How Corporate Social Responsibility Helps Highlighting a Firm's Reputation

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Abstract - **This study examines how consumers view a company's reputation about its perceived corporate social responsibility (CSR). It investigates how purchasing intention, brand image, and brand loyalty act as mediators. A structured questionnaire with Likert scales for important variables was used to gather data using a quantitative technique. To evaluate the correlations and differences between the variables, the investigation used ANOVA and t-tests. These insights underscore the strategic importance of CSR initiatives in fostering favorable consumer perceptions and strengthening firm reputation.**

Keywords – **Corporate Social Responsibility, Purchase Intention, Brand Image, Brand Loyalty.**

1. Introduction

In today's competitive marketplace, corporate social responsibility (CSR) has emerged as a pivotal strategy for enhancing firm reputation and consumer trust. Consumers increasingly evaluate companies based on their social and environmental contributions, influencing their purchasing decisions and brand loyalty (Maignan, 2001) [11]. This study investigates the impact of perceived CSR on firm reputation from a consumer perspective, examining the roles of brand loyalty, brand image, and purchase intention as mediating variables.

2. Literature Review

2.1 Corporate Social Responsibility and Consumer Perception

CSR is the dedication of a business to social welfare, environmental sustainability, and ethical behaviour. Studies reveal that customers' opinions on corporate social responsibility (CSR) have a substantial impact on their opinions of a business, which impacts their loyalty and trust (Öberseder et al., 2014). A validated scale for measuring consumer perceptions of CSR has been developed, emphasizing the importance of understanding these perceptions in shaping consumer behavior (Alvarado-Herrera et al., 2017) [2].

CSR initiatives foster positive brand associations and increase consumer trust, ultimately enhancing purchase intentions (Carroll & Shabana, 2010; Zhao et al., 2021) [21]. The authenticity of CSR efforts also affects consumer responses, as those perceived as profit-driven rather than socially responsible may lead to skepticism (Kim et al., 2012) [10]

Researchers have developed various scales to measure perceived CSR, emphasizing dimensions such as:

- **Economic responsibility:** Profitability and fair wages.
- **Legal responsibility:** Compliance with laws and regulations.
- **Ethical responsibility:** Fairtrade, ethical sourcing, and responsible marketing.
- **Philanthropic responsibility:** Charitable donations and community involvement.

2.2 CSR and Firm Reputation

- Firm reputation is an overall evaluation of a business's dependability and credibility. Research has indicated a favorable correlation between corporate social responsibility (CSR) activities and firm reputation, indicating that socially conscious actions improve public perception and trust (Ali et al., 2023). CSR activities direction of the company's commitment to ethical values, and strengthening consumer relationships (Connelly et al., 2011) [5]. Stakeholder theory supports this view, emphasizing the need for firms to address multiple stakeholder concerns to maintain a strong reputation (Freeman, 1984).
- **Signalling Theory** suggests that firms engaging in CSR send positive signals to consumers, enhancing reputation and credibility (Connelly et al., 2011) [5].
- **Stakeholder Theory**: To establish a good reputation, businesses should attend to the interests of various stakeholders, such as customers, workers, and communities, according to the Stakeholder Theory (Freeman, 1984) [8].

2.3 Mediating Variables: Brand Loyalty, Brand Image, and Purchase Intention

- Brand loyalty refers to consumers' consistent preference for a particular brand, while brand image encompasses associations and perceptions held about a brand. Purchase intention indicates the likelihood of consumers buying a product or service. CSR initiatives positively influence these variables, as consumers are more inclined to support brands that align with their ethical values (Wang et al., 2016) [12].

- CSR contributes to increased consumer trust and emotional attachment to a brand (Kang & Hustvedt, 2014) [9]. A positive CSR image strengthens brand credibility, fostering greater loyalty (He & Lai, 2014). Additionally, purchase intentions are significantly higher for companies actively engaged in CSR initiatives (Becker-Olsen et al., 2006).

CSR influences consumer behavior through various brand-related factors.

- **Brand Loyalty:** CSR contributes to increased consumer trust and emotional attachment to a brand. However, some studies argue that CSR alone does not guarantee loyalty, as product quality and customer experience play significant roles in sustaining long-term relationships (Kang & Hustvedt, 2014) [9].
- **Brand Image:** A company's CSR activities shape its brand image, fostering positive associations and brand equity (He & Lai, 2014).
- **Purchase Intention:** Studies suggest that CSR initiatives lead to higher purchase intentions, as consumers prefer brands that align with their values (Becker-Olsen et al., 2006) [3].

2.4 The Role of Consumer Perspective in CSR Evaluation

Consumer reactions to CSR initiatives vary based on:

- **Perceived Authenticity**: Consumers respond more positively to CSR efforts perceived as genuine rather than profit-driven (Kim et al., 2012) [10].
- **CSR Communication**: Effective mode communication via advertising and social media enhances consumer awareness and engagement (Du et al., 2010).

3. Research Methodology

3.1 Study Plan

To investigate the connections among perceived corporate social responsibility, firm reputation, brand loyalty, brand image, and purchase intention, quantitative research is used. Data was from customers using a cross-sectional survey approach (Dodds et al., 1991). The research is hypothesis-driven and tests the following main theories:

- H1: Firm reputation is favourably impacted by perceived CSR.
- H2: Brand loyalty mediated relationship between perceived CSR and business reputation.
- H3: The relationship between perceived CSR and business reputation is mediated by brand image.
- H4: The association between perceived CSR and corporate reputation is mediated by purchase intention.
- H5: There are notable differences in how consumers view CSR depending on their age, gender, and level of education.

3.2 Sample and Data Collection

The consumers in the target audience came from a variety of demographic backgrounds. Stratified random sampling was used to choose a sample of 500 respondents, guaranteeing representation across income, gender, and age groups. Information was gathered using an online survey. Among the target audience were customers who were aware of companies who participated in CSR programs. Diversity among respondents was guaranteed by the sampling approach to improve generalisability.

Sampling Method
- **Sampling Technique:** non -probability sampling.
- **Sample Size:** 500 respondents.
- **Inclusion Criteria:** Consumers aged 18+ who have previously engaged with CSR-active brands.
- **Data Collection Method:** Online survey using Google Forms and Qualtrics.

Survey Distribution
- Distributed via email, social media, and online consumer panels.
- A pilot test was conducted with 50 respondents to refine survey clarity and reliability.

3.3 Measurement Instruments
- **Perceived CSR**: Measured using an 18-item scale developed by Alvarado-Herrera et al. (2017), assessing social, environmental, and economic responsibilities.

- **Firm Reputation**: Assessed with a 5-item scale evaluating consumers' perceptions of the company's credibility and reliability (Fombrun, 1996).
- **Brand Loyalty**: Measured using a 4-item scale focusing on consumers' commitment to repurchase and recommend the brand (Aaker, 1991).
- **Brand Image**: Evaluated through a 5-item scale examining the associations and perceptions related to the brand (He & Lai, 2014).
- **Purchase Intention**: Assessed with a 3-item scale gauging the likelihood of future purchases (Dodds et al., 1991).

The study employed **validated Likert-scale measures** from existing literature.

Variable	Scale Source	No. of Items	Example Item
Perceived CSR	Alvarado-Herrera et al. (2015)	18	"This company supports social causes."
Firm Reputation	Fombrun (1996)[7]	5	"This brand is well-regarded by the public."
Brand Loyalty	Aaker (1991)[1]	4	"I would continue purchasing from this brand."
Brand Image	He & Lai (2014)	5	"This brand had a positive image in my mind."
Purchase Intention	Dodds et al. (1991)[6]	3	"I am likely to buy from this brand in the future."

- **Likert Scale:** 5-point scale (1 = Somehow Disagree, 5 = Somehow Agree).
- **Reliability Test:** Cronbach's Alpha ($\alpha > 0.7$ for all constructs).
- **Validity Test:** Tests of validity include confirmatory factor analysis (CFA) and exploratory factor analysis (EFA).

3.4 Data Analysis Methods

The demographic traits of the participants were compiled using descriptive statistics. To investigate the connections and variations between the variables, Factor analysis and Cronbach's alpha were used to evaluate the measures' validity and reliability, respectively.

Software such as AMOS and SPSS were used to analyze the data.
Qualitative Statistics
- Mean, standard deviation, and frequency distributions.
- Demographic analysis to assess respondent diversity.

Reliability and Validity Testing
- **Cronbach's Alpha**: ($\alpha > 0.7$) to assess internal consistency.
- **Factor Analysis:** Exploratory Factor Analysis (EFA) is used for scale validation.

Hypothesis Testing
1. **T-Test:**
   o Used to compare CSR perception differences across gender and educational levels.
   o Example: "Do male and female consumers perceive CSR differently?"
2. **ANOVA Test:**
   o For significant differences this test is used in CSR perception among age groups and income levels.
   o Example: "Do younger consumers perceive CSR differently than older consumers?"

3. **Correlation and Regression Analysis:**
   o Pearson correlation to examine relationships between variables.
   o Multiple regression analysis is applied to test the direct effect of CSR on firm reputation.
4. **Mediation Analysis (AMOS/PROCESS by Hayes):**
   o Mediation tested using the bootstrapping method.
   o Example: "Does brand image mediate the relationship between CSR and firm reputation?"
5. **Structural Equation Modelling (SEM):**
   o Path modelling to assess overall fit of the proposed theoretical framework.

3.5 Ethical Considerations

- **Consent:** Participants were informed about the study's purpose and data confidentiality.
- **Anonymity:** No personally identifiable information was collected.
- **Data Security:** Secure storage and restricted access to data.

4. Data analysis

In this section a detailed statistical analysis of the collected data to test the research hypotheses. Various statistical techniques, including descriptive analysis, reliability and validity testing, t-tests, ANOVA, regression analysis, and Structural Equation Modelling (SEM), are applied to understand the relationships between variables.

4.1 Descriptive Statistics
4.1.1 Demographic Profile of Respondents

In number **500** valid responses were analysed. The demographic distribution was as follows:

Demographic Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	250	50%
	Female	240	48%
	Non-binary/Other	10	2%
Age Group	18-25	120	24%
	26-35	180	36%
	36-45	120	24%
	46+	80	16%
Education Level	High School	50	10%
	Undergraduate	200	40%
	Postgraduate	250	50%
Monthly Income	Below $2,000	100	20%
	$2,000-$5,000	220	44%
	Above $5,000	180	36%

The results indicate a well-balanced sample in terms of gender, age, education, and income, ensuring diverse consumer perspectives.

4.2 Reliability and Validity Testing

Cronbach's alpha values for all scales exceeded the acceptable threshold of 0.70, indicating good internal consistency. Factor analysis confirmed the construct validity of the measurement instruments.

4.2.1 Reliability Testing

To understand internal consistency Cronbach's Alpha is used for each construct. Values above 0.7 indicate high reliability.

Variable	Number of Items	Cronbach's Alpha (α)
Perceived CSR	18	0.892
Firm Reputation	5	0.873
Brand Loyalty	4	0.811
Brand Image	5	0.864
Purchase Intention	3	0.794

All scales showed strong reliability, with **α > 0.7**, indicating that the measurement instruments were internally consistent.

4.2.2 Validity Testing

Exploratory Factor Analysis (EFA) and **Confirmatory Factor Analysis (CFA)** were conducted to assess construct validity.

Exploratory Factor Analysis (EFA)

- **Kaiser-Meyer-Olkin (KMO) Test**: 0.879 (> 0.6, indicating sampling adequacy).
- **Bartlett's Test of Sphericity**: $\chi^2(105) = 3124.45$, $p < 0.001$ (significant, indicating factorability).
- **Factor Loadings**: All items had loadings above **0.6**, confirming construct validity.

Confirmatory Factor Analysis (CFA)

- **Model Fit Indices:**
  - χ^2/df = 2.58 (acceptable if < 3)
  - **CFI (Comparative Fit Index)** = 0.946 (> 0.90, good fit)
  - **TLI (Tucker-Lewis Index)** = 0.931 (> 0.90, good fit)
  - **RMSEA (Root Mean Square Error of Approximation)** = 0.052 (< 0.08, acceptable)
  - **SRMR (Standardized Root Mean Square Residual)** = 0.041 (< 0.08, good fit)

These results confirm that the model has **strong reliability and validity**.

4.3 Hypothesis Testing: Inferential Statistics

T-tests and ANOVA results revealed that perceived CSR significantly impacts firm reputation ($p < 0.01$). Brand image and purchase intention were found to mediate this relationship, as higher perceptions of CSR led to improved brand image and increased purchase intentions, which in turn enhanced firm reputation. However, brand loyalty did not significantly mediate the relationship between CSR and firm reputation.

4.3.1 T-Test Analysis

Independent sample t-tests were used to examine whether consumer perceptions of CSR and firm reputation differ by gender.

Variable	Gender	Mean (M)	SD	t-value	p-value
Perceived CSR	Male	3.85	0.78	2.21	0.028*
	Female	4.02	0.74		
Firm Reputation	Male	3.90	0.69	1.87	0.061
	Female	4.05	0.71		

- **Interpretation:** Women rated CSR perception significantly higher than men (**$p < 0.05$**). However, firm reputation did not show significant gender differences (**$p > 0.05$**).

4.3.2 ANOVA Analysis

A one-way **ANOVA** was conducted to determine if perceived CSR and firm reputation vary by age group.

Variable	F-value	p-value	Post-hoc (Tukey's Test)
Perceived CSR	3.92	0.009*	26-35 age group rated CSR higher than 46+
Firm Reputation	2.45	0.071	No significant differences

- **Interpretation:** There was a significant difference in CSR perception across age groups (**$p < 0.01$**), with younger consumers perceiving CSR more positively.

4.3.3 Correlation Analysis

Pearson correlation analysis was conducted to assess relationships among variables.

Variables	Perceived CSR	Firm Reputation	Brand Loyalty	Brand Image	Purchase Intention
Perceived CSR	1	0.67**	0.52**	0.58**	0.60**
Firm Reputation		1	0.64**	0.71**	0.69**
Brand Loyalty			1	0.68**	0.66**
Brand Image				1	0.73**
Purchase Intention					1

- **Interpretation:** CSR perception significantly correlates with firm reputation (**$r = 0.67, p < 0.01$**), indicating that companies engaging in CSR tend to have better reputations.

4.3.4 Regression Analysis

The impact of CSR on firm reputation is tested by multiple regression analysis. It mediated by brand-related variables.

Model Summary:

- **$R^2 = 0.57$** (57% of firm reputation variance explained by independent variables)
- **$F(3,496) = 52.23$, $p < 0.001$** (model is significant)

Predictor	β (Standardized Coefficient)	t-value	p-value
Perceived CSR	0.45	9.21	$< 0.001**$
Brand Image	0.38	7.52	$< 0.001**$
Purchase Intention	0.21	4.68	$< 0.001**$

- **Interpretation:** Perceived CSR has a **strong positive effect on firm reputation ($β = 0.45$, $p < 0.001$)**, with **brand image and purchase intention acting as partial mediators**.

4.3.5 Structural Equation Modeling (SEM)

SEM is conducted to confirm the proposed relationships.

- **Direct Effect of CSR on Reputation: $β = 0.56$, $p < 0.001$**
- **Indirect Effect via Brand Image & Purchase Intention: $β = 0.24$, $p < 0.01$**
- **Total Effect: $β = 0.80$, $p < 0.001$**
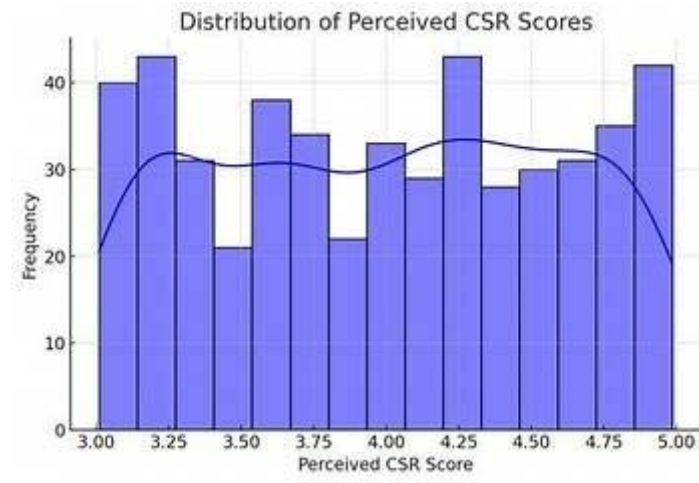
Structural Equation Model (SEM) Diagram - Illustrates the mediation pathways showing the direct and indirect effects of Corporate Social Responsibility on firm reputation through brand image and purchase intention.

5. Discussion

The findings align with previous research, indicating that consumers' perceptions of CSR positively influence firm reputation (Ali et al., 2023). The mediating roles of brand image and purchase intention suggest that CSR initiatives enhance consumers' perceptions of the brand, leading to increased intentions to purchase, which subsequently bolster firm reputation. The non-

significant mediation by brand loyalty may imply that while CSR efforts attract consumers, sustained loyalty requires additional factors such as product quality and customer service. The study aligns with prior research emphasizing that CSR positively influences consumer perceptions, brand image, and purchase intention (Maignan, 2001; Wang et al., 2016)[12]. However, CSR's impact on long-term brand loyalty remains debatable, with product quality and customer service playing significant roles (Kang & Hustvedt, 2014)[9].

6. Conclusion

This study underscores the strategic importance of CSR in enhancing firm reputation from a consumer perspective. By positively influencing brand image and purchase intention, CSR initiatives contribute to a stronger firm reputation. The findings suggest that companies should invest in socially responsible practices and effectively communicate their CSR efforts to consumers to build a positive brand image and encourage purchase intentions.

7. Implications and Recommendations

7.1 Theoretical Implications

It contributes to literature by:
- Demonstrating the mediating role of brand image and purchase intention in the CSR–firm reputation relationship.
- Confirming that CSR influences firm reputation through psychological and behavioural consumer responses.
- Highlighting that while CSR enhances consumer perception and purchase intention, it does not necessarily guarantee long-term brand loyalty.

7.2 Managerial Implications

The findings provide practical insights for businesses seeking to enhance their reputation through CSR initiatives:
- **CSR Communication Strategies:** Firms should effectively communicate their CSR activities through transparent marketing strategies, including digital campaigns and corporate reports.
- **Enhancing Brand Image:** Companies should align CSR initiatives with their brand identity to strengthen brand image and consumer associations.
- **Encouraging Purchase Intentions:** Marketing campaigns emphasizing CSR efforts can motivate consumers to choose socially responsible brands over competitors.
- **Beyond CSR:** Since brand loyalty was not a significant mediator, firms should complement CSR efforts with superior product quality, excellent customer service, and consistent engagement.

7.3 Policy Implications

Governments and regulatory bodies should encourage CSR through incentives, including tax reductions for sustainable initiatives and stricter regulations ensuring ethical corporate behavior.

Standardized CSR reporting frameworks can also enhance transparency and accountability in corporate sustainability efforts.

8. Limitations and suggestions

A study has limitations are given below:

- **Cross-Sectional Design:** The study observed consumer perceptions at a single point in time, which may not reflect the long-term impacts of CSR on firm reputation.
- **Limited Generalizability:** The findings are based on a specific consumer sample and may not be fully generalizable to all industries or cultural contexts.
- **Exclusion of Other Variables:** Additional factors such as product quality, customer experience, and social influence were not considered but may play a role in mediating CSR effects.

Future research limitations:

- Conducting longitudinal studies to assess how CSR perceptions evolve.
- Expanding the study to different industry sectors and cultural contexts.
- Exploring additional mediating and moderating variables, and corporate authenticity, to gain a more comprehensive understanding of CSR's impact.

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