

The Role of CSR Activities in Shaping Consumer-Based Corporate Reputation: A Study of Indian Brands

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Abstract:

Corporate Social Responsibility (CSR) has become a strategic policy to improve the CSR image of the company and improve the relationship with the customer. This study analyzed the effect of CSR activities on the corporate reputation from consumer's perspective for Indian Brands. The research type used in this study was descriptive research, and the number of respondents used was 120 consumers, obtained by questionnaires. The results indicated that there was a significant positive correlation between CSR activities and the corporate reputation suggesting that the social responsibility practices help to improve the consumer's trust, brand image and corporate credibility. The study underscores the need for companies in India to adopt CSR initiatives that are genuine and can help create a positive consumer perception and enhance the company's reputation in the long run.

Keywords: Corporate Social Responsibility, Corporate Reputation, Consumer Perception, Brand Image, Indian Brands

1. Introduction

Organisations are now judged on their financial performance as well as their contribution to society and the environment, in today's business world. As corporate social responsibility (CSR) has increasingly become a strategic element of corporate management, the focus has shifted from philanthropy to doing the right thing. With the increasing focus on ethical business practises, sustainability and the welfare of the stakeholders, CSR has moved from philanthropy to doing the right thing and has become a strategic element of corporate management. CSR can be seen as the obligation of the organisations to take into consideration the social, environmental and economic impacts of their actions and to generate value for all the stakeholders (Carroll, 1991). In today's day and age, CSR programmes are becoming a part of corporate strategy, and are being used to build relationships with stakeholders, improve legitimacy and create a company's competitive edge.

Reputation has become an all-important intangible asset, impacting consumer purchasing decisions, stakeholder trust and organisation's long-term viability. Reputation is a reflection of the perceptions and evaluations of an organisation, based on its actions, communication and the expectations of its stakeholders for future actions (Fombrun, 1996). A positive corporate image can result in greater customer loyalty, build brand equity, secure additional investment and offer differentiation in the ever more

competitive marketplace (Walsh & Beatty, 2007). Therefore, CSR activities are becoming more and more a tool for organisations to foster and maintain positive CSR corporate repute.

The issue of the linkage between the CSR activities and the corporate reputation has been the attention of the management and marketing literature. CSR efforts demonstrate an organisation's dedication to social good, environmental responsibility and ethical behavior, and can have a positive impact on stakeholder perception. Brown and Dacin (1997) indicate that information about how well the company practices social responsibility helps consumers in their evaluations of the company and its products. Similarly, Sen and Bhattacharya (2001) put forth the idea that if companies engage in CSR activities that match the consumers values, they tend to become more identified with the company, and have more favourable attitudes towards it. Therefore, CSR is one of the key communication tools that can be used by a company to shape consumers' minds and improve its reputation.

In terms of the consumer, CSR is a key factor in the assessment of the brand in addition to purchase decisions. Today's customers are more than ever demanding a company to act with responsible behavior not only for the sake of maximizing profit. Those companies who are performing socially responsible activities are seen as more trustworthy, credible and more committed towards society (Du, Bhattacharya, & Sen, 2010). The CSR programs like environmental conservation, community development, education support, healthcare programmes, etc. help in developing positive consumer impression and boosting the company's image. But, the success of CSR programs is heavily reliant on the consumers' awareness, perceived authenticity and their perception that the CSR program is truly a program that reflects the organization's values and not just a promotional program (Yoon, Gürhan-Canli, & Schwarz, 2006).

The relationship between consumers' perception of the corporate reputation and CSR activities is explored in the Indian corporate landscape. India is one of the few developing countries where CSR has become institutionalized by incorporating provisions of CSR in the Companies Act, 2013 under section 135. The bill mandates that companies that are eligible, contribute a share of their profits to CSR projects, which is intended to incentivize companies to engage in activities that will help them contribute to social development efforts. This has led to an increase in CSR initiatives by Indian companies in various fields like education, rural development, healthcare, environmental sustainability and community empowerment.

Some top Indian brands have integrated CSR into their business plans to build stronger bonds with its stakeholders and improve its brand image. There have been and are a number of CSR programmes by organisations like Tata Group, Reliance Industries, Infosys, Mahindra Group and ITC etc. who have taken up extensive initiatives to tackle social and environmental issues. All of this has helped to foster public sentiment on business responsibility and ethical commitment. The influence that CSR activities have on the consumer-based corporate reputation, however, would need further empirical study, especially, from the consumers who directly meet corporate brands' corporate image.

While a positive relationship between CSR and corporate reputation has already been documented in the literature, there are some gaps in the literature. First, the literature available has been mainly concerned with the disclosure of CSR information, corporate performance or organisational aspects, and little attention was paid to consumer perceptions, which is the basis of corporate reputation. Second, the effects of CSR can differ because consumers' awareness of the CSR initiatives, their trust in the initiatives and their perception of their authenticity. Third, there are few empirical studies that have been done in the Indian context that explore the impact of CSR efforts of brands on corporate reputation. The knowledge

of these relationships is crucial since consumers' perceptions are the key determinant of brand acceptance, loyalty and the brand's future value.

Hence this study tries to analyse the effect of CSR activities on the consumer based corporate reputation of the Indian Brands. The study aims to add to the recent body of literature on strategic CSR, stakeholder management and reputation building by exploring consumer perceptions on CSR and how it affects the business's reputation. The results can offer valuable insights to the Indian companies on the effective designing and communicating of CSR initiatives to increase consumers' trust and build up good corporate image.

2. Review of Literature

Recent studies have started to focus on the impact of Corporate Social Responsibility (CSR) programs on consumer perceptions and the subsequent evaluation of the brand, their trust in the company and its reputation. The following studies, published from 2021-26, offer some insights into CSR activities and consumer-based corporate reputation.

- **CSR, Corporate Reputation and Brand Equity in the Indian Banking Sector**

Aggarwal and Saxena (2023) have explored the link between the CSR activities, corporate reputation and brand equity in the Indian banking sector. The study, which was conducted on 482 banking consumers and used the survey results as data, and applied the Structural Equation Modelling (SEM), revealed that CSR programmes have a significant impact on corporate reputation and brand equity. The results showed that the corporate reputation is one of the partial mediators between CSR practices and brand equity, suggesting that responsible corporate behaviour influences consumers' evaluations and consequently, it boosts the value of the brand. The study emphasizes the importance of Indian companies in gaining competitive edge through strategically positioning their CSR initiatives for more reputational purposes.

- **CSR, Organisational Trust and Corporate Reputation for Sustainable Performance**

Zhao et al. (2022) examined the CSR, organisational trust and the corporate reputation from stakeholders' perspective. The results showed that CSR activities have a positive impact on the corporate image in terms of building organisational trust. The study indicated that along with the product and services, the consumers and stakeholders also check the companies' perception about social responsibility. The study also highlighted the importance of CSR and its role in the process of establishing trust in the organisation, which then leads to sustainable performance in the organisation.

- **Consumer Responses to CSR and the Role of CSR Authenticity**

Afzali & Kim (2021) investigated the relationship between CSR and consumers using mediation model of CSR authenticity. The research identified that CSR activities have significant positive effects on the consumers' evaluation, product association and purchase intention, based on the survey data obtained from the consumers. The effect of CSR, however, is very dependent on the consumers' perceptions of these initiatives as sincere and authentic. The study indicates that there is a need for consistency between CSR policies and its implementation in terms of organisational actions to improve consumer reactions. The communication and consumer scepticism regarding CSR. The scepticism from the consumers and the communication related to CSR.

- **CSR Communication and Consumer Scepticism**

Lim and Lee (2023) studied the effect of the characteristics of CSR communication on consumers' responses. The research was directed at the specificity of CSR messages, the fit of the organisation and the clarity of the message. The results showed that if there is poor communication of CSR initiatives, there

might be a consumer skepticism which would diminish the positive effect of CSR on a consumer's perception of the company. The authors further claimed that, for CSR communication to be successful, it was crucial to transform social activities into a reputation as consumers are more and more stringent in judging the credibility and authenticity of corporate claims.

- **Consumer Perceptions of CSR and Corporate Reputation in Retail Industry**

Swaen, Demoulin and Pauwels-Delassus (2021) study the impact of consumers' perceptions of corporate social responsibility (CSR) and corporate social irresponsibility (CSiR) on the corporate reputation in the grocery retailing industry. 840 customers were selected for the study and the moderating role of corporate reputation between customers' perceptions of CSR and customer related outcomes including trust, retailer equity and customer support behaviour was explored. The results indicated that the perception of CSR activities had a significant positive impact on the corporate reputation, but that the perceptions of corporate irresponsibility had a negative effect on the positive impact of CSR. In addition to considering companies' responsible actions, the study also found that their ethical behaviour and lack of irresponsible practices are also considered by consumers.

- **CSR Credibility, Trust and Consumer Purchase Behaviour**

Martínez et al. (2021) study the effect that the credibility and trust of companies based on CSR activities has on the reactions of consumers. The findings indicated that CSR activities serve as valuable communication tools against the sense of reliability and ethical engagement of the companies. Consumers' trust in the brand was found to be a significant factor that affects the consumers' evaluation and purchase intention as a result of CSR activities. The results indicate the potential that companies can use for improving their consumer relationships, through the adoption of credible and transparent CSR programmes.

- **CSR Authenticity and Brand Trust in Sustainable Brand Management**

Lee and Jeong (2022) conducted a study to investigate the effect of CSR compatibility and CSR authenticity on brand trust and sustainability management. The study revealed that CSR activities integrated with the values of the company were able to build a higher consumer trust than those perceived as promotional or did not have a connection with the company. The results highlighted that authenticity is an important element to consider in understanding that whether CSR investments lead to positive brand perceptions and enhance brand reputation.

- **Consumer-Perceived Authenticity of CSR Activities on Social Media Platforms**

Wang, Kim and Kim (2022) studied the issue of CSR authenticity in social network. The study pointed out that business communication of CSR activities is increasingly done through digital medium but consumers still doubt the motives of such initiatives. The study used an experimental method which revealed that the perceived authenticity has a significant impact on consumer participation intention and CSR activity assessments. What the study shows is that in the digital era, there is a need to increase consumer trust in companies and this should be done through a transparent communication of CSR.

- **CSR, Customer Trust and Corporate Reputation during Crisis Situations**

Nguyen and Nguyen (2022) analyzed the impact of the CSR activities on building customer trust and corporate reputation in the automotive industry in the COVID-19 pandemic. The findings obtained based on the responses from questionnaires and the model of structural equation indicate that CSR initiatives played a positive role in the trust of customers, which in turn led to customer satisfaction of the company's reputation. The results highlight the importance of socially responsible actions in times of uncertainty since the consumers need to assess the credibility of the company on the basis of CSR commitments.

• CSR Authenticity, Corporate Reputation and Stakeholder Outcomes

Tiep (2023) explores how CSR authenticity, corporate reputation, organisational identification and firm performance are related in the context of an emerging market. The research showed that the implementation of CSR activities with stakeholders' responses in the questionnaires leads to improved corporate image. The study also indicated that the stakeholders are more receptive to the CSR activities that are aligned with the values of the organisation and not symbolic actions to boost the organisation's reputation. The results emphasize the importance of being authentic in the process of acquiring reputation benefits from CSR investments.

Research Gap Identified from Literature

The reviewed studies showed that CSR has a positive effect on the corporate reputation, brand equity, consumers' trust and purchase intentions. But there are some deficiencies yet to be addressed. First, most of the studies in the past focus on the organisational or financial aspects of CSR, and a few studies focus on the consumer CSR aspect. Second, CSR authenticity and trust have been found to be the mechanisms that are important and yet there is a scarcity of empirical evidence to understand the Indian Consumers' perception of CSR activities of various brands. Third, the majority of the Indian studies have been limited to specific sectors (i.e. banking) while the perceptions of the consumers across brands have not been studied. In view of the above, the present study tries to analyze the effect of CSR activities on the Corporate Reputation in the eyes of consumers of various brands in India employing Primary Consumer studies.

3. Objectives of the Study

- i. To investigate the effect of CSR activities on the consumer based corporate reputation of Indian brands.
- ii. To examine consumer attitudes towards CSR activities and how this affects consumer trust and reputation in the company.

4. Research Methodology

This study was of descriptive research type and relied on primary data gathered from 120 consumer of Indian brands by using structured questionnaire. The respondents were selected using convenience sampling technique. CSR activities and consumer based corporate reputation were measured using a 5 point-Likert scale. Data collected were analysed descriptively, reliability analysis, correlation and regression analysis in order to study the relationship between CSR activities and corporate reputation.

5. Results and Discussion

The collected data from 120 respondents was analysed for the role of CSR activities in shaping consumer-based corporate reputation among Indian brands. To achieve the desired objectives of the study, descriptive statistics, correlation analysis and regression analysis were performed.

5.1 Descriptive Analysis of CSR Activities and Corporate Reputation

Table 1: Descriptive Statistics of Study Variables

Variables	Mean	Standard Deviation
Social Responsibility Initiatives	4.02	0.72
Environmental Responsibility	3.89	0.76
Ethical Business Practices	4.1	0.68

Community Development Activities	3.95	0.74
Consumer-Based Corporate Reputation	4.08	0.7

Source: Computation by Author

Interpretation:

The findings show a positive attitude of the respondents towards CSR activities by Indian brands. The highest mean scores were seen for ethical business practices (4.10), and social responsibility initiatives (4.02). The overall mean score of consumer-based corporate reputation was 4.08, which indicated that CSR initiatives had positive impacts on the consumers' perception of corporate image, credibility and trust.

5.2 Correlation Analysis between CSR Activities and Corporate Reputation

Table 2: Correlation Analysis

Variables	CSR Activities	Consumer-Based Corporate Reputation
CSR Activities	1	0.684**
Consumer-Based Corporate Reputation	0.684**	1

Source: Computation by Author

Interpretation:

The correlation analysis indicated that there was a positive significant correlation between CSR activities and consumer based corporate reputation, which is $r = 0.684$ and $p < 0.01$. This suggests that increased consumers' perceptions of CSR initiatives were linked to increased corporate reputation. The discovery aligns with the theory that customers' trust in companies and evaluations of their products are positively affected by corporate responsibility.

5.3 Regression Analysis: Impact of CSR Activities on Corporate Reputation

For analyzing the effect of CSR activities on consumer of the company based corporate reputation, regression analysis was carried out.

Table 3: Regression Model Summary

Model	R	R ²	Adjusted R ²	F-value	Significance
CSR Activities → Corporate Reputation	0.684	0.468	0.463	103.82	0

Source: Computation by Author

Interpretation:

The regression results indicated that consumer-based corporate reputation (CBCR) was explained by the CSR activities ($R^2 = 0.468$). The model was statistically significant with a value of < 0.001 which means CSR activities significantly affected the reputation of Indian brands.

Table 4: Regression Coefficients

Independent Variable	Beta Coefficient (β)	t-value	Significance
CSR Activities	0.684	10.19	0

Source: Computation by Author

Interpretation:

The regression coefficient showed that CSR activities had a significant positive effect on consumer based corporate reputation ($\beta = 0.684$ $p < 0.001$). This means that an increase in CSR activities results in better consumer perception of credibility, trust and reputation in the company.

6. Discussion of Findings

The study results provide evidence that CSR activities are important to create the corporate image among brands of the Indian consumers. As CSR activities are positively associated with corporate reputation, consumers consider it as a factor to judge a company's reputation. Results of the regression analysis also validate that CSR program has a significant effect on enhancing the reputation.

The findings are in line with previous research which found that CSR is an effective way to establish trust among consumers, enhance the brand image and build relationships with stakeholders. Today's customers are more aware of the value of companies that are actively engaging in the social welfare, environment and moral criteria. Thus, CSR programmes can be designed strategically for the Indian brands to gain their long-term advantage in their reputation.

7. Conclusion

The present study focused on the effects of the role played by the Corporate Social Responsibility (CSR) activities on the consumer based corporate reputation among the Indian Brands. The results showed that CSR activities have a significant impact on consumers' opinions, trust and company image. The findings revealed that there was a significant positive relationship between CSR activities and consumer based corporate reputation, which indicates that companies that are actively involved in CSR activities in the areas of social responsibility, environmental sustainability, ethical practices and community development will get favorable reputational outcomes from their activities.

The study made it clear that consumers are becoming more and more aware of the CSR performance of companies and are using it as a parameter in their evaluation of a company's brand. CSR campaigns are not only a way of showing the society that the organisation is committed to it, but they also boost the credibility, image, and trust of the organisation with it. The results of the regression analysis were also consistent with the regression results and showed that the CSR activities were significant for increasing the improvement of the corporate reputation in terms of consumers.

It is concluded that CSR should not be limited to a 'moral duty' or a 'good deed' but should be considered a business strategy for relationship management and good brand reputation. Carefully planned and genuine CSR initiatives have the potential to build a positive consumer experience and result in a sustainable advantage for Indian companies. Making CSR initiatives consumer friendly by meeting the expectations of stakeholders and making them transparent can make a significant contribution to building an organisation's reputation and relationships with consumers.

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