*Short communication*

A Study of the Impact of ESG Practices on Consumer Attitudes and Citizenship Behaviors – The Moderating Effect of Psychological Distance

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ABSTRACT

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| **Aims:** This study aims to investigate how consumers’ perceptions of Environmental, Social, and Governance (ESG) practices influence their attitudes and citizenship behaviors. It specifically explores the mediating roles of Corporate Social Responsibility (CSR) image and consumer–company (C–C) identification, and examines how psychological distance moderates these relationships.  **Study Design:** Quantitative research using a hypothesis-driven empirical framework based on social identity theory.  **Place and Duration of Study:** Conducted within the Ph.D. Program in Business, College of Business, Feng Chia University, Taiwan, during the academic year 2023–2024.  **Methodology:** This study proposed a conceptual model with ESG perception (environmental, social, governance) as independent variables, CSR image and C–C identification as mediators, and consumer citizenship behaviors (purchase intention and electronic word-of-mouth) as outcomes. Psychological distance was introduced as a moderating variable. A series of 19 hypotheses were developed and grounded in existing literature. The model is designed to be tested through survey data and statistical analysis (e.g., regression, structural equation modeling), although empirical data were not included in this document.  **Results:** This article focuses on theoretical framework development and hypothesis formulation. No empirical data or statistical outcomes are presented at this stage.  **Conclusion:** This study highlights the critical role of perceived ESG practices in shaping consumer attitudes and behaviors. It offers a foundation for understanding how CSR image and C–C identification mediate these effects and how psychological distance moderates them. The findings are expected to guide future empirical validation and offer practical implications for ESG communication strategies, particularly for small and medium-sized enterprises. |

*Keywords: ESG practices, CSR image, consumer–company identification, psychological distance, consumer behavior, purchase intention, electronic word-of-mouth, sustainability marketing*

1. INTRODUCTION

The growing emphasis on environmental, social, and governance considerations (ESG) heightens corporations' responsibilities and accountability to their stakeholders. ESG encompasses a set of criteria for assessing corporate performance, evaluating the effectiveness of a company's governance structures, and its ability to proficiently manage its environmental and social impacts (United Nations Environment Program Finance Initiative, 2005). Sustainability and social responsibility disclosure information is progressively employed by institutional investors, stock exchanges, and boards to investigate the correlation between a company's handling of ESG risk factors and its business performance (BlackRock, 2020).

While the majority of existing ESG literature has focused on investigating the relationship between ESG and corporate financial performance, as well as the use of ESG performance metrics for investment decisions (e.g., Alareeni & Hamdan, 2020; Friede et al., 2015; Qureshi et al., 2021), there is limited research on consumer attitudes and behaviors in the domain of ESG management and marketing (Koh et al., 2022; White et al., 2019). Therefore, this study represents one of the initial research efforts aimed at examining the impact of perceived ESG practices on consumer attitudes and behavioral intentions.

The present study examines and constructs a more intricate link between the differential effects of ESG practices and consumer attitudes, encompassing two mediators: CSR image and consumer-company identification (C-C identification), which are considered as two benefits of ESG. This research also explores the context-dependent nature of ESG practices that may help explain such relative influences such as psychological distance. Psychological distance refers to the perceived cognitive or emotional proximity or distance of an object, event, or issue (Trope et al., 2007). Previous research has suggested that understanding the psychological distance associated with ESG issues is crucial for effective communication and engagement (Gao et al., 2023; Lee et al., 2022). For example, Gao et al. (2023) found that investors demonstrate a subdued response to global ESG incidents in U.S. companies, influenced by psychological, societal, and institutional factors. Finally, we hypothesize that the more consumers perceive a company’s positive CSR image, the more likely consumes will be to exhibit positive identification with the company and then to demonstrate positive purchase intention and electronic world of mouth (e-WOM).

This research aims to offer academia and businesses valuable insights into the influence of ESG practices on consumer attitudes and behavioral intentions. Furthermore, it intends to uncover potential adjustments to ESG marketing strategies, typically utilized by governmental bodies and large corporations, for future implementation by small and medium-sized enterprises.

2. Literature Review and Propositions

2.1 ESG Practices and Consumer Perception

The concept of ESG has emerged as a critical framework for evaluating the non-financial dimensions of corporate performance and sustainability. Since its formal introduction in 2006 through the publication of the UN Principles for Responsible Investment (PRI), the ESG concept has garnered substantial attention from academic researchers and practitioners alike (e.g., Koh et al., 2022; Miralles-Quirós et al., 2018; Yoon et al., 2018). ESG originates from a well-known concept known as Corporate Social Responsibility (CSR) and is alternatively referred to as the "triad of modern CSR" or the "triple bottom line" of CSR.

CSR and ESG are two related but distinct concepts that pertain to the ethical and responsible conduct of businesses (Gillan et al., 2021). CSR refers to a company's commitment to operating in an economically, socially, and environmentally sustainable manner. It involves considering the interests of various stakeholders, including employees, customers, communities, and the environment. CSR activities may include philanthropy, ethical labor practices, environmental sustainability initiatives, community engagement, and other efforts that contribute to the well-being of society. The primary goal of CSR is to ensure that businesses go beyond profit-making and actively contribute to the betterment of society and the environment. Abundant research has suggested that a company's CSR image plays a crucial role in shaping consumer attitudes and influencing their intentions to make purchases (e.g., Abdeen et al., 2016; Currás‐Pérez et al., 2018; Pérez et al., 2013; Pomering & Dolnicar, 2009).

ESG is a set of criteria used to evaluate a company's performance and impact in three core dimensions: environmental, social, and governance. The environmental dimension evaluates a company's ecological impact, resource management, and efforts toward sustainability. Social factors delve into labor practices, employee welfare, community engagement, and societal contributions. Governance evaluates the effectiveness of a company's leadership, transparency, accountability mechanisms, and ethical standards. Prior studies have demonstrated that consumers' perceptions of ESG significantly impact their decisions regarding brand selection and purchasing choices (Lee et al., 2022).

Perceived ESG refers to the evaluation made by customers regarding a firm's ability to effectively address stakeholder expectations and societal responsibilities by undertaking diverse and voluntary initiatives (Koh et al., 2022). This study focuses on exploring consumer perceptions of ESG due to the fact that consumers represent the most substantial and crucial stakeholder segment for any company (Aksoy et al., 2022). Prior research suggests that consumers hold varying concerns regarding ESG practices. While some prioritize environmental practices, another study contends that consumers prioritize financial consequences over social and environmental considerations (Oh et al., 2024; Rounok et al., 2023).

**2.2 CSR Image, C-C Identification, and Social Identity Theory**

CSR image and C-C identification are considered as two benefits of ESG. CSR image refers to the public perception and reputation of a company in terms of its CSR initiatives. The CSR image reflects how a company is perceived in terms of its commitment to ethical, social, and environmental responsibilities. A positive CSR image indicates that a company is actively engaged in socially responsible practices, such as environmental sustainability, ethical labor practices, community engagement, and philanthropy. This positive image can enhance a company's reputation, build trust with consumers, and contribute to long-term success (e.g., Lee & Lin, 2022; Pérez & Rodríguez del Bosque, 2013; Plewa et al., 2015, 2016).

C-C identification refers to the psychological connection or sense of belonging that consumers feel toward a particular company or brand (Bhattacharya & Sen, 2003). It involves the extent to which consumers perceive a shared identity or values with a company, leading to a stronger emotional bond and a more profound relationship between the consumer and the brand. This identification can significantly impact consumer behavior, loyalty, and engagement.

He and Harris (2020) indicate that consumers will reward companies for their support of social welfares in times of crisis. Social identity theory (Tajfel & Turner, 1979) lends a hand to explicate such consumer behavior. Based on the theory, consumers feel motivated to develop socially identifying relationships with a company as a means of improving their own self-deﬁnitions. Having psychologically deﬁned themselves as a member of that company, consumers then internalize the company’s image as personal image which reveals positive identification toward the company (Curra´s-Pe´rez et al., 2009; Yoon et al., 2006). When consumers identify with the company, they may purchase products as a way of expressing their identity (Yoon et al., 2006) and their alignment with that company such as spreading word-of-mouth (WOM) through online community.

A positive ESG performance contributes significantly to enhancing a company's CSR image. When a company demonstrates a strong commitment to environmental conservation, social well-being, and sound governance, it not only meets the expectations of socially conscious consumers but also aligns itself with broader societal values. This alignment fosters a positive perception of the company, building trust and credibility among stakeholders. On the contrary, poor ESG practices can tarnish a company's CSR image, leading to reputational risks and potential negative consequences. Investors, consumers, and other stakeholders increasingly consider a company's ESG performance as a crucial factor in evaluating its overall CSR commitment. ESG and CSR are closely interconnected, with the former being a significant driver of the latter. A robust ESG framework contributes positively to a company's CSR image, portraying it as a socially responsible and ethically conscious entity. Consequently, based on the aforementioned discussion, the following three hypotheses are hereby presented.

P1: The favorable perception of corporate environment practices by consumers contributes positively to the firm’s CSR image.

P2: The favorable perception of corporate social practices by consumers contributes positively to the firm’s CSR image.

P3: The favorable perception of corporate governance practices by consumers contributes positively to the firm’s CSR image.

Positive ESG practices by a company can also significantly enhance C-C identification. When consumers perceive a company as actively and responsibly addressing environmental concerns, contributing to social welfare, and upholding strong governance principles, it fosters a sense of affinity and alignment with that company. Consumers increasingly seek to associate themselves with brands that share their values and demonstrate a commitment to sustainable and ethical practices. On the other hand, poor ESG performance can lead to a disconnect between consumers and a company, potentially diminishing consumer-company identification. In an era where consumers are increasingly socially conscious, companies that neglect or fall short in their ESG responsibilities may face challenges in building strong and lasting connections with their customer base. Companies that prioritize and excel in ESG aspects are more likely to establish a meaningful connection with consumers who value sustainability and ethical business practices. Drawing from the summarized discussion above, we formulated the following hypotheses.

P4: The favorable perception of corporate environment practices by consumers contributes positively to the C-C identification.

P5: The favorable perception of corporate social practices by consumers contributes positively to the C-C identification.

P6: The favorable perception of corporate governance practices by consumers contributes positively to the C-C identification.

As mentioned earlier, findings from the extant research has showed that the three components ESG practices may vary in their effectiveness on consumer attitudes and behavioral intentions. On the basis of social identity theory and previous research findings, it can be inferred that consumer perceptions of the three components of ESG will exert varying degrees of influences on CSR image and consumer identification. In the process of consumer-company identification (Bhattacharya & Sen, 2003), CSR image further enhances consumer identity with the company. Consequently, CSR image and consumer identification induce consumers’ purchase intention and spread positive eWOM in online community. Hence, we propose the following hypotheses:

P7: Consumer perceptions toward corporate environment, social, and governance practices wield varying degrees of influence on the CSR image.

P8: Consumer perceptions toward corporate environment, social, and governance practices wield varying degrees of influence on the C-C identification.

**2.3 Psychological Distance and Perceived ESG Practices**

Psychological distance refers to the perceived separation or remoteness between an individual and a particular event, concept, or point in time. It encompasses various dimensions, including temporal, spatial, social, and hypothetical distances. The concept is rooted in how people subjectively interpret and emotionally respond to stimuli based on their sense of closeness or distance (Trope et al., 2007).

The relationship between ESG practices and psychological distance involves understanding how individuals perceive and engage with ESG issues based on their proximity or perceived closeness to those issues. Psychological distance refers to the perceived gap between a consumer and a particular event, concept, or issue, influencing how consumers think about and respond to those issues. Consumers often feel more connected and concerned about issues that are close to them in terms of geographical, social, or temporal proximity. ESG issues, such as environmental sustainability or social responsibility, may be perceived differently based on how directly consumers are affected or perceive themselves to be affected by these issues.

Consumers may exhibit varying levels of concern for ESG practices based on their understanding of and connection to these practices (Gao et al., 2023). For example, a consumer living in a community directly affected by environmental pollution may feel a stronger psychological connection to environmental sustainability compared to other consumer living in a region with less immediate environmental impact. Hereafter, we assume the following hypotheses:

P9: Consumers with reduced psychological distance to corporate environment practices tend to evoke a higher CSR image compared to those experiencing a greater psychological distance to corporate environment practices.

P10: Consumers with reduced psychological distance to corporate social practices tend to evoke a higher CSR image compared to those experiencing a greater psychological distance to corporate social practices.

P11: Consumers with reduced psychological distance to corporate governance practices tend to evoke a higher CSR image compared to those experiencing a greater psychological distance to corporate governance practices.

P12: Consumers with reduced psychological distance to corporate environment practices tend to evoke a higher C-C identification compared to those experiencing a greater psychological distance to corporate environment practices.

P13: Consumers with reduced psychological distance to corporate social practices tend to evoke a higher C-C identification compared to those experiencing a greater psychological distance to corporate social practices.

P14: Consumers with reduced psychological distance to corporate governance practices tend to evoke a higher C-C identification compared to those experiencing a greater psychological distance to corporate governance practices.

**2.4 CSR Image and C-C Identification**

The effect of CSR image on C-C identification refers to how consumer perception of a company's socially responsible initiatives influences individuals' sense of connection and identification with that company. C-C identification occurs when consumers see themselves as part of or closely aligned with a particular organization. A positive CSR image contributes to an enhanced corporate reputation. When a company is viewed as socially responsible, ethical, and committed to making a positive impact, consumers are more likely to identify with it.

P15: CSR image exert positive influence on consumer identification.

**2.5 CSR Image, C-C Identification and Consumer Citizenship Behaviors**

Consumer purchase behavior and the generation of electronic word-of-mouth (e-WOM) toward pro-ESG firms can be traced back to the fundamental principles of consumer citizenship behavior (CCB). CCB refers to the voluntary actions taken by consumers that go beyond typical consumption-related activities and contribute positively to society or the environment. It reflects a consumer's commitment to ethical and responsible behavior beyond their immediate self-interest (Nguyen & Pervan, 2020). CCB encompasses a range of actions that consumers may take to make a positive impact on society, the environment, or specific social causes, such as sustainable purchasing, charitable giving, volunteering, advocacy, community engagement, etc.

Consumer citizenship behavior is driven by a sense of responsibility and a desire to contribute positively to society. It reflects a growing trend where consumers are not only concerned about the quality and price of products but also about the broader impact of their consumption choices. As consumers become more conscious of their roles in society, CCB is likely to play an increasingly important role in shaping consumer behavior and influencing businesses to adopt more socially and environmentally responsible practices (Mitrega et al., 2022). Building on the concept of CCB, consumers are inclined to engage in behaviors like making purchases or recommending a company to others when they perceive the company as socially responsible.

P16: CSR image exerts positive influence on purchase intention.

P17: CSR image exerts positive influence on e-WOM.

P18: Consumer identification exerts positive influence on purchase intention.

P19: Consumer identification exerts positive influence on e-WOM.

**3. CONCLUSION**

The importance of ESG practices on consumer attitudes has grown significantly in recent years. Consumers are increasingly considering a company's ESG practices when making purchasing decisions. In this research, we propose that several factors contribute to the significance of ESG on consumer attitudes and behaviors, such as CSR image and C-C identification. A favorable view of a company's ESG practices results in positive perceptions of both the CSR image and company identification. This, in turn, fosters a positive purchase intention and e-WOM. Companies that recognize and integrate ESG practices into their business strategies will be better positioned to thrive in an evolving economic and social landscape.

Consent

Not applicable. This study did not involve any individual patient data, images, or case reports requiring informed consent.

Ethical approval

This study does not involve human or animal experiments at this stage. Ethical approval will be obtained prior to any data collection involving human subjects.

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