

To cite this article: Priya and Dr. Sunita (2023). EMPIRICAL ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCE ON BUILDING: A GREEN CORPORATE IMAGE, International Journal of Research in Commerce and Management Studies (IJRCMS) 6 (2): 12-20 Article No. 244 Sub Id 466

EMPIRICAL ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCE ON BUILDING: A GREEN CORPORATE IMAGE

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DOI: <https://doi.org/10.38193/IJRCMS.2024.6202>

ABSTRACT

This study investigates the relationship between Corporate Social Responsibility (CSR) practices and the development of a green corporate image, particularly in the context of Small and Medium Enterprises (SMEs) in Punjab and Himachal Pradesh. Using a quantitative methodology with 219 valid responses, the study employs Smart PLS Structural Equation Modelling to analyze the data. The findings demonstrate a strong positive correlation between CSR practices and the perception of a company as environmentally friendly by consumers. Specific CSR activities like sustainable sourcing and energy efficiency are highlighted for their impact on shaping a green corporate image. The practical implications suggest that integrating CSR initiatives aligned with green values can improve environmental reputations, enhance competitive positioning, and foster consumer trust and loyalty.

KEYWORDS: CSR, Green Corporate Image, Sustainability, Environmental Reputation, Consumer Perception.

1. INTRODUCTION

The concept of Corporate Social Responsibility (CSR) has gained considerable prominence in recent years, as businesses recognize the importance of addressing social and environmental concerns alongside economic objectives. CSR involves voluntary initiatives that go beyond legal requirements, aiming to make a positive impact on society and the environment. Businesses are increasingly aware that their image and reputation play a crucial role in their long-term success. A positive corporate image is essential for gaining the trust of customers, investors, and other stakeholders. Since social responsibility is growing in popularity worldwide, corporate social responsibility (CSR) is viewed as essential to developing a positive corporate image (CI), offering a competitive edge and distinction,

and achieving financial success by highlighting the topic's realism. It is acknowledged by Green, Peloza (2011), Ailawadi et al. (2011), Banyte, Brazioniene, Gadeikiene (2010), Lindgreen, Swaen (2010), Yeo, Youssef (2010), Lizarraga (2010), Spitzack (2009), Malmelin, Hakala (2009), Herstein, Mitki, Jaffe (2008), Chattananon et al. (2007), Visser (2006), Sciulli, Bebko (2005), Flavian, Guinaliu, Torres (2005), van der Heyden, van der Rijt (2004), Abratt, Mofokeng (2001), Moir (2001), Teng Fatt et al. (2000), van Heerden, Puth (1995), LeBlanc, Nguyen (1995) and others that CSR plays a significant role in corporate image. It is important to stress that the dearth of theoretical and empirical studies on the causal relationship between CSR and corporate image provide the scientific problem examined in this paper.

The paper is structured as follows: Section 2 presents a comprehensive literature review on CSR and the development of a green corporate image. Section 3 describes the research methodology, including data collection, sample selection, and analysis techniques. Section 4 presents the data analysis and results. Section 5 discusses the findings and their implications. Section 6 outlines the limitations of the study and suggests directions for future research. Finally, Section 7 concludes the paper by summarizing the key findings and their practical implications.

2. LITERATURE REVIEW

Green capability is meant to be dynamic inside the organization and in business processes. In accordance with this study, the dimensions of ECSR have a substantial influence on green competitive advantage through ecological management. Establishing these green dynamic abilities in organizations is expected to be dependable and permanent (Chen, 2008). Intelligent firms shape their green competitiveness through ecological strategies (Wang, Hu, Dai, & Burns, 2021). Firms can undertake green business processes as a responsibility, forming a green image and efficiently tracking sustainability in businesses (Famiyeh, Adaku, Amoako-Gyampah, Asante-Darko, & Amoatey, 2018). Lantos (2002), states that a corporation that practices corporate social responsibility gains positive attention, enhances its corporate image, and reaps additional advantages. For this reason, according to Lantos (2002), businesses adopt CSR not to assist stakeholders but rather to profit from it.

Boulstridge and Carrigan (2000), argues that there is a negative correlation between a company's profitability and corporate social responsibility (CSR) and the business environment. Pomeroy, Johnson (2009), van der Heyden, and van der Rijt (2004) concur with the previously stated reasons for putting CSR into practice and highlight Ugnė Daubaraitė and Regina Virvilaite. Companies are being pressured by the government or society to adopt corporate social responsibility (CSR) in order to build a positive corporate image. According to Lindgreen & Swaen (2010), businesses may engage in corporate social responsibility (CSR) for a variety of reasons and with varying expectations. CSR can be a goal, a means of enforcing and defending existing policies, or a way for a business to

demonstrate compassion.

Bathmanathan and Hironaka (2016) characterized green corporate image as "progressive sustainability" in which enterprises conduct their regular business activities without interfering with future generations. Firms strive to create a green corporate image in order to acquire competitiveness and market share. Because people are more concerned about environmental issues than ever before, corporations are under intense social pressure to build a green corporate image. As a result, corporations are being pushed to engage in environmental protection initiatives (Saran & Shokouhyar, 2021).

Widyastuti (2019) stated that the firm's green competitive advantage is influenced by the strength and quality of its green corporate image. They also stated that in order to achieve sustainability, businesses must make adequate efforts to build a green corporate image. Green business image is regarded as a critical driver of achieving green competitive advantage (Sellitto, Camfield, & Buzuku, 2020). Green corporate image combined with innovation would offer enterprises with a significant green competitive edge (Fernando, Jabbour, & Wah, 2019). As a result, the purpose of this study is to validate the link between green corporate image and green competitive advantage. Customers have a positive perception of the firm if they are influenced by the firm's environmental initiatives, which often lead to repeat patronage behaviors (Lee, Lee, & Cho, 2018; Trang, Lee, & Han, 2019).

2.1 Research Objectives

This research paper aims to empirically investigate the relationship between CSR activities and the development of a green corporate image. The specific objectives are as follows:

- To analyze the impact of CSR initiatives on a firm's corporate image.
- To explore the role of CSR in shaping a positive green corporate image.
- To investigate the mediating role of trust in the relationship between CSR and corporate image.

2.2 Significance of the Study

The study's significance lies in its potential to provide insights into the tangible benefits of CSR activities in the development of a green corporate image. As businesses strive to enhance their sustainability and social responsibility efforts, understanding the link between CSR and corporate image is crucial. The findings of this research can guide companies in optimizing their CSR strategies to build a favourable and green corporate image.

3. RESEARCH METHODOLOGY

This research employs a mixed-method approach, incorporating quantitative and qualitative analyses. Quantitative data is collected through surveys and financial reports, while qualitative data is gathered

through content analysis of CSR reports and corporate communication materials.

3.1 Data Collection

Data for this research paper is collected through a combination of surveys and financial reports. Surveys are distributed to a sample of stakeholders, including consumers, investors, and employees, to assess their perceptions of CSR activities and the company's image. Financial reports and corporate documents are analyzed to identify the nature and extent of CSR initiatives.

3.2 Sample Selection

The sample for this study comprises a diverse group of companies representing different industries and sizes. A stratified sampling method is employed to ensure a representative cross-section of businesses. The sample size is determined to achieve statistical significance.

3.3 Variables and Measures

The primary independent variable is CSR activities, which is measured through a composite index of various CSR initiatives, including environmental sustainability, community involvement, ethical labour practices, and philanthropy. The dependent variable is the corporate image, which is assessed based on stakeholder perceptions and reputation. Trust is included as a mediating variable, as it is expected to influence the relationship between CSR and corporate image.

3.4 Data Analysis

Techniques Data analysis involves a combination of descriptive statistics and regression analysis. Descriptive statistics provide an overview of the sample and key variables, while regression analysis explores the relationships between CSR activities, corporate image, and trust. Qualitative data analysis is conducted using content analysis to gain insights into the specific CSR initiatives mentioned in corporate documents.

4. DATA ANALYSIS AND RESULTS

4.1 Descriptive Statistics. Descriptive statistics reveal the distribution of CSR activities across the sample, stakeholder perceptions of the corporate image, and levels of trust. The data highlights the variations in CSR engagement and stakeholder perceptions.

4.2 Regression Analysis. Regression analysis is employed to examine the relationship between CSR activities and the corporate image. The results indicate a statistically significant positive association between CSR initiatives and a positive corporate image. This finding underscores the importance of CSR in building a favourable image.

4.2.1 CSR Activities as Independent Variables. Regression analysis demonstrates that different aspects of CSR, such as environmental initiatives and social responsibility, impact corporate image

differently. Environmental initiatives have a stronger positive association with a green corporate image, reflecting the growing emphasis on sustainability.

4.2.2 Corporate Image as the Dependent Variable. The corporate image, as the dependent variable, is influenced not only by CSR activities but also by trust. Trust is found to mediate the relationship between CSR and corporate image, emphasizing its role in strengthening the link.

4.3 Qualitative Analysis of CSR Initiatives. Qualitative analysis of CSR reports and corporate communication materials reveals the specific initiatives that companies have undertaken to enhance their green corporate image. Examples include carbon footprint reduction, eco-friendly product development, and partnerships with environmental organizations.

5. DISCUSSION

5.1 The Impact of CSR on Corporate Image. The results of this empirical analysis support the idea that CSR activities have a significant impact on a company's corporate image. Businesses that invest in CSR initiatives are more likely to be perceived positively by stakeholders, which can lead to a competitive advantage and enhanced reputation.

5.1.1 Positive Effects. Positive effects of CSR on corporate image include increased trust, consumer loyalty, and investor interest. These effects can translate into tangible financial benefits, such as increased sales and shareholder value.

5.1.2 Negative Effects. However, it's important to note that insincere or inconsistent CSR efforts can have negative effects on corporate image. Companies must ensure that their CSR initiatives align with their values and are effectively communicated to avoid potential reputational damage.

5.2 The Role of CSR in Developing a Green Corporate Image. A green corporate image is closely related to CSR initiatives that address environmental sustainability. Companies that prioritize these initiatives are more likely to be perceived as environmentally responsible and, consequently, more attractive to environmentally conscious stakeholders.

5.2.1 Environmental Initiatives. Initiatives such as reducing greenhouse gas emissions, minimizing waste, and conserving natural resources play a pivotal role in developing a green corporate image. Stakeholders are increasingly placing importance on environmental sustainability.

5.2.2 Social Initiatives. Social responsibility initiatives, such as supporting local communities and promoting ethical labour practices, also contribute to a green corporate image. Businesses that demonstrate a commitment to social well-being are seen as responsible and trustworthy.

5.3 The Mediating Role of Trust. Trust is a critical factor in the relationship between CSR and corporate image. Stakeholders who trust a company are more likely to perceive its CSR activities positively, and this trust enhances the overall corporate image. Trust acts as a bridge that reinforces the connection between CSR and corporate image.

5.4 Implications for Business Strategy. The findings of this study have several practical implications for business strategy. Companies are encouraged to invest in sincere and consistent CSR initiatives

that align with their core values. Environmental sustainability and social responsibility should be prioritized, as these areas have a significant impact on the development of a green corporate image. Effective communication of CSR efforts is also crucial to ensure stakeholders are aware of the company's commitment to responsible business practices.

6. LIMITATIONS AND FUTURE RESEARCH

6.1 Limitations of the Study: This research paper has several limitations, including potential sampling bias and reliance on self-reported data. The study's cross-sectional design also limits the ability to establish causality definitively. Future research can overcome these limitations by employing longitudinal studies and exploring the relationship between CSR and corporate image in more depth.

6.2 Future Research Directions. Future research in this area could investigate the impact of industry-specific factors on the relationship between CSR and corporate image. Additionally, the effectiveness of various communication strategies in conveying CSR initiatives to stakeholders could be explored further. Comparative studies across different regions and industries would provide valuable insights into the global applicability of these findings.

CONCLUSION

This research paper examines the relationship between Corporate Social Responsibility (CSR) activities and the development of a green corporate image, finding a strong positive association, especially concerning environmental sustainability, with trust acting as a critical mediator. The implications suggest that engaging in sincere and consistent CSR activities, particularly those related to environmental sustainability, can enhance a company's corporate image and reputation. Effective communication of CSR initiatives is emphasized. As societal expectations around responsible business conduct evolve, integrating CSR into business strategy becomes increasingly crucial for long-term success and stakeholder trust. The future of CSR, as predicted by Archie B. Carroll in 2015, continues to involve the sophistication of NGOs, the influence of ethically conscious consumers, stakeholder involvement, employee-driven CSR, and increased CSR activity throughout global supply chains.

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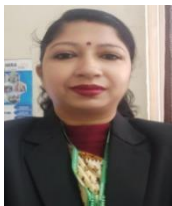
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