

## The impact of corporate social responsibility practices on customer purchase intention of clothing industry: An integration of triple bottom line and ISO26000

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### ABSTRACT

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Corporate social responsibility (CSR) has gained research attention as the result of the Sustainable Development Goals (SDG), which focus on responsible consumption and production (SDG-12). However, previous studies mainly focused on Carroll's pyramid of CSR and other facets of CSR practices need to be further explored. The objective of the study is to examine the impact of CSR practices on customer purchase intention in the clothing industry by integrating the Triple Bottom Line (TBL) model and ISO26000 best practices with the Signalling theory as the theoretical foundation. Through an online survey, a total of valid 182 responses were obtained via purposive sampling. Multiple regression was utilized for data analysis. The results show that economic CSR had the strongest impact on customer purchase intention, followed by environmental, social, and customer issues. Surprisingly, there was no significant impact between fair operating practices and customer purchase intention. The current study is unique by integrating the TBL framework with the customer-related ISO26000 CSR practices in a single framework and utilizing the Signalling Theory as the underpinning theory to explain the relationships, which is novel in an emerging market. The results provide insightful implications to the clothing company's management to emphasize the (social, economic, environmental, and customer issues) CSR attributes to guarantee business sustainability and attract consumers in this competitive marketplace.

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### 1. Introduction

Corporate social responsibility (CSR) research has gotten a lot of attention as a positive result of sustainable development goals (SDGs) (Fallah Shayan et al., 2022), and consumers as one of the stakeholders impacted by the CSR practices (Vera-Martínez et al., 2022). Nowadays, customers are becoming more aware of and knowledgeable about the companies' sustainability initiatives (Naatu et al., 2022). This is because the customer is the one who purchases products or services from companies. Moreover, consumers are increasingly concerned about CSR and include it in their purchasing decisions (Diaz-Iglesias et al., 2021; Popa et al., 2022). Therefore, studying customer purchase behavior to CSR has become a major topic for researchers and practitioners (Iglesias et al., 2018).

Fast fashion clothing production contributes to 10% of global carbon emissions, uses up water resources, and damages rivers and streams (Maiti, 2024). Furthermore, according to the United Nations Economic Commission for Europe (UNECE), 85% of all textiles are thrown away every year (Geneva Environment Network, 2024). As the clothing industry brings up a lot of negative impacts on the environment and society, companies are aware that sustainability in daily operations is needed, therefore, sustainable practices have become more widespread (Williams, 2022).

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The clothing industry has been in the spotlight due to its negative social and environmental impact. The clothing waste produces an estimated 18.6 million tonnes of clothes (The Malaysia Reserve, 2024). Many of it comes from the off-cuts from the manufacturing process and will end up in a landfill (Young, 2020). The clothing industry must confront the negative aspects of its product life cycle by thinking of the future and by operating the business in eco-friendly ways (Thorisdottir & Johannsdottir, 2020).

According to Thorisdottir and Johannsdottir (2020), the clothing industry can implement social responsibility in its daily operations to create a safe and healthy work environment, minimize ecological hazards, support local communities, and maintain positive relationships with stakeholders. These improvements can provide several benefits to any company that adopts them, such as promoting a good image of responsible business, enhancing competitive advantage, and even generating profits/ financial (Coelho et al., 2023; Zhang et al., 2020). Numerous past studies (e.g. Mahmud et al., 2021; Ofori et al., 2023) suggested that companies need to embrace the adoption of ISO 14001 and other environmental standards to incorporate standard guidelines into the company's internal structure to reduce the negative impact on the environment and society. Thus, this study will integrate the ISO 26000 standards and the TBL model which assist organizations in contributing to sustainable development.

Customers' perceptions of CSR initiatives have been studied in several ways. However, previous research findings on CSR and consumer behavior are still inconsistent (Shim, 2021; Louis & Lombart, 2024; Luger et al., 2021). Consumer response attitude to CSR practices is still insufficiently studied and argued, as shown by the previous research. Furthermore, the majority of prior studies (Shim, 2021; Luger et al., 2021) focused on Western countries like Europe and America, with only a few research studies studying CSR and other customer behavior characteristics in developing and rising economies (see Al-Haddad et al., 2022; Chan et al., 2024). Therefore, this study will be conducted in a Malaysian setting to fill the contextual gap.

Besides, organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues, community involvement & development are the seven key components of the ISO 26000 standard. Several past research on ISO 26000 has been done in various industries (Ayyash et al., 2023; Kumar, 2022). However, there is a lack of studies that look into the clothing industry by using ISO 26000 as a guideline (Jing et al., 2022; Siliņa et al., 2024). Therefore, in this context, the study chose consumer issues and fair operating practices that are relevant to customers from ISO 26000 to fill the literature gap because the research study is about customer behavior (external stakeholder) which is not relevant to organizational governance, human rights, labor practices (internal stakeholders) and the facets of environment, community involvement are correlation with TBL model.

There are some studies of TBL models for the clothing industry that have been completed, but studies that integrate both TBL models and ISO 26000 are lacking. Therefore, the current study contributes to filling the gaps by integrating the dimension of TBL CSR practices (economic, social, environmental), and the expansion of the practices from ISO26000 by focusing on the facets related to consumers (e.g. consumer issues and fair operating practices) that impact the consumers' purchase intention, where this study is novel by integrating two models in a single conceptual framework and contribute to the sustainable marketing scholarship.

Based on the above discussion, the current study aims to examine the impact of the integration of TBL and ISO26000 CSR practices (economic, social, environmental, consumer issues, and fair operating practices) and the consumer purchase intention of a clothing company in the emerging market.

## **2. Literature review**

### *2.1 Theoretical Foundations*

The formation of Signaling theory was first established by Micheal Spence in 1973 (Spence, 1973). As discussed by Connelly et al. (2011), the two main components of the Signaling theory are the signaler and receiver (and the signal). Hence, firms can implement signals to showcase the true qualities of the product and gain a positive image and reputation (Kurnia & Raharja, 2021) by reducing the symmetry of the information. The theory provides a framework where firms/companies can effectively communicate their CSR practices to consumers who will interpret the signals. To further persuade consumers to purchase green products. The application of the Signalling theory in CSR and sustainability studies has been proven its validity as supported by numerous past studies (Ahmed et al., 2023; López-Santamaría et al., 2021; Ortega Carrasco & Vílchez, 2022).

### *2.2 Triple Bottom Line and ISO26000 Practices*

The TBL model, developed by Elkington (1994) and ISO26000, was used as a guide in this study. According to the Elkington (1994) TBL model, an organization's sustainability consists of three dimensions of CSR which is economic (profit), environmental (planet), and social (people) (Andersson et al., 2022; Diaz-Iglesias et al., 2021). Researchers claim that organizations must focus on these three aspects to remain sustainable (Chan et al., 2024; Chan & Saad, 2019). According to the TBL model, organizations should assess environmental and social performance, not just financial performance. Moreover, there is evidence that some consumers are willing to pay extra for sustainable clothing as their awareness of sustainability development (Castro-López et al., 2021; Mandarić et al., 2022). According to Hultberg and Pal (2023), the TBL model is an