

## Impact of CSR on Company's Reputation and Brand Image

– Gautam Srivastava\*

Assistant Professor, G L BAJAJ Institute of Management and Research

 [gautam.srivastava@glbimr.org](mailto:gautam.srivastava@glbimr.org)  <https://orcid.org/0000-0002-8614-6718>

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### EDITORIAL BOARD EXCERPT

At the initial time of submission paper had 19% plagiarism which is an accepted level for publication. The editorial viewpoint is of an observation that article had a successive close watch by the blind reviewer's which at later stages had rectified and amended by an authors in various phases as and when requisite to do consequently. The reviewers had in a beginning stages mention with minor revision with a following stamen which at a small duration streamlined by the author gautam. The comments related to this manuscript are tremendously perceptible related to exponential organization both subject wise and research wise by the reviewers during evaluation and further at blind review process too. The authors be commendable of appreciation for writing this paper as the CSR on Company's Reputation and Brand Image. The CSR on Company as highlighted by the authors in section 4. The objective of the paper is clear and discussion are well placed and open up avenues for future studies. All the comments had been shared as a mixtures of dates by the authors in due course of time and same had been incorporated by the author in computation. By and large all the editorial and reviewer's comments had been incorporated in a paper at the end and further the manuscript had been earmarked and decided under "**Empirical Research Paper**" category as its highlights and emphasize the work in relation to Impact of CSR on Company's Reputation and Brand Image which is an Empirical Research

### ABSTRACT

**Purpose:** The Social activities done by the firm erstwhile helps in setting up the framework and structure for the company's performance in forthcoming actions. For having a stable future the company needs to get indulge in some or the other kind of charitable work so that people get aware of the company's work and the image and reputation can be build up which in return will help to materialize the profits which is the ultimate aim of any organization. The purpose of the study is to find out the Impact of CSR on Company's Reputation and Brand Image.

**Design/Methodology/Approach:** Primary research based on 100 sample size.

**Findings:** The researcher concluded that corporate social responsibilities have a positive impact on company's reputation and brand image. This research shows that when the company's reputation enhances it will increase the image of corporate social responsibility. Similarly when the brand image of the company's increases than the image of company's corporate social responsibility also enhances.

**Originality/Value:** This research paper studies the impact of the corporate social responsibility on the company's reputation and the brand image of the company. Both of these factors are very pivotal for the company's future actions as these factors decide the firm's profitability and the going concern of the firm.

**KEYWORDS** CSR | Reputation | Brand image

### \*Corresponding Author

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## Introduction

The consumer now-a-days are educated and they are aware about their rights and responsibilities. They are focused towards their own needs as well as the needs of the hour which is not to compromise with the situations and be well aware about what is going in the society. In past few decades the companies have also shifted their focus towards the needs of the consumer as well as the society. This has raised the need of the corporate social responsibility. The Corporate Social Responsibility is not a very old concept but it has gained popularity in the recent time. Corporate Social Responsibility is defined generally as the self-regulating act of the business enterprise which is needed to for accountability towards the organization itself, its shareholders and the public in general. According to a definition given by World Bank “the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society to improve the quality of life in way that both good for business and development. According to Capozzi, Gregg, & Howe (2010) a survey studies that about 76% of executives gave a positive feedback that shareholders wealth positively contributed by the Social Corporate Responsibility. According to Forte & Lamont (1998) the consumers have a positive feedback towards the buying behavior which is based on the corporate social responsibility. The Corporate Social Responsibility, if practiced by the companies helps them to develop a good image in the society as well as help them to get sustainability in the society. This helps the companies to maintain a balance between the social, economic and environmental factors which are of prime importance. All these factors are linked to each other and help a company to attain a position in the market. When a company rigorously practices corporate social responsibility it is understood that the company has a positive attitude towards the society and the people. By practicing Corporate social responsibility the companies get a framework to use the corporate power and also the social environment (Turker, 2009). When CSR is positively implemented

then a smooth and healthy relationship is developed which provide a committed stakeholder which are achieved through consumer satisfaction and investor attractiveness (Maignan & Ferrell, 2004; 2000). Consumer satisfactions can be studied with having a detailed study of the consumer’s expectation and the performance of the product in actual (Tse & Wilton, 1988: Oliver, 1999). According to Oliver, 1999 a consumer is said to be loyal when he/she is committed towards the products and services. Now the family owned companies are also putting some amount for charity to invest in the social responsibility to attain social benefits (Ararat, 2008). It has been learned that the Corporate Social Responsibility is mostly practiced in the developed countries and is less commonly used in the developing countries (Ali, Rehman, Yilmaz, Nazir, & Ali, 2010). Earlier it was not mandatory for the companies to practice CSR but according to Company’s Act, 2013 (Business Standards, December-2014), it is now mandatory for every organization in India to keep a token amount for charity which will be as per their limit. This will help the company to not only gain profitability but also non-profit benefit will be enjoyed by the company which is very helpful for the companies to grow. According to Yoon, E et al (1993) the corporate reputation of any organization can be derived from the firm’s action which are done in history of the firm from its existence. Now, it will not be wrong if we say that the company’s reputation is measured by its active participation in the Corporate Social Responsibility.

## Literature Review

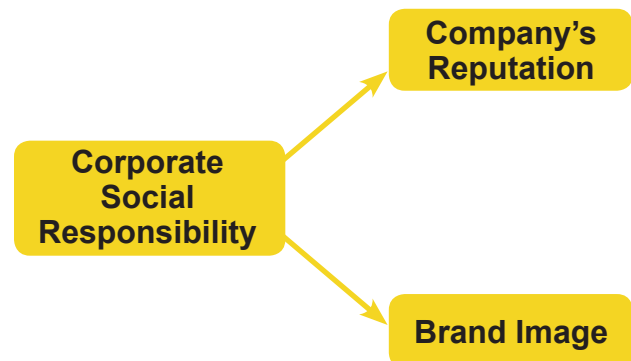
It is observed in the past research and studies (McGuire et al., 1988; Fryxell and Wang, 1994) only studied the effect of CSR on the financial factors of the firms but very limited studies are done on the factors like CSR and customer satisfaction which are non-financial factors but are equally important for a firm’s performance (McDonald, L. M., & Rundle-Thiele, S. 2008); restaurants (Lee, S., & Heo, C. Y. 2009). The Gruca and Rego., (2005) and Fornell et al., (2006) states that customer satisfaction

plays a very vital role in the making of the corporate strategy and the company's profitability and the market value is affected by the CSR. Levitt (1965) discovered that the consumers' satisfaction regarding a product or service can be derived on the basis of the trustworthiness, reliability and believes which are majorly based upon the experience which is gained by him in the past. According to Fombrun, C., and Riel, C. B. M. (1997), the corporate reputation of a firm can be studied on the basis of two factors, which are the image and the identity of the corporate. Corporate Social Responsibility also plays a very crucial role in the determination of the firm's reputation in the market which automatically ends with the profit or loss of the corporate. The stakeholder theory given by Maignan, Ferrell, and Ferrell (2005) and the institutional theory given by Scott, W. R. (1987) specify that company's social activities help the company to not only get the profit but it also helps to generate the non-profit benefits such as consumer satisfaction. The customers are considered a loyal customer when he/she uses the same product and services every time and without any kind of hesitation for the product and the services. These types of customers are termed as the Generalized customer as stated by Daub and Ergenzinger (2005). These types of loyal customers not only remain the customers but they became stakeholders somehow as the profitability of the company depends upon such type of customers up to a large extent. It is mentioned in earlier researches that the company's main aim was to maximize their profitability but now the aim has shifted towards the CSR which provide both the profit and non-profit benefits to the firm. There are various factors which are the basis for gaining and maintaining corporate reputation like quality (Roberts, P. W., & Dowling, G. R. 2002 and Toms, J. S. 2002), trust (Dowling, G. R. 2004; Rose, C., and Thomsen, S. 2004; Chun, R. 2005) and innovation (Lippman and McCardle 1987; Caruana, A. 1997; Hillenbrand, C., and Money, K. 2007; Helm, S., and Klode, C. 2011). Among all these factors the social responsibility plays a very crucial role for the companies. The reputation of the company and the brand image is

gained and maintained on the basis of all the social activities that are performed by the companies (Fombrun, C., and Shanley, M. 1990; Brammer, S., and Millington, A. 2005; Brammer, S. J., and Pavelin, S. 2006). Schnietz, K. E., & Epstein, M. J. (2005). The past research concludes that the CSR is very important factor as far as the non-financial factors are considered to measure the performance of the firm. This research paper shows the impact of the Corporate Social Responsibility on the reputation and brand of the company. These are the crucial factors which should be kept in mind for the smooth functioning of the firm if future and also the profitability of the firm is based upon these factors to a large extent.

Corporate Social Responsibility multidimensional subject and for this study the corporate social responsibility includes company's reputation and brand image.

### Conceptual Framework



## Research Methodology

### Sampling and Questionnaire

Primary data has been collected from the respondents with the help of questionnaire. Questionnaires were closed ended based on five rating Likert scale. A sample size of 100 has been taken to collect the primary data from the respondents. Descriptive analysis of the questionnaire as conducted which shown in Table 1.



Table-1 Descriptive Analysis

Variables	Minimal Value	Maximum Value	Mean Value	Standard Dev.
Emotional Appeal	1	5	3.67	0.77
Brand Name	1	5	4.12	0.78
Marketing Communication	1	5	3.31	0.77
Customer Value	1	5	3.86	0.82
Ethical Responsibility	1	5	3.23	0.67
Patriotism	1	5	3.56	0.72
Selling Strategies	1	5	3.80	0.67
Economic Performance	1	5	4.21	0.75
Product and Service Performance	1	5	4.13	0.84
Promotional Mechanism	1	5	3.97	0.77

## Empirical Analysis

Corporate social responsibility has an impact on company's reputation and brand image. Efficient and effective corporate social responsibility has a positive impact on company's reputation and brand image.

## Factor Analysis

Factor analysis is used to reduce the number of variables. KMO test has been used to determine the suitability of the data. KMO checked the adequacy of the data. As we see the table 2 that the value of KMO is 0.812. It shows that variables are adequate and suitable for the factor analysis.

Table 2: KMO Statistical Test

Kaiser Meyer Olkin		0.812
Bartlett Test	Approximate chi-square	107.512
	df	9
	Sig.	0.000

## Factor Loading

Factor analysis has been applied to determine the important factors for corporate social responsibility. Ten variables of corporate social responsibility have been identified by applying factor analysis. All the ten variables are classified into two factors on the basis of their factor loading. Factor one is the combination of five variables which are emotional appeal, customer value, ethical responsibility, patriotism and promotional mechanism. Factor two is the combination of brand name, marketing communication, selling strategies, economic performance and product & service performance. We renamed the factor one as company's reputation and factor two as brand image.

Table 3: Total Variance Explained

	Initial Eigen Values			Extracting Square and Loading			Rotating Square and Loading		
	Total	Variance	Cumm.	Total	Var.%	Cum.%	Total	Var.%	Cum.%
1	5.212	57.79	57.79	5.22	57.79	57.79	3.45	37.24	37.24
2	1.12	12.08	69.87	1.45	12.08	69.87	3.11	32.69	69.93
3	0.77	6.07	75.94						
4	0.63	5.35	81.29						
5	0.52	5.26	86.55						
6	0.50	4.87	91.42						
7	0.44	4.01	95.43						
8	0.33	3.12	98.55						
9	0.19	1.34	99.89						
10	0.11	0.11	100						

Table 4: Rotated Factor Matrix

Variables	Factor 1	Factor 2
Emotional Appeal	0.56	0.32
Brand Name	0.32	0.54
Marketing Communication	0.37	0.72
Customer Value	0.63	0.12
Ethical Responsibility	0.58	0.20
Patriotism	0.57	0.19
Selling Strategies	0.14	0.64
Economical Performance	0.12	0.76
Product and Service Performance	0.22	0.59
Promotional Mechanism	0.64	0.11

### Multiple Regression Analysis

We assumed company's reputation and brand image as an independent variable and corporate social responsibility as a dependent variable. By using SPSS software we determined the relationship between dependent variable corporate social responsibility and independent variable company's reputation and brand image in the form of regression equation.

Table 5: Summary of the Model

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard Error
1	0.824 <sup>a</sup>	0.713	0.834	0.576

Table of Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	3.453	0.21		52.768	.000
Company's Reputation	0.643	0.32	0.589	8.537	.000
Brand Image	0.456	0.12	0.324	7.413	.000

a: Dependent Variable: Corporate Social Responsibility

The regression equation is adjusted for the value of R<sup>2</sup> is 0.834. The overall performance of corporate social responsibility depends upon the efficiency and effectiveness of company's reputation and brand image.

The regression equation which is obtained is as follows:

$$Y = 3.453 + 0.643X_1 + 0.456X_2$$

Where Y = Corporate Social responsibility which is dependent variable.

X<sub>1</sub> = Company's Reputation which is independent variable.

X<sub>2</sub> = Brand Image which is independent variable.

The regression equation showed that the corporate social responsibility have a direct impact on company's reputation and brand image.

### Conclusion

The researcher has identified ten variables of corporate social responsibility. Further researcher applied the factor analysis The researcher concluded that corporate social responsibilities have a positive impact on company's reputation and brand image. This research shows that when the company's reputation enhances it will increase the image of corporate social responsibility. Similarly when the brand image of the company's increases than the image of company's corporate social responsibility also enhances.

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**Blind Reviewers Comment**

- The topic of the research is very relevant and focus towards societal issue.
- The objectives of the research are also clearly achieved through analysis. In the review it is find that the research, data collection and sample size were well designed and meeting the ample reliability and validity in all aspect.

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The Editorial Board had used the turnitin plagiarism [http://www.turnitin.com] tool to check the originality and further affixed the similarity index which is 19% in this case (See Annexure-I). Thus the reviewers and editors are of view to find it suitable to publish in this Volume-11, Issue-1, Jan-Mar, 2019

**Annexure 1**

ORIGINALITY REPORT			
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