation over the past decade. The damaged reputation from product withdrawal due to drug safety issues in the case of Merck's Vioxx and Baycol recall have raised questions on the credibility of the pharmaceutical companies and their prescribing healthcare practitioners in producing and delivering the right kind of healthcare (Glass, & Poli, 2009). Some of the marketing and advertising tactics such as drug representatives offering free samples to doctors or offering gifts in promoting prescription drugs and establishing brand recognition have also been considered as unethical business practices of pharmaceutical companies (Jörg et al., 2012; Vashi, & Latkowski, 2012). Hence, there is a need to be ethical in marketing and promoting drugs in the pharmaceutical industry. Being aware of this challenge, pharmaceutical companies try to improve their reputation by increasing access to medicine for societies in need and looking at their environmental and donor behaviours like compliance with environmental

laws (Rusu, Kuokkanen, & Heier, 2011). Entering a new world in which CSR has become critical to the success of corporations, pharmaceutical companies need to consider socially responsible practices of their businesses (Alex, 2011). As CSR emerges, perhaps the pharmaceuticals will truly begin to measure and comprehensively report their impact on society and the earth (Jennifer, Anna, & Joseph, 2010).

1. 2Problem Statement

Research addressing the relationships between CSR activities and consumers-as-stakeholders' perceptions, attitudes and behaviours is lacking. Studies explicitly investigating consumers' responses to the communication of CSR are scarce (Beckmann, 2007). This study on the perceptions of CSR and CSI toward prescription loyalty behaviour is a crucial research issue for pharmaceutical companies willing to engage in CSR activities and interested in communicating their engagement to their main stakeholders. Hillenbrand, Money, & Ghobadian (2011) specifically urge scholars to investigate the negative experiences and beliefs about CSR and the impact of irresponsible corporate behaviours as well as measurement of actual behaviours of customers and employees. Hence, this study on the stakeholder perceptions of CSR and CSI will assist in understanding the psychological mechanism by which CSR and CSI related variables lead to the development of prescription loyalty behaviour. Empirically exploring the prescription loyalty behavior of doctors facilitates pharmaceutical companies to build loyalty in doctors' prescriptions. In addition, most studies on CSR only focused on certain aspects of CSR activities, thus providing a limited picture of consumer

responses to CSR (Beckmann, 2007). While Lee & Park (2009) did study on negative CSR, they however measured CSR as one aggregate variable that combines positive and negative CSR activities together, thereby commingling the possible individual impact of two such different (i. e., positive and negative) activities. Therefore, this study on the perceptions of CSR and CSI with the objective to separate the impact of both positive and negative CSR activities can contribute to the literature through an empirical research. A better understanding of perceived CSI enables pharmaceutical companies to identify critical actions or strategies which health professionals regard as socially irresponsible. Moreover, most studies on CSR have been conducted in the Western context which for cultural, political and historical reasons limits the generalizability of their findings and are only addressing certain aspects of CSR activities (Beckmann, 2007). It will be interesting to conduct study on CSR from an Asian context and provide empirical evidence on the perceptions of CSR and CSI on loyalty behaviour.

1. 3Research Objectives

Therefore, this study attempts to accomplish the following objectives: To explore the factors that influence the prescription loyalty behaviour of medical doctors. To determine the level of corporate social responsibility perceptions towards the prescription loyalty behaviour of medical doctors. To determine the level of corporate social irresponsibility perceptions towards the prescription loyalty behaviour of medical doctors.

1. 4Research Questions

In order to achieve the above objectives, this study tries to answer the following research questions: What are the factors that influence the prescription loyalty behaviour of medical doctors? Do corporate social responsibility perceptions lead to prescription loyalty behaviour of medical doctors? Do corporate social irresponsibility perceptions lead to prescription loyalty behaviour of medical doctors?

1. 5Significance of the Study

This study contributes to the literature by exploring perceptions of CSR and CSI in a pharmaceutical company that can influence medical doctors' loyalty behaviour in prescribing a particular brand of drugs. These perceptions of CSR and CSI should prove useful to the pharmaceutical industry in improving their marketing practices by enabling it to optimize marketing expenditures as well as adapting their promotional strategies to develop medical doctors' prescription loyalty behaviour to a particular brand. The findings of CSI perceptions influencing prescription loyalty behaviour will provide pharmaceutical companies with good information of business practices that medical doctors regard as socially irresponsible that could lead to potential boycotting of the companies' products. Moreover, if prescription loyalty behavior can be proven to be improved through CSR perceptions, this study would serve as a push for pharmaceutical companies that do not adopt CSR to move forward and invest their resources on CSR practices. This is vital to expedite the pharmaceutical industry in moving towards a sustainable future.

1.6 Definition of Key Terms

The following key terms were explained to share common understanding of the concepts for better understanding of further discussion in this paper.

Corporate Social Responsibility (CSR) Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development – working with employees, their families, the local community, and society at large to improve the quality of life, in ways that are good for business and good for development (World Bank Group, 2004).

Corporate Social Irresponsibility (CSI) Corporate social irresponsibility is referring to corporate behaviour and decision-making that is unaware of and/or uncaring as to the effects it brings about, because it does not accept or manage the implications and effect of its business actions (Jelena, Kristijan, & Ivana Bušljeta, 2011).

Prescription behaviour Judgments or decisions about a company's drugs by physicians through their evaluation process (Waheed, Jaleel, & Laeequddin, 2011).

Loyalty Loyalty is defined as buying the same brand along a given period of time and involves the consumer's psychological engagement towards the brand (Chebat, Laroche, & Filiatrault, 2003).

Medical doctors Medical doctors in this study refer to general practitioner (GP), physician or specialist.

1.7 Organization of Remaining Chapters

There are five chapters in this study. The first chapter provides an introduction, detailed aspects that are explored in the study as well as a view of the structure of the study through the problem statements, research questions and research objectives. Second chapter presents the review of

literatures that relates to past studies undertaken in CSR and CSI, pharmaceutical industry, prescription behaviours of physician and factors related to prescription behaviours. Additionally, the theoretical framework and the hypothesis development are discussed. Chapter three reports the data and variable used in terms of research design, sample collection, measurement variables, techniques used for data analysis and the expected finding. The forth chapter covers the results of the findings of this study. The chapter will disclose the profile of respondents, goodness of measurement, descriptive analysis and hypothesis testing. Finally, chapter five elaborates the overall findings and discuss on the implication of the study conducted. It also explained the limitation of this study, the recommendation for future research and conclusion.

Chapter 2

LITERATURE REVIEW

2. 0Introduction

This chapter provides a review of past research undertaken on the related subject and will review the variables involved in the study to clearly indicate the relationship of the research. An overview of literature on CSR and CSI as well as both the variables will be presented. Pharmaceutical industry in Malaysia and prescription behaviour will also be discussed. The theoretical framework and hypothesis development is revealed towards the end of this chapter.

2. 1Corporate Social Responsibility (CSR)

According to World Bank Group (2004), corporate social responsibility (CSR) is the commitment of businesses to contribute to sustainable economic development – working with employees, their families, the local community, and society at large to improve the quality of life, in ways that are good for business and good for development. While in Malaysian context, CSR is a continuous and long-term process guided by organizational and personal values. It is concerned with people (as stakeholders), the environment and organizational policies, and is influenced by political concerns. Adoption of CSR is often associated with monetary gain or profit for the initiator (Isa, 2011). With a growing concern for CSR, leading companies in various industries, driven by companies' stakeholders, consumers, societies and governments, are accelerating initiatives to demonstrate their CSR commitments (Kang, Lee, & Huh, 2010). CSR activities have been used to address consumers' social concerns, create a favourable corporate image, and develop a positive relationship with consumers and other stakeholders (Yoon, Gürhan-Canli, & Schwarz, 2006). A corporation cannot operate profitably if it is not socially responsible towards all relevant stakeholder groups, which means operating without producing irreparable damage or unnecessary harm to such groups (Jelena et al., 2011). CSR activities have been adopted based on growing evidence that consumers are willing to give incentives to socially responsible corporations (Creyer & Ross, 1997; Sen & Bhattacharya, 2001; Smith & Alcorn, 1991). For example, consumers are willing to pay higher prices for products made by an ethical company (Creyer & Ross, 1997), to switch brands to support companies that make donations

to nonprofit organizations, and to buy products from a company simply because it supports charitable causes (Smith & Alcorn, 1991). Vlachos (2012) examined the influence of corporate social performance on the emotional attachment of consumers to firms and found that corporate social performance influences consumer-firm emotional attachment and that this attachment constitutes an unrecognized mediational pathway in the corporate social performance-loyalty link. Two of the largest pharmaceutical companies, Merck and Pfizer, are rewarded for best practices on their actions to increase access to medicines for societies in need. The companies are rewarded for best-practices such as single-drug donation programs, issuing of non-exclusive voluntary licenses to local African generic companies, and the policy of ensuring that donated medicines reach intended recipients (Merck) as well as for allowing the company's chemical library to be screened in programs aimed at new treatments of neglected diseases and for the promotion of a not-for-profit pricing strategy and a non-exclusive voluntary licensing (Pfizer) (Rusu et al., 2011). Nevertheless, supporting a CSR activity affects not only purchase motives but also evaluations of the company (Sen & Bhattacharya, 2001). Sen & Bhattacharya (2001) found that the CSR record of a company has a positive effect on a consumer's evaluations of the company and their intent to purchase the company's products. There is also some evidence that investors both attend to and make investment decisions based upon the CSR activity of public companies (Domini, 1992). For example, Sen et al. (2006) found that individuals who were aware of a large charitable gift by a company had greater intentions to invest in company stock than respondents who were unaware of the gift. A

study carried out by Du, Bhattacharya & Sen (2007) investigated the moderating influence of the extent to which a brand's social initiatives are integrated into its competitive positioning on consumer reactions to CSR. The results showed that positive CSR beliefs held by consumers are associated not only with greater purchase likelihood but also with longer-term loyalty and advocacy behaviors. Jennifer et al. (2010) examined recent published corporate sustainability activity reports for 11 pharmaceutical sector-related companies and compared this to a similar earlier study. The findings showed that sustainability related activity has increased in breadth and depth, but activity is now being shifted toward CSR, which is reflective of corporate need to satisfy public sentiment. Many of the corporate policies reviewed placed sustainability within supporting principles or methods of the CSR report. CSR has become an important strategic policy for organizations despite increasing pressures for its incorporation into business practices (Isa, 2011). Based on a study among Malaysian stakeholders, Isa (2011) conceptualized CSR as a multidimensional formative construct consisting of eight dimensions which are process, policy, values, environment, personal, profit, people and political and offered a more universal framework to enhance developing country adoption and practice of CSR. The result of the study established how CSR multidimensional formative construct is positively associated with stakeholder loyalty and stakeholder satisfaction mediated the relationships. CSR is seen as a set of activities, that work together through a consistent flow to relate with business, responsibilities, expectations, rights and regulations, which could be relate to as an onion because it is made up of many layers. Organizations have to go through all

the rational layers to bring out the 'invisible' meaning of CSR. Each layer has a dynamic relationship with other layers and each has its own important place, without losing the sense of the whole concept of CSR. CSR makes room for different voices, with wide ranging interests in the achievement of an appropriate relationship between corporation and society. Therefore, CSR means something to everybody, although not always the same thing. Indeed, to some stakeholders, CSR conveys the idea of socially responsible behavior; to others, it means legal responsibility or liability; to yet others, CSR are just a tool to transmit a 'responsible for' message from organizations to society at large (Isa, 2012).

Dimension

Theme Elements

Policy Compliance with legal and law Ethical conduct Regulation Business standards Environment Protect the environment Manage natural resources Manage wastes Recycle Process Innovation Culture development Long term outcome Education Information Values Image Identity Reputation Corporate benchmarking People Quality of life Human resource development Fulfill and satisfy society needs Social obligation Stakeholders and shareholders Political Triple-bottom line Window dressing Corporate governance Personal Attitude Behavior Perception

Table 2. 1: CSR theme elements (Source: Isa, 2012)

2. 1. 1 Policy

According to Isa (2011), policy relies on the compliance to regulation which extends beyond legal and ethical conduct. Arjoon (2005) has studied on

corporate governance issues from a compliance point of view. The researcher argued that legal compliance mechanisms alone are insufficient in dealing with fraudulent practices and may not be addressing the real and fundamental issues that inspire ethical behavior. Theoretically, pharmaceutical companies should clearly communicate important information in their advertisements with the purpose of giving consumers a better understanding of their products (Wagenhofer, 1990). Nonetheless, minimal legal compliance alone may not be satisfactory to consumers since the level of responsibility needs to be assessed against the social issue involved and also the organization's social responsiveness to these issues (Carroll, 1999). At such, pharmaceutical companies' social responsibilities of advertising information should meet consumers' expectations and satisfaction with a voluntary nature designed to provide sufficient information for the satisfaction of consumers (Alex, 2011). Implementation of CSR policy by corporations is not required by law and is not considered unethical for not engaging in this activity but it is within the corporations' prerogative to conduct CSR practices that meet consumers' expectations (Joyner & Payne, 2002; Mukherjee & Bhavsar, 2009). Isa (2011) found that CSR policy affects people's opportunities in life regardless whether the implementation of policy is made by the corporations or by the state through legislation. The pharmaceutical industry tries to improve its reputation through various corporate social responsibility policies (Rusu et al., 2011).

2. 1. 2Environment

Environment pertains to the effective management and protection of natural resources while balancing this with stakeholders' activities and interests (Isa, 2011). The theme elements related to environment are protecting the environment, managing natural resources, managing wastes and recycling (Isa, 2012). A large-scale quasi-experimental study conducted by Grimmer & Bingham (2013) examined the relationship between the perceived environmental performance of a company (PEP) and consumers' purchase intentions, and then determines whether this relationship is moderated by the degree of consumers' environmental involvement (EI) and by the relative price of company products. Results reported higher purchase intention for products from high versus low PEP companies, and that participants' EI and product price moderate this relationship. Contrary to expectations, participants with high EI are as price sensitive as those with low EI regarding products from high PEP companies. In another study, Chang & Fong (2010) explored the relationships among green product quality, green corporate image, green customer satisfaction and green customer loyalty. They concluded that green product quality could bring about green customer satisfaction and green customer loyalty. Additionally, green corporate image contributes to green customer satisfaction and green customer loyalty. Similarly, Chen (2010) proposed and investigated the relationships among green perceived value, green satisfaction, green trust and green loyalty. The findings showed that enhancing green perceived value, green satisfaction, and green trust of customers can increase their green loyalty.

2. 1. 3Process

Process dimension in CSR relates to measuring the long term activities or business between and among stakeholders (Isa, 2011). The theme elements associated with this CSR dimension are innovation, culture development, long term outcome, education and information (Isa, 2012). Customers require quality of the products and services not only related with the product itself but also to the relationship with the company that facilitates a process of complaints, suggestions and proposals. Thus, CSR activities have a significant impact on customer-related outcomes and attitudes toward that company activities and its products (Skudiene & Auruskeviciene, 2012). Alex (2011) examined how consumers perceive the visually primed disclosure in a pharmaceutical company's advertisement and formed their attitudes toward the disclosure, perceived CSR practices and attitudes toward the pharmaceutical company. The findings revealed that a visually primed disclosure affects consumers' attitudes toward the disclosure positively. Visual priming also enhances consumers' perceived CSR practices and attitudes toward the company. This is evident as the impact of attitude toward the disclosure on attitude toward the company is mediated by perceived CSR practices. Socially responsible practices such as providing accurate information and visual priming can facilitate advertising effectiveness and enhance consumers' attitudes toward the pharmaceutical company (Alex, 2011). Firms that consider process dimension for their CSR initiatives by educating, communicating and looking at long term outcome are more likely to develop a trust in CSR as a means to increasing business profitability and stability (Isa, 2011). Maignan & Ferrell (2004) suggested that

the degree to which stakeholders develop a bond of identification with the company is based upon the extent to which CSR initiatives address issues that are important to the stakeholder group. Stakeholders evaluate CSR initiatives based on the degree to which initiatives are successful in improving the lives of the intended beneficiaries. For example, Du, Sen, & Bhattacharya (2008) find that beneficiaries of a corporate-sponsored dental hygiene program have heightened intentions to purchase the company's products when they feel that the program is effective in improving their (and their children's) oral health.

2. 1. 4Values

Values relates to determining the core beliefs that help a corporation to differentiate its reputation and identity and guide communication efforts (Isa, 2011). Individual stakeholders appear to view corporate reputation as key driver to promoting and embedding CSR internally in organizations and view corporate image and reputation as leverage to force organizations to implement CSR (Isa, 2011). Corporate reputation plays a very specific role because stakeholders make their decisions based on the reputational status of the organization. Given the importance of corporate reputation as an important intangible asset that organizations should carefully manage, understanding its antecedents and consequences is of strategic importance (Maden, Arıkan, Telci & Kantur, 2012). Additionally, how a company values its CSR activities will reflect its world view and corporate culture (Isa, 2011). Maden et al. (2012) investigated the effect CSR has on corporate reputation and then the effects that corporate reputation has on the behaviors of

customers, employees, and investors as different stakeholder groups. The results from their study confirmed not only that as an antecedent, CSR has a strong positive effect on corporate reputation but also that corporate reputation has a strong positive effect on the behaviors of customers, employees, and investors.

2. 1. 5People

People refers to the objects of a firm's responsibility and commitment (e. g. shareholders, employees, customers, suppliers, governments, non-governmental organizations and communities) (Isa, 2011). The theme elements associated with this people component are quality of life, human resource development, fulfill and satisfy society needs, social obligation and stakeholders and shareholders (Isa, 2012). Workers' opinions should be taken into greater consideration when companies develop their CSR programs, in particular for those relating to working conditions as well as individual workers' characteristics and life styles in order to restore or to maintain workability and to reduce fatigue (Metzner & Fischer, 2010). In relation to recruitment and employee relations, firms sponsor activities that will attract future or perspective high-quality employees and that help to retain present high-quality employees. As for general community engagement, firms recognize that good schools help the whole economy. They may subsidize local schooling or promote educational reform (including privatization) that improves educational services (Capaldi, 2005). A survey was conducted by Skudiene & Auruskeviciene (2012) to examine the impact of CSR on internal employee motivation. The findings suggested that internal

and external CSR activities positively correlate with internal employee motivation. Internal CSR (development of workers' skills, social equity, health and safety at work, well-being and satisfaction of the workers, and quality of work) was found to be stronger related to internal employee motivation than all the external CSR dimensions. Moreover, a study by Rogg, Schmidt, Shull & Schmitt (2001) investigated the relationship between human resource practices and organizational climate which in turn influences customer satisfaction in 351 small businesses in the same industry. They found that the indirect effects of HR practices on customer satisfaction were significant and relatively large while the direct effect was not significant and near zero.

2. 1. 6Political

Political dimension relates to determining the situation of manipulation by certain organizations or individuals for their own agenda and interests; for instance, corporations are able to behave in such a ways as to take advantage of current situations (Isa, 2011). Indeed, the mobilization of CSR and treatment of CSR as a means to achieve corporate goals rather than social goods by corporate leaders has been called into question. As such, to contextualize this point, an act of CSR by a tobacco company making a philanthropic donation to a social cause even though the company is not obligated to make such a contribution may have other hidden agenda. Barraclough & Morrow (2008) examined British American Tobacco, Malaysia's (BATM) CSR strategy. Their investigation found that BATM's CSR activities included assistance to tobacco growers, charitable donations, scholarships, involvement in anti-smuggling measures, ' youth smoking

prevention' programs and annual Social Reports. BATM has stated that its model is predominantly motivated by social and stakeholder obligations. Its CSR activities have, however, had the additional benefits of contributing to a favourable image, deflecting criticism and establishing a modus vivendi with regulators that assists BATM's continued operations and profitability. BATM has successfully positioned itself, in both symbolic and substantial terms, as a partner in seeking to prevent youth smoking. This role has been strongly legitimized through official Government endorsement (Barraclough & Morrow, 2008). This offers a glance into the construction of false consciousness in ideology. That while in its own strategically constructed corporate marketing discourse it contends social good, such companies create a veneer of being socially responsible with the aim to promote market capitalization (Prasad & Holzinger, 2013). Accordingly, CSR is little more than a public relations invention (Frankental, 2001). Podnar & Golob (2007) investigated the link between individuals' expectations of CSR and their readiness to support the socially responsible behavior of companies in light of the expectational relationship a company has with its stakeholders. The results showed that expectations of ethical-philanthropic CSR tend to have a significant positive influence on both types of intended CSR support by customers and suggested that ethical-philanthropic responsibilities seem to lead to a competitive advantage which is based on a desired customer response and reward.

2. 1. 7Personal

Isa (2011) defined personal as measuring an individual character, subjecting to individual perception and expectation. Factors such as culture (e. g. race and religion) do play a significant role in changing an individual's character or corporate behavior. Everyone sees and responds to CSR differently which specifies that each stakeholders may perceive CSR from the viewpoint of their own interests (Isa, 2011). Lee, Park, Rapert & Newman (2012) examined how the perceived fit between consumers' point of view (e. g. their values and lifestyles) and CSR activities influences consumer loyalty through such mediating variables as consumer perception of CSR activities and C-C (consumer-company) identification. The empirical findings inform the suggestion that perceived consumer fit influences consumer perception of CSR activities and, consequently, on C-C identification and consumer loyalty. Additionally, Leonidas, Mary, Theofilos & Amalia (2012) explored Greek managers' perceptions towards CSR as well as their attitudes regarding the institutionalization of CSR. They found that Greek managers believe that CSR activities offer a number of benefits. Interestingly, managers who believe that CSR activities should be communicated and evaluated externally by a national agency tend to hold a strong positive attitude for the institutionalization of CSR.

2. 2Corporate Social Irresponsibility (CSI)

The concept of CSR seems to leave enough space for a clear distinction between social responsibility and irresponsibility since any neglect of any stakeholder group that should be taken care of is a clear case of social

irresponsibility. Corporate social irresponsibility (CSI) is referring to corporate behaviour and decision-making that is unaware of and/or uncaring as to the effects it brings about, because it does not accept or manage the implications and effect of its business actions (Jelena et al., 2011). CSI is about being reactive as opposed to proactive in addressing corporate issues and the ways and means by which they relate to wider society (Brian, Ryan, & Ralph, 2009). Avoiding social responsibility by businesses may provoke additional legislation leading to higher cost of compliance that can never be recovered by businesses (Russo & Fouts, 1997). Therefore, companies are under increasing pressure from multiple stakeholders to be socially and environmentally responsible. The recent global financial crisis has also highlighted the issue of CSI, whether real or perceived. For example, senior executives at AIG hosted a multi-million dollar party for its clients after receiving government bailouts in excess of tens of billions of taxpayer dollars, fuelling the common media perception that financial firms are "greedy" and irresponsible (Putrevu, McGuire, Siegel, & Smith, 2011). Any occurrences of unethical corporate conduct can result in harsh consumer reactions such as consumer boycott being the most severe consumer resistance (Herrmann, 1993). Example of unethical business practices of pharmaceutical companies are drug safety issues as well as marketing and advertising tactics in promoting prescription drugs (Jörg et al., 2012). Consumer boycotts can lead to serious consequences to corporation and affect a firm's bottom line and may have a negative effect on boycotted firm's stock price (Frooman, 1997; Jörg et al., 2012). Surprisingly, consumer boycotts in pharmaceutical industry have not received sufficient attention

considering the industry is one of the most crisis-prone industries (Priporas & Vangelinos, 2008). Jörg et al. (2012) conducted a study to investigate how unethical corporate behavior of pharmaceutical companies affects consumer behavior of German consumers, especially boycotts of over-the-counter drugs. The findings found out that anger about animal testing, perceived immorality of pharmaceutical companies' corporate behavior and negative corporate image of pharmaceutical companies as the reasons individuals are incline to join boycotts and engage in boycott communication. An empirical analysis reveals significant moderation effects (Jörg et al., 2012). Besides, Klein, Smith, & John (2002) found that a central factor in whether consumers participate in a boycott is the degree to which the individual perceives a target company's transgressions to be egregious. Taken as a whole, it appears that an important aspect of stakeholder perceptions of CSR initiatives is the degree to which initiatives are seen to be effective in benefiting the cause beneficiaries and/or society. For example, when consumers become suspicious and infer that the company's true motive for the CSR activity is only to improve its image, CSR activities are not only inefficient but may actually backfire, leaving the company with a more negative image than would be the case without the CSR activity (Yoon et al., 2006). In a more recent study, Grappi, Romani & Bagozzi (2013) focused on consumers' word of mouth and protest behaviors against corporate irresponsibility. The study explained how consumers' negative moral emotional (anger, contempt and disgust) responses to corporate infractions instigate, in combination with other-regarding virtues (beneficence, communal cooperation and justice), negative word of mouth and protest

toward the corporation. In addition, Sweetin, Knowles, Summey & McQueen (2013) look into consumers' willingness-to-punish the corporate brand for CSI. The researchers examined consumers' willingness-to-reward and its converse willingness-to-punish a corporate brand under three treatment conditions of socially responsible, socially irresponsible, and environmentally friendly. Data were collected on four outcome variables of willingness-to-punish, willingness-to-reward, brand attitude, and purchase intention for each treatment group. Results found the socially irresponsible group was statistically significant. Consumers dealing with socially irresponsible corporate brands were more likely to punish and less likely to reward than consumers in the other three treatment conditions. This study illustrated the latent negative impact from CSI activities on four important dimensions of consumer response. The findings indicate there is a pragmatic need for corporate brand strategists to recognize consumers' willingness-to-punish the corporate brand and the subsequent necessity to avoid activities that consumers may perceive to be socially irresponsible (Sweetin et al., 2013). Numerous studies have shown that CSI activities lead to poor financial performance. Any case of CSI in fact reduces financial and market brand value of a firm. According to Frooman's (1997) meta-analysis, the stock market reacts negatively to a firm's engagement in socially irresponsible or illicit activities, while there is insufficient evidence exists to attribute socially responsible activities' impact on firm value. Similarly, Johnson (2003) developed a CSR continuum framework which asserted that a firm's socially irresponsible or illegal activities hurt financial performance, but socially responsible activities linked to no fiscal advantages. Bird, Hall, Momente, &

Reggiani (2007) investigated relationships between firms' positive and negative CSR activities for each stakeholder group and equity performance, measured by market to book and price to earnings ratio. They reported different directions and magnitudes for each (i. e., positive and negative) CSR activity's impact on firm performance. For example, the findings showed employment-related negative CSR activity influenced more heavily than employment-related positive CSR activity. However, the dataset included overall US companies in the S&P500 index, and therefore did not provide industry specific examination. In addition, measuring short-term financial performance such as ROE and ROA other than market-based firm value (market to book and price to earnings ratio) is needed for firms to decide appropriately their periodic focus on CSR strategies (Kang et al., 2010). A study was carried out to discover which retail business practices lead to perceptions of CSI from the customers' perspective (Tillmann, Pelin, & Zachary, 2008). The research identified 14 business practices which consumers regarded as socially irresponsible. The specific business practices regarded as socially irresponsible are natural environment, local businesses, foreign economies, local employment, societal rules, employee benefits, employee wages, local working conditions, employee discrimination, foreign labor, sales practices, dishonesty, offensive material and pricing policies (Tillmann et al., 2008). Of the 14 CSI perceptions identified, only 4 variables (employee wages, natural environment, pricing policies and dishonesty) are selected in this study by the researcher according to the relevance of the variables in the pharmaceutical industry.

2. 2. 1Employee Wages

Study done by Tillmann et al. (2008) identified peoples' concerns about employees' wages, benefits and working conditions. Retailers were criticized for the way they are treating their employees including paying low wages where individuals work for minimal pay under extremely poor working conditions, providing very limited health care benefits and unequal treatments to employees of different genders, race, age or looks (Tillmann et al., 2008). A number of recent research studies have demonstrated the presence of a positive link between customer-contact employees' work satisfaction and customer satisfaction. Homburg & Stock (2005) investigated customer characteristics (such as customer trust, customer price consciousness, and the importance of product/service to the customer) and salesperson characteristics (such as empathy, expertise, and reliability) having a moderating relationship between salespeople's work satisfaction and customer satisfaction. The findings from their study confirmed the link between work satisfaction and customer satisfaction is systematically moderated by the salesperson and customer characteristics. Gu & Siu (2009) examined the relationship between work performance and job satisfaction. Findings showed that job satisfaction is significantly correlated with job performance. Significant drivers of job satisfaction are training opportunities, salaries and benefits, and support from colleagues and superiors. Moreover, a study conducted by Testa, Skaruppa & Pietrzak (1998) found a direct relationship between employee job satisfaction and customer satisfaction.

2. 2. 2Natural Environment

Business practices can be potentially harmful to the natural environment by selling products whose production harms the natural environment or products that are made out of rainforest wood. In addition, producing a large amount of waste can contribute substantially to environmental pollution (Tillmann et al., 2008). Operating in a CSI manner means environmental degradation and pollution are inevitable and little if anything can or should be done (Brian et al., 2009). Compliance with environmental laws can be costly to companies like Merck and Pfizer with large manufacturing facilities for both capital investments as well as expenditures for environmental liabilities (Rusu et al., 2011).

2. 2. 3Pricing Policies

Pricing policies in CSI refers to as employing unfair pricing policies (overpricing, differences in advertised and actual prices, and inflated prices due to a monopolistic market position) in business practice (Tillmann et al., 2008). On the contrary, pricing policies from a CSR point of view is directly opposite of CSI which is about fairness in price. Matute-Vallejo, Bravo & Pina (2011) explored how customers' perceptions of firms' CSR and fairness in their pricing strategy determine customers' behavior as users of financial services. The study results showed that both CSR and price fairness contribute to achieving customer loyalty, also confirming the roles of satisfaction and commitment as mediating variables. In addition, it also shown that CSR influences customer perceptions of price fairness, in such a way that customers perceive that socially oriented firms are also fairer in

their pricing strategies. Additionally, a study has been carried out to examine how customer loyalty and fairness perceptions affect each other in the context of a retailer increasing its prices (Martin, Ponder & Lueg, 2009). The results showed that loyalty has a positive effect on fairness perceptions when price increases are low. However, no such effect was found when price increases are high. Ferreira, Avila & Faria (2010) investigated whether CSR would positively influence the benefit and the value perceived by the consumer in the company's offer, the judgment of fairness in the price differential charged for it, and his/her buying intention, in a context where the socially responsible firm practices a price higher than the competition. The findings obtained indicated that consumers perceived greater benefit and value in the offer of the socially responsible firm, and were showed to be willing to pay 10 percent more for its product, judging this price differential as being fair.

2. 2. 4Dishonesty

Tillmann et al. (2008) defined dishonesty as making misleading claims in advertising or having sales people make false claims about products. Certain drug safety issues as well as marketing and advertising tactics in promoting prescription drugs have been considered as unethical business practices of pharmaceutical companies (Jörg et al., 2012). Vanhamme & Lindgreen (2001) exploratory study examined the impact of some Belgian mail-order companies' deceptive practices (the use of gifts) on long-term relationships with their customers. The results supported the premise that the use of deceptive gifts first elicits negative surprise and, subsequently,

disappointment or even outrage. Deceptive gifts also seem to have a negative impact on the company's brand image and on the trust customers place in the company and its products. Moreover, the results suggested that the use of deceptive gifts hinders customer retention and customer loyalty. A study has been carried out to determine how a salesperson's ethical and unethical sales behavior can build or deplete both customer trust in the salesperson and in the company, which in turn influences customer loyalty in the life insurance industry (Chen & Mau, 2009). The main findings of the study showed that the salesperson's ethical sales behavior does play a crucial role in winning customer loyalty through customer trust.

2.3 Pharmaceutical Industry in Malaysia

The pharmaceutical industry differs in many aspects from the chemicals manufacturing industry as a whole. It is a research intensive industry whereby innovation plays a more significant central role compare to other industry. The pharmaceutical industry sector is characterized by frequent innovation and intense international competition. However, the market has been relatively stable with respect to concentration due to the substantial economies of scale (Blum-Kusterer, & Hussain, 2001). Many developing countries are placing emphasis on developing their pharmaceutical industry and consider it a key to resolving issues of access to medicines, self-sufficiency and the generation of revenue through exports (Babar, Ibrahim, & Hassali, 2011). Malaysia, with a population of 26 million people, has a relatively effective public health system and a good drug regulatory structure in place. Over the last one decade, Malaysian pharmaceutical

industry has shown such a progressive growth that government agencies are committed to turn the pharmaceutical industry into an important economic player under the Healthcare National Key Economic Area (NKEA) sector by promoting manufacturing of pharmaceuticals ("Third Industrial Master Plan", 2006-2020; "MIDA", 2013). According to a market research report by Frost and Sullivan, Malaysia pharmaceutical industry was valued at approximately USD 1.03 billion in 2007 and is estimated to reach USD 1.8 billion by 2013, growing at a CAGR of 10.5% boosted by changing demographics and rising healthcare expectations (Tham, 2008). The major focus for Malaysia's pharmaceutical industry is on formulation development and on licensed manufacturing from multinational companies (Babar et al., 2011). New investments in the state-of-the-art technologies and compliance with international standards have enabled Malaysian companies to be strategic outsourcing partners for multinational companies ("MIDA", 2013). Foreign multinational pharmaceutical companies dominated the Malaysia's pharmaceutical market with a share value of almost 70% in 2000 which import and market their own patented drugs (Azmi, & Alavi, 2001). The remaining 30% of domestic demand are dominated by local pharmaceutical companies that develop and manufacture off-patent generics, over-the-counter / supplement and traditional products using their own brands as well as exporting to the Asia-Pacific Rim countries, Middle East, Africa, Latin America and Europe. They are also able to produce 80% of medicines on the Malaysian National Essential Drug List (Babar et al., 2011; "MIDA", 2013). The Malaysian pharmaceutical market is regulated on the production, import and sale of pharmaceuticals by the Drug Control Authority (DCA) within the

Ministry of Health. To date, there are 246 pharmaceutical companies that are registered with the DCA with 51 companies involved in modern medicines manufacturing while remaining 172 companies are local traditional and herbal medicine producers ("MIDA", 2013).

2.4 Prescription Behaviour

According to Waheed et al. (2011), physician prescription behavior refers as judgments or decisions about a company's drugs by physicians through their evaluation process. The decision making in medical prescription, unlike in the case of other economic decisions, is not up to the consumers or the patients to make the final decision of purchasing the product (Kim, & King, 2009). When a particular drug is prescribe to the patient, the doctor is not only recommending a remedy that may alleviate a certain condition or disease, but also making a decision as to which specific medicine to prescribe (Kim, & King, 2009; Ladeira, Dalmoro, Maehler, & Araujo, 2011). Consequently, the role of doctor is considered crucial for drug purchase decisions as he or she performs the roles of users, influencers, gatekeepers and deciders, while patients perform the role of buyers and users (Abratt & Lanteigne, 2000). Even though the drug purchase decision is largely supported by technical data, the prescriber is also influenced by the marketing strategies of the pharmaceutical companies (Ladeira et al., 2011). As doctors are the main decision-makers, knowing how a doctor finally selects a specific medicine for prescription would provide essential inputs that could help guide the marketing strategies of pharmaceutical industry (Ladeira et al., 2011). Hence, determining how exactly doctors get influenced

is critical for the success of a pharmaceutical business (Waheed et al., 2011) as the prescription drug is the primary source of revenue for the pharmaceutical industry (Ladeira et al., 2011). Prescription drugs are promoted directly to physicians by medical sales personnel and advertise in the medical press. (" EC", 1997).

2. 5Factors Related to Prescription Behaviour

Ladeira et al. (2011) conducted a research to analyze the functional relationships between factors related to the prescription of medical drugs in Brazil. Result of the study showed factors such as drug's brand and its related advertising have the strongest effect, while the cost-benefit ratio of a drug has a moderate effect and the characteristics of the drug and information available on a drug have the weakest effect. In a Dutch study by Windmeijer, de Laat, Douven, & Mot (2006), GPs prescription behaviour to promotional activities for ethical drugs by pharmaceutical companies was empirically analyzed. The study concluded that GP drug price sensitivity was small, but adversely affected by promotion. Promotion can be beneficial as a means of providing information, nevertheless it can also be harmful in the sense that it lowers price sensitivity of doctors and it merely is a means of maintaining market share, even when cheaper, therapeutically equivalent drugs are available (Windmeijer et al., 2006). Abratt & Lanteigne (2000) investigated factors that influence physician prescription behavior. The result of the study identified marketing factors (sales representatives, advertising, price of the product to the patient, trade fairs and symposia) and professional factors (journals, prior experience and education, opinion leader

influence, recommendations by colleagues, patient demands) as influencing physician prescription behavior. Similarly, another study has been carried out to determine the factors that influence physician loyalty behavior in prescribing certain brands of drugs (Waheed et al., 2011). The researchers concluded that tangible rewards to physicians by the pharmaceutical companies lead to prescription loyalty. They also found out the professional values of pharmaceutical sales representatives (PSR) impact significantly on physician prescription loyalty. However, the hypotheses related to the impact of PSR personality, drug quality, corporate reputation and professional influence on prescription loyalty were not supported in the study. Sanyal & Datta (2011) examined the physicians' perceptions of prescribing generic drugs for selective medical conditions in India as well as the relationship between the qualities of generic drugs perceived by the physicians and brand equity of the branded generics. The researchers hypothesized components of perceived quality (intrinsic cues and extrinsic cues) to influence perceived quality of branded generics which in turn influence brand equity. They also hypothesized that respondents' quality experience is assimilated towards their quality expectations. Findings showed that perceived quality of branded generics significantly, but indirectly, affected brand equity through the mediating variables, intrinsic cues and extrinsic cues and that physicians' quality experience leads to quality expectations. In another research, Lagace, Dahlstrom, & Gassenheimer (1991) studied the relationship quality between physicians and pharmaceutical salespeople. The findings showed that the seller's expertise leads to a higher level of the relationship quality, whereas the

frequency of the contact and the duration of the relationship do not lead to a higher level of relationship quality. The study conducted by Dey, Rai, & Chandra (1999) supported earlier study by Lagace et al. (1991) that the point of differentiation lies with pharmaceutical salespeople and their relationship with doctors. Furthermore, they identified other marketing tools such as advertising, marketing research, public relations and distribution.

2. 6Loyalty

Loyalty is defined as buying the same brand along a given period of time and involves the consumer's psychological engagement towards the brand (Chebat et al., 2003). A composite approach to loyalty measurement comprises an integration of both attitudinal measures such as commitment, positive word-of-mouth, stated intention to buy and behavioral dimensions like repeat purchase probability, exclusive purchase, share of category requirements (Mandhachitara & Poolthong, 2011). While customer loyalty is often measured solely in terms of purchase behavior, many analysts believe it is attitudinal loyalty that generates consumer commitment to an organization over the longer term. Given that companies are increasingly attempting to differentiate through the associations, values and attitudes symbolized by the organizational whole, knowing how consumers feel towards them is clearly vital (Anisimova, 2007). Mandhachitara & Poolthong (2011) investigated the roles of corporate social responsibility (a non service-related concept) and perceived service quality (a service-related concept) in determining the attitudinal and behavioral loyalty of customers in the retail banking sector in Bangkok, Thailand. The results of the study demonstrated

that CSR has a significantly strong and positive association with attitudinal loyalty. Perceived service quality mediated the relationship between CSR and repeat patronage intentions (behavioral loyalty). Direct effects were reported between perceived service quality and both attitudinal and behavioral loyalty. A positive relationship between attitudinal and behavioral loyalty was demonstrated. In another research, Anisimova (2007) empirically investigated the influence of the corporate brand on attitudinal and behavioural consumer loyalty based on a sample of 285 consumers of an automobile manufacturer in Australia. The study established two groups of corporate brand attributes which were corporate and marketing-level. Corporate-level dimensions included corporate activities, corporate associations, organizational values and corporate personality; whereas marketing-level dimensions comprised functional, emotional and symbolic brand benefits. The results revealed that corporate values, corporate brand personality and functional consumer benefits are the most critical and consistent predictors of both attitudinal and behavioural loyalty. Naoui & Zaiem (2010) examined the theoretical foundation of the relationship quality concept and loyalty, and to study the relationship between relationship quality, its antecedents and loyalty. An empirical study was conducted in the parapharmaceutical sector through the direct administration of a questionnaire to a sample of 300 pharmacists dealing with sales representatives of the parapharmaceutical products. The results show that there is a significant relation between the antecedents of relationship quality, namely, interpersonal communication, relational contact, conflict resolution and client-oriented behavior, and relationship quality itself.

Relationship quality has also an impact on loyalty which is accounted for positively by satisfaction, and negatively by affective conflict.

2. 7The theory of planned behaviour (TPB)

The theoretical framework adopted in this study is the theory of planned behaviour (TPB). It can be considered a basis for understanding the determinants of behaviour. The theory of reasoned action (TRA) (Ajzen & Fishbein, 1980) hypothesises that the immediate determinant of behaviour is the individual's intention to perform or not to perform that behaviour, which in turn affects the actual behaviour. The individual can decide at will whether or not to perform the behaviour. As a general rule, the stronger the intention to engage in a behaviour, the more likely its performance will be. Intentions are, in turn, influenced by two factors: 1. Attitude, the individual's favourable or unfavourable evaluation of performing the behaviour. 2. The subjective norm, the individual's perception of social pressure to perform or not to perform the behaviour. However, Liska (1984) and Ajzen (1991) argue that even if users have a strong intention to perform a behaviour, the performance of many behaviours will be constrained by the lack of appropriate opportunities, skills and resources. These factors represent the individual's control over the behaviour. Nevertheless, since actual control is difficult to measure, perceived behavioural control (PBC) is preferred: that is, the individual's perception of the ease or difficulty in performing the target behaviour. In recognition of this, TPB extends the TRA to include a third variable, PBC, a measure of the individual's perception of their ability to perform the behaviour in question that affects behavioural intention and

actual behaviour (Ajzen, 1991). According to the TPB (Ajzen, 1991), the intention in turn, is affected by three conceptually independent antecedents. The first is the individual's attitude toward the behaviour, thus having a favourable or unfavourable appraisal of the behaviour. Attitude impacts users' behavioural intention, which in turn influences their actual behaviour. When individuals form positive attitude towards CSR experiences, they will have a stronger belief and trust about CSR of the organization, thus they are more likely to support and adopt the organization. The second is the subjective norm, which refers to the perceived social pressure to perform or not to perform the target action. GPs may perceive pressure from respected colleagues to prescribe for a given condition, and hence be more inclined to prescribe. Perceived pressure from someone considered untrustworthy or not respected may provide an effect in the opposite direction (Rashidian & Russell, 2011). The last antecedent of intention is the previously mentioned PBC. Past experience, anticipated difficulties or facilitating conditions, are considered. Intentions to act are generally stronger when the individual's attitude toward the action is favourable, one perceives a social pressure to act and when the person feels that he or she can control the behaviour. Foxall (2005) suggests that attitudes that were formed on the basis of past behaviour may be more stable predictors of subsequent behaviour than attitudes that are not based on behavioural experience. Godin, Bélanger-Gravel, Eccles, & Grimshaw (2008) systematically review the published scientific literature about factors influencing health professionals' behaviours based on social cognitive theories. Results from the study suggest that the TPB appears to be an appropriate theory to predict behavior whereas other

theories better capture the dynamic underlying intention. Moreover, a study done by Rashidian & Russell (2011) that uses the TPB for explaining physicians' implementation of guidelines' prescribing recommendations also concluded that TPB helped understanding of GPs prescribing behaviour and their intentions to implement a clinical guideline. Beliefs (e. g. normative beliefs) were better predictors of behaviour than the composite scores for their corresponding higher-level construct (e. g. indirect subjective norm). Result showed that TPB explained 48% of variation in reported intentions to follow guidelines' prescribing recommendations. Attitude and perceived controls, but not subjective norms, were predictors of variation in intentions. TPB belief variables significantly explained variation in effective and efficient prescribing indicators (14% and 12% respectively). Normative, control and behavioural beliefs contributed to the models. Only for efficient prescribing, the TPB items retained their significance in presence of demographic variables. The study found no significant relationship between intention and prescribing.

2. 8Theoretical Framework

The understanding of doctors prescribing behaviour facilitates pharmaceutical companies to build loyalty in doctors' prescriptions. Godin et al. (2008) and Rashidian & Russell (2011) suggested the theory of planned behavior to be an appropriate theory to predict behavior and to understand GPs prescription behaviour. Research addressing the relationships between CSR as well as CSI activities and doctors' perceptions is crucial for pharmaceutical companies' willingness to engage in CSR activities and

interested in communicating their engagement to their main stakeholders. Nevertheless, there are many dimensions in CSR and CSI activities. This study covers 11 independent variables and one dependent variable. The set of independent variables is adapted from Isa's work (2011) on CSR dimension and from Tillmann et al.'s study (2008) on CSI dimension. Previous studies (Abratt & Lanteigne, 2000; Windmeijer et al., 2006; Ladeira et al., 2011; Waheed et al., 2011) on factors impacting drug prescription behaviour have looked into drug quality, pharmaceutical sales representative's relationship with physician, product information, advertising and the like but none has research on drug prescription factor from the viewpoint of CSR and CSI. As such, this study will try to explore the CSR and CSI factors that influence the prescription loyalty behaviour of medical doctors. The schematic diagram in Figure 2. 1 portrays the theoretical framework of the study. Perceptions of CSI Employee wages Natural environment Pricing policies Dishonesty Perceptions of CSR Policy Environment Process Values People Political Personal Prescription Loyalty Behaviour H1 - H4 H5 - H11

Figure 2. 1: Theoretical Framework

2. 9 Hypothesis Development

The hypothesis development for this study is based on theory of planned behaviour. Based on the theoretical framework shown earlier in Figure 2. 1, eleven hypotheses will be tested in this research.

2. 9. 1 Employee Wages

As mentioned by Tillmann et al. (2008), people are concern about employees' wages, benefits and working conditions. Customer satisfaction is

influence by employee job satisfaction (Testa et al., 1998) and drivers of job satisfaction are training opportunities, salaries and benefits, and support from colleagues and superiors (Gu & Siu, 2009). Therefore, irresponsible corporate behavior such as paying low wages will lead to low job satisfaction and subsequently lower customer satisfaction. Accordingly, this study hypothesizes that: H1: Perceived CSI in employee wages factor will not influence prescription loyalty.

2. 9. 2Natural Environment

According to literature, higher perceived environmental performance of a company leads to higher consumers' purchase intentions (Grimmer & Bingham, 2013). Chang & Fong (2010) concluded that green product quality could bring about green customer satisfaction and green customer loyalty in their study. Likewise, another study also showed that enhancing green perceived value, green satisfaction, and green trust of customers can increase green loyalty (Chen, 2010). All these studies indicate that customer or consumer will reward and support firm that has environmental CSR policy. Similarly, it can be proposed that CSI in environment will lead to a lower reward and support from customer. Therefore, it is hypothesizes that: H2: Perceived CSI in natural environment factor will not influence prescription loyalty.

2. 9. 3Pricing Policies

Previous studies proved that CSR and price fairness contribute to customer loyalty and loyalty has a positive effect on fairness perceptions when price increases are low (Matute-Vallejo et al., 2011; Martin et al., 2009). A study by

Ferreira et al. (2010) indicated that consumers perceived greater benefit and value in the offer of the socially responsible firm. From the literature, it can be concluded that CSR practices in pricing policies will lead to customer loyalty. As a result, it is hypothesized that: H3: Perceived CSI in pricing policies factor will not influence prescription loyalty.

2. 9. 4 Dishonesty

Vanhamme & Lindgreen (2001) suggested that deceptive practices (the use of gifts) hinder customer retention and customer loyalty. Unethical sales behaviour such as making false claims about products can deplete customer trust which in turn influences customer loyalty (Chen & Mau, 2009). Thus, it is hypothesized that: H4: Perceived CSI in dishonesty factor will not influence prescription loyalty.

2. 9. 5 Policy

Policy dimension in CSR relies on the compliance to regulation which extends beyond legal and ethical conduct (Isa, 2011). Based on literature, consumers are willing to reward and give incentives to socially responsible corporations (Creyer & Ross, 1997; Sen & Bhattacharya, 2001; Smith & Alcorn, 1991) and corporate social performance influences consumer-firm emotional attachment (Vlachos, 2012). Positive CSR beliefs held by consumers are associated not only with greater purchase likelihood but also with longer-term loyalty and advocacy behaviors (Du et al., 2007). Therefore, it is hypothesized that: H5: Perceived CSR in policy factor will influence prescription loyalty.

2. 9. 6Environment

Previous study proved that higher perceived environmental performance of a company leads to higher consumers' purchase intentions (Grimmer & Bingham, 2013) and green product quality, green perceived value, green satisfaction and green trust of customers can increase green customer loyalty (Chang & Fong, 2010; Chen, 2010). Hence, it is hypothesizes that: H6: Perceived CSR in environment factor will influence prescription loyalty.

2. 9. 7Process

Customers are looking into the long term relationship with the company and CSR activities have a significant impact on customer-related outcomes and attitudes toward that company activities and its products (Skudiene & Auruskeviciene, 2012). Stakeholders develop a bond of identification with the company based upon the extent to which CSR initiatives address issues that are important to the stakeholder group (Maignan & Ferrell, 2004). Accordingly, it is hypothesizes that: H7: Perceived CSR in process factor will influence prescription loyalty.

2. 9. 8Values

Stakeholders view corporate reputation as key driver to promoting and embedding CSR internally in organizations and view corporate image and reputation as leverage to force organizations to implement CSR (Isa, 2011). Corporate reputation plays a very specific role because stakeholders make their decisions based on the reputational status of the organization. Maden et al. (2012) study confirmed that CSR has a strong positive effect on corporate reputation and corporate reputation has a strong positive effect on

the behaviors of customers, employees and investors. As a result, it is hypothesizes that: H8: Perceived CSR in values factor will influence prescription loyalty.

2. 9. 9People

Skudiene & Auruskeviciene (2012) found that internal and external CSR activities are positively correlate with internal employee motivation. Human resource practices can influence customer satisfaction (Rogg et al., 2001) which leads to customer loyalty (Chang & Fong, 2010). Therefore, it is hypothesizes that: H9: Perceived CSR in people factor will influence prescription loyalty.

2. 9. 10Political

Barraclough & Morrow (2008) examined British American Tobacco, Malaysia's (BATM) CSR strategy and found the CSR activities contribute to a favourable image, deflecting criticism and establishing a modus vivendi with regulators that assists BATM's continued operations and profitability. Similarly, Podnar & Golob (2007) study on the link between individuals' expectations of CSR and their readiness to support the socially responsible behavior of companies also showed a positive and significant influence. Hence, it is hypothesizes that: H10: Perceived CSR in political factor will influence prescription loyalty.

2. 9. 11Personal

Studies conducted have shown that CSR activities offer a number of benefits based on Greek managers' perceptions on CSR (Leonidas et al., 2012) and

that perceived consumer fit influences consumer perception of CSR activities and, consequently, on consumer loyalty (Lee et al., 2012). Therefore, it is hypothesized that: H11: Perceived CSR in personal factor will influence prescription loyalty.

2. 10Summary

This chapter reviewed the literature of past research on CSR and CSI as well as the multidimensional formative construct on loyalty behavior. It is observed that there is a significant relationship between these variables directly or indirectly. There are previous studies on factors influencing drug prescription behaviour but none has research on CSR and CSI perceptions toward prescription loyalty behaviour. As a result, the current study is conducted to explore the CSR and CSI factors that influence prescription loyalty behaviour of medical doctors.

CHAPTER 3

RESEARCH METHODOLOGY

3. 0Introduction

This chapter gives a synopsis of the research methodology used to investigate the factors that influence the prescription loyalty behaviour of medical doctors. Therefore, the content includes research design, instrument used, measurements of variables, data collection and data analysis. This study uses quantitative method whereby the process of data collection involved primary data collection through the use of questionnaire. Data analysis techniques comprise of factor analysis, descriptive statistics, correlation analysis, reliability analysis and multiple regression analysis.

3. 1Research Design

This section discusses the type of study, sample population, unit of analysis, sample size and sampling method.

3. 1. 1Type of Study

This study is a descriptive study using quantitative design method. A descriptive study is defined as a typed of research designed to describe the characteristics of a population or a phenomenon (Zikmund, 2003). This study uses hypothesis testing to explore the perceptions of CSR and CSI towards prescription loyalty behaviour among medical doctors. The study conducted is classified as correlation study where the study intends to describe the significant variables related to the research problem. Besides, it is a cross sectional study where data collection is carried out at a single point of time. Such research setting is considered to be non-contrived as research is done with minimum interferences in the natural environment (Sekaran & Bougie, 2010). The primary data collection which derives from questionnaire will be gathered as main source of data input.

3. 1. 2Sample Population

The population of this study is medical doctors currently practising their profession in Northern Peninsular Malaysia. Population of the study is collected randomly regardless whether they are practising as general practitioners or specialist doctors from the public or private sectors.

3. 1. 3Unit of Analysis

The unit of analysis of this study will be medical doctor based upon convenience sampling. Each medical doctor's data on perceptions of CSI and CSR will be treated as individual data source.

3. 1. 4Sample Size

Based on rule of thumb, sample size between 30 and 500 are considered effective for survey (Sekaran & Bougie, 2010). For sample to be meaningful, Sekaran & Bougie (2010) proposed the sample size for a multivariate research to be ten times of the number of variables. Thus, with the limitation of time allowance and in order to fulfil this requirement, a minimum sample of 110 respondents is required in this study as the total number of variables is eleven.

3. 1. 5Sampling Method

Convenience sampling method through the use of questionnaire was used as this method is a quick, inexpensive and efficient way to collect information from members of the population who are conveniently available to provide it and convenience sampling is the most often used during exploratory phase of a research project (Sekaran & Bougie, 2010). However, the findings from the study of the sample cannot be confidently generalized to the population (Sekaran & Bougie, 2010). A cover letter describing the objective and the value of the research is enclosed to help gain respondents' cooperation to participate in the survey. The questionnaire is divided into three sections. The first section of the questionnaire assesses the demographic profile of the respondent such as number of years in practice, number of prescriptions

written per day and other basic information. The second section of the questionnaire assesses the perceptions of CSR and CSI that influence prescription loyalty behaviour. The third section of the questionnaire measures the prescription loyalty of respondent. The final version of the questionnaire sample use for this survey is attached in Appendix A.

3.2 Measurements of Variables

This section describes the method used to measure the independent and dependent variables. The measurement of variables in this study is developed based on the literature review and self-constructed items. The independent variables in this study is the perceptions of CSR and CSI, while prescription loyalty behaviour as dependent variable. The seven CSR factors selected in this study are adapted from Isa's work (2011) including policy, environment, process, values, people, political and personal. Whereas for CSI factors, Tillmann et al.'s study (2008) provided four components of CSI being employee wages, natural environment, pricing policies and dishonesty. The source of all the measurement indicators are summarized in Table 3-1 as listed below.

Measurement Indicator

Section

Variable

Source of question

Scale

ADemographic(Chua et al., 2010; Waheed et al., 2011)NorminalBPerceptions of CSR and CSIEmployee wagesNatural environmentPricing policiesDishonestyPolicyEnvironmentProcessValuesPeoplePoliticalPersonal(Tillmann et al., 2008; Isa, 2011)5 points Likert Scale(1-Strongly agree, 5-Strongly disagree)CPrescription Loyalty(Waheed et al., 2011)5 points Likert Scale(1-Strongly agree, 5-Strongly disagree)

Table 3-1: Source of Information & Measurement Scale

The demographic section of the questionnaire were designed with reference to previous studies done related to the prescription behaviour of medical doctors in foreign country as well as in Malaysia (Chua et al., 2010; Waheed et al., 2011). The second section of the questionnaire on perceptions of CSI and CSR were designed by referring to studies done by Tillmann et al. (2008) and Isa (2011). The questions were adapted to make it relevant in the pharmaceutical industry for testing the factors in influencing prescription loyalty behavior of medical doctors. Respondents indicate their level of agreement with reference to each component of CSI and CSR based on Likert scale or 5-point-scale with answer options ranging from 1 (Strongly agree), 2 (Agree) to 5 (Strongly disagree). This scale was used to indicate the degree of perception as the level of influence in each CSI and CSR factor.

The third section of the questionnaire measured the prescription loyalty of

respondent. Two questions are from previous research by Waheed et al. (2011) and another two questions were developed using adjective such as always, committed, trust and recommend in the questionnaire to show the extent to which respondents remains loyal or committed to the drugs of a particular company. Same as section two, respondents indicate their level of agreement with reference to prescription loyalty based on Likert scale or 5-point-scale with answer options ranging from 1 (Strongly agree), 2 (Agree) to 5 (Strongly disagree).

3.3 Statistical Analysis Techniques

The data collected was hypothetical tested by using Statistical Package of Social Science (SPSS) version 17.0 in order to achieve the research objectives. The beginning step of data analysis was to prepare the data. This includes data coding, defining and labeling all the variables with assigned numbers for all possible responses. The return questionnaires were captured as data and every data point were checked for possible errors. Missing data were leaved empty during the data entry. Follow by these, various statistical techniques such as factor analysis, descriptive statistics, correlation analysis, reliability analysis and multiple regression analysis were used. The following section describes the statistical techniques used to analyse the data

3.3.1 Descriptive Statistics

According to Sekaran & Bougie (2010), descriptive statistics consist of elements such as frequencies, measure of central tendency and dispersion where it provides information on mean, median, mode, standard deviation, range and variance. Descriptive statistics provide an overview insight toward

the distribution of samples collected. Thus, the demographic profile for the entire respondent was analyzed using descriptive statistics for categorical variables. The outcome on frequencies and percentages of each respondent were served as the foundation of analysis as well as the basis to examine the relation between dependent and independent variables within the entire sample.

3. 3. 2Factor Analysis

Factor analysis is a multivariate technique that confirms the dimensions of the concept that have been operationally defined as well as indicating which of the items are most appropriate for each dimension (Sekaran & Bougie, 2010). To ensure the construct validity of the data, goodness of measure was confirmed by using factor analysis. This was done separately for each independent variables and dependent variable. The results of factor analysis will confirm whether the dimensions are indeed tapped by the items in the measure, as theorized (Sekaran & Bougie, 2010).

3. 3. 3Reliability Analysis

The reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measure (Sekaran & Bougie, 2010). Reliability test was carried out in this study to ensure consistency of measurement across variables. The Cronbach's coefficient alpha is the most popular test of interitem consistency reliability. Hence, the higher the Cronbach's coefficients meaning the better the measuring instrument (Sekaran & Bougie, 2010).

3. 3. 4Correlation Analysis

A correlation analysis will indicate the direction, strength and significance of the bivariate relationships among the studied variables that were measured at an interval or ratio level (Sekaran & Bougie, 2010). Correlation analysis was used to explore the relationships among variables and the different between groups of variable in this study.

3. 3. 5Multiple Regression Analysis

Regression analysis was used to test the hypotheses stated in the previous chapter. The technique used in the extension of correlation study is multiple regression analysis. The multiple regression analysis was used to examine the significant interaction between perceptions of CSR and CSI toward prescription loyalty behaviour. Prior to conducting the multiple regression analysis, several assumptions underlying multiple regression analysis (no outliers in the regression model, normality of error term distribution, normality of distributed data, linearity of relationship, independence of error term, multicollinearity should not exist between independent variables and homoscedasticity is fulfilled) were tested. After the assumptions had been tested, the multiple regression analysis was run to analyse the relationship between the independent and dependent variables. The beta value was used to indicate this relationship whereby the positive (+) or negative (-) sign of beta value showed the direction of the relationship. Significance of the relationship was measured using p-value. Coefficient of determination or R-square (R^2) was used to measure the percentage of variation of dependent

variable accounted for all the independent variables. The closer R^2 to 1.0 is, the greater the explanatory power of the regression equation.

3.4 Summary

The research is design to meet the research objective whereby a cross sectional study was done with survey method. Medical doctor is the unit of analysis used. This research uses quantitative method where the process of data collection involved primary data collection through the use of questionnaire. The questionnaire consisting three sections was design using the measurement variables in order to explain the hypotheses. Those variables were derived from various previous studies with reference to this stream of study. The data obtained from data collection were analysed using statistical method. The statistical technique used in this study involved descriptive statistics, correlation analysis, factor analysis, reliability analysis and multiple regression analysis.