

CSR AND CORPORATE BRAND IMAGE: EMPLOYEE FAITH PLAYS A MEDIATING ROLE

Dr. Sabbineni Poojitha, Dr. K. Anusha, Mirza Aman, Narasimha Reddy Kanakara

Assistant Professor, Business School, Koneru Lakshmaiah Education Foundation (KLEF), Vaddeswaram, Green fields, Guntur, Andhra Pradesh, India -522302.

E-mail: sabbinenipoojitha@gmail.com

Assistant Professor, Business School, Koneru Lakshmaiah Education Foundation (KLEF), Vaddeswaram, Green fields, Guntur, Andhra Pradesh, India -522302.

E-mail: kangalanusha@gmail.com

Research Scholar, Business School, Koneru Lakshmaiah Education Foundation (KLEF), Vaddeswaram, Green fields, Guntur, Andhra Pradesh, India -522302.

E-mail: mirza@kluniversity.in

Student, BBA, Business School, Koneru Lakshmaiah Education Foundation (KLEF), Vaddeswaram, Green fields, Guntur, Andhra Pradesh, India -522302.

E-mail: Narasimha.kankara98@gmail.com

DOI : 10.48047/IJFANS/V11/Splis5/17

ABSTRACT:

A key component in enhancing any company organization's brand image is corporate social responsibility. This article primarily discusses the value of corporate social responsibility in enhancing an organization's brand. Most scholarly and research studies rely on the past of corporate brand image, but they seldom ever examine the fundamentals of the process. The conceptual framework and hypothesis have been created upon the literature study. The hypothesis posits that the acceptance of CSR activities by an organization fosters employee believe in the organization, which in turn enhances the organization's brand image.

The study's conclusions indicate that an organization's adoption of CSR initiatives will strengthen employee faith and improve the organization's reputation. In accord with the study's researchers, organizations ought to make sure that all their employees are aware of the CSR initiatives they have adopted. This will help them to reap the greatest benefits from these initiatives, and they should value the CSR initiatives adopted by employees because they will benefit the company as a whole and its stakeholders. The study has connotation for further research in the field of corporate social responsibility. Researchers might investigate additional mediating factors that can clarify the fundamental relationship between corporate responsibility and faith. To enhance the generalizability of the results, this study can also be replicated in other industries.

Keywords: Corporate reputation, Trust, Corporate brand image, CSR activities, and mediation

INTRODUCTION:

Corporate reputation being an intangible asset is gaining its significance in the business world globally. It is also defined as the comprehensive impression reflecting the acumen of an aggregate stakeholder group (Lai et al, 2010). The feasible way a company can enhance its prominence among its senior executives is through corporate social conscience (Williams & Barrett, 2000). This corporate philanthropy is a segment of corporate social responsibility (Carroll & Shabana, 2010). According to European Commission, Corporate Social Responsibility is defined as a concept through which the companies integrate the environmental and social concerns in the business operations and in their interconnections with their stakeholders on their discretionary grounds (European Commission, 2001). This concept is becoming a crucial area of research, as many researchers are surveying the CSR impact on large firms, small and medium firms (Kechiche & Soparnot, 2012).

The companies CSR performance is certainly associated with firm's success trademarks such as firm attractiveness (Albinger & Freeman, 2000; Jones, Willness, & Madey, 2010; Turban & Greening, 1997; Maheshwari & Yadav, 2015); employee satisfaction (Coldwell et al, 2008); financial performance (Waddock & Graves, 1997; Tsoutsoura, 2004); customer buying behaviour (Mohr et al, 2001); customer trust (Salmones et al, 2005; Marin et al, 2009; Van den Brink et al, 2006); stakeholder trust (Castaldo et al, 2009). This proposes that CSR fulfilment as a strong indicator for a firm's enduring success (Malovics et al, 2008). Despite of this increasing interest, the researchers has focused on identifying the immediate relationship between business outcomes and CSR activities (Aguinis & Glavas, 2012). As of now there is certain lack of research related to the underlying mechanisms through which the CSR activities affect the business and its related outcomes (Yadav & Singh, 2016). Additionally, the researchers focused on studying the external stakeholders rather than internal stakeholders (Lee et al, 2013; Raub & Blunschi, 2013).

The study aims at filling the research gap by studying the process through which the CSR activities assist in building the reputation of corporate among employees. It was identified that a positive relationship between the developing the employee faith and a firm's CSR activities (Berry, 1999; Hansen et al, 2011). The association between the organization and the employee faith on organization has not been studied. Certain studies related to this accomplished in Europe and United States. However, their results might not be applicable towards the Indian context where there exists high level of collectivism and low level of economic well-being.

The study tries to identify the mechanisms through which the CSR perception helps forms in developing the positive reputation on the corporate among the employees in India. The study also looks for understanding the relationship between the CSR activities and employee faith in the organization. This study merely focuses on the CSR perceptions as it affects the attitudes and behaviour of employees, and the employees may lack the information about the organization's

actual CSR activities. Suggestions were made by certain researchers stating that employee perception towards CSR can be more crucial than actual CSR performance in creating the employee attitude. Employee faith is selected as the mediating variable between corporate reputation and CSR perception.

REVIEW OF LITERATURE:

CSR term refers as the voluntary activities in that a firm engage with the motive of contributing towards society and the environment (European Commission, 2001). CSR theoretical justification lies in the conceptualizing, CSR is an unwritten contract between the society and business in which the companies are anticipated to fulfil certain socially responsible actions in substitute of the license acquired to operate (Woodward-Clyde, 1999). A socially accountable firm is presumed three responsibilities, such as social responsibility, environmental responsibility, and economic responsibility (Elkington, 1997).

The broad classification of CSR is done in three types; Ethical CSR completely focuses on the fairness and justice in practices grounded towards moral principles (Carroll, 1991). Strategic CSR focuses on favouring towards social services with certain profit orientation for the organization (Porter & Kramer, 2006). Philanthropic CSR focuses on giving back to the society without any expectations further (Carroll, 1991). For example, researchers tried to evaluate the footprint of various kinds of CSR on faith. The study found that ethical CSR is the majority effective in building the faith when analysed to other types of CSR (Yadav & Singh, 2016). Studies carried out in this area have tried to be found out the impact of CSR on various business variables; few studies explored the CSR impact on business outcomes.

From the existing literature it is clearly understood that CSR is a set of voluntary activities performed by the firm with the aim of ensuring the well-being of stakeholders without sacrificing the organization's long term economic interests. Perceived CSR is referred to the degree of employee perception about the assistance provided by the employer towards the activities of CSR (Choi & Yu, 2014). The literature review indicates that majority number of studies has used customer or employee perception to measure CSR; hence both the terms are being used interchangeably. Employee perceptions of CSR lead to diverse constructive organizational outcomes, like organizational identification and organizational attentiveness (Gond et al, 2017). Multiple processes such as organizational identification and social identity, social exchange theory, signalling theory and attribution (Gond et al, 2017) have been employed to explain reactions of employee towards CSR activities.

CSR Activities and Faith:

Faith refers as the affect and relationship, and it is defined as a connection where one party has confidence in an interchange partner's sincerity and honesty (Morgan & Hunt, 1994). It is

interpreted as the insight that those who are related to firm will meet the expectations and they won't hurt us (Choudhury, 2008). It has also been said that trust is a necessary component for organizations to run smoothly (Goodsell, 2006). This implies that a good perception of CSR is probable to increase workers' trust in their employers since workers think that these companies are acting in the best interests of all stakeholders and are therefore more worthy of their trust.

Corporate reputation and Trust:

From the perspectives of internal stakeholders, or employees, and external stakeholders, or customers, trust and corporate reputation can be examined. The existing studies indicates that the literature on trust and corporate reputation that has been noted thus far has mostly distribute with customers or other external stakeholders. According to certain research, an organization's corporate reputation among consumers both precedes and increases customer trust in it (Keh & Xie, 2009), while other studies have recognized customer trust as an antecedent of corporate reputation (Walsh, Mitchell, Jackson & Beatty, 2009). This study assumes that reputation is not a result of trust, but rather its antecedent. This idea is supported by the theory that attitudes are influenced by cognition (Fishbein & Ajzen, 1975).

Trust being a mediator between CSR Activity and Corporate Reputation:

Relationship outcomes at the antecedent and employee levels have been found to be significantly mediated by trust (Colquitt, Scott & LePine, 2007). It has been observed that employee trust mediates the relationship between organizational citizenship behaviour and employee turnover intentions as well as perceived CSR (Hansen et al., 2011).

DISCUSSION:

The majority of CSR research has been conducted in Western contexts, which are very unlike from Indian contexts. This difference can be ascribe to factors like higher levels of collectivism, lower economic well-being, and a large presence of family-run businesses. These factors may have an impact on an organization's ability to implement corporate social responsibility (CSR), the range of CSR programs and initiatives that are available, and ultimately how CSR is carried out and perceived. While the relationship between CSR activity and corporate image has been studied, its procedure has not been thoroughly examined. Therefore, this study contributes to the body of knowledge on corporate reputation by offering empirical support from the Indian context in addition to elucidating the mechanism of achieving high levels of corporate reputation improvement.

This study examines the function of trust as a mediating mechanism that enables CSR initiatives to improve a company's standing with its workforce. The impact of perceived corporate social responsibility (CSR) on employee perception of the company was found to be partially mediated by employee trust. We made the case, depending on the signalling theory, that workers who

think their company engages in a high degree of CSR activities will likewise think that their company will treat them ethically. Elevated levels of corporate social responsibility (CSR) may also serve as a signal to employees that their needs and expectations will be met. Employees' positive emotions may be sparked by the organization's positive contributions, which could foster the growth of trust.

CONCLUSION:

According to the article, employee perception of corporate reputation is a purpose of perceived corporate social responsibility (CSR), and employee trust plays a role in mediating this relationship. The results accord to the corpus of literature already available on CSR perceptions and how they relate to a company's reputation by attempting to explain the "how" of the phenomenon. Employees view their employer's CSR initiatives from a variety of angles, as evidenced by the data showing that different employee groups have varying degrees of trust and perceptions of the company. As a result, companies should think about a variety of CSR initiatives rather than concentrating on just one that may not be very valuable to most employees.

REFERENCES:

1. Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility a review and research agenda. *Journal of Management*, 38(4), 932–968.
2. Albinger, H. S., & Freeman, S. J. (2000). Corporate social performance and attractiveness as an employer to different job seeking populations. *Journal of Business Ethics*, 28(3), 243–253.
3. Berry, L. (1999). *Discovering the soul of service*. New York, NY: *The Free Press*.
4. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. *Business horizons*, 34(4), 39–48.
5. Carroll, A.B., & Shabana, K.M. (2010). The business case for corporate social responsibility: A review of concepts, research, and practice. *International journal of management reviews*, 12(1), 85-105.
6. Choi, Y., & Yu, Y. (2014). The influence of perceived corporate sustainability practices on employees and organizational performance. *Sustainability*, 6(1), 348–364.
7. Coldwell, D. A., Billsberry, J., Meurs, N. van, & Marsh, P. J. G. (2008). The effects of person–organization ethical fit on employee attraction and retention: Towards a testable explanatory model. *Journal of Business Ethics*, 78(4), 611–622.
8. Elkington, J. (1997). *Cannibals with forks: Triple bottom line of 21st century business*. Oxford: *Capstone Publishing Limited*.
9. European Commission. (2001). *Green paper: Promoting a European framework for corporate social responsibility*. Luxembourg: Office for Official Publications of the European Communities. Retrieved from http://www.ec.europa.eu/employment_social/publications/2001/ke3701590_en.pdf

10. Hansen, S. D., Dunford, B. B., Boss, A. D., Boss, R. W., & Angermeier, I. (2011). Corporate social responsibility and the benefits of employee trust: A cross-disciplinary perspective. *Journal of Business Ethics*, 102(1), 29–45.
11. Jones, D. A., Willness, C. R., & Madey, S. (2010). Why are job seekers attracted to socially responsible companies? Testing underlying mechanisms. *Academy of Management Proceedings*, 2010(1), 1–6.
12. Kechiche, A., & Soparnot, R. (2012). CSR within SMEs: Literature review. *International Business Research*, 5(7), 97–104.