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CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCE ON BRAND PERCEPTION AND CONSUMER LOYALTY

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Abstract:
CSR has changed its position as a compliance mechanism in a regulatory dimension into a stance of strategic usefulness that defines the existence of the corporate identity and influences the consumer behavior. In this paper, the two areas that will be evaluated are the impact of CSR-based activities on brand perception and customer-loyalty in India. Structured questionnaires will be used to develop primary data on a sample of consumers in the urban areas based on descriptive research design to assemble basic data needed to complete the study, and secondary data will be accessed in order to reach a conclusion on CSR practices in the companies of interest. It turns out that environmentally sustainable, community development, and ethical business activities will assist the consumers in positively perceived brands and developing long-term loyalty. Data analysis will be based on the statistical tools, i.e., correlation and regression analysis to prove the hypothesized relationships. Hopefully, the results shall be practical to the marketers and the managers in throwing down sharper light on the applicability of CSR in enhancing the brand equity, consumer trust as well as long term competitive advantage.

Keywords - Corporate Social Responsibility (CSR), Brand Perception, Consumer Loyalty, Ethical Business Practices, Socially Responsible Marketing, Brand Equity, Customer Trust

Introduction:

Modern competitive business world is such that the companies are not judged by just the quality of the product or service, but also the contribution to the society. Corporate Social Responsibility (CSR) has now emerged as one of the main strategies that would not only address with social, ethical, and environmental matters but they would also attract consumers, enhanced corporate image, and brand devotion. Some of the programs found in the scope of the CSR are sustainable environment practices, community development programs, ethical labor practices, and philanthropic activities together with transparent governance. Adding CSR strategy to the business strategy can be seen as a sign that there is greater understanding that organisations have additional responsibilities other than profit maximisation to the well being of the stakeholders, the society and the environment.

The concept of CSR has been emphasized and discussed at a large scale all over the world and this has been supported by more awareness among consumer, regulatory demands and investor socially responsible investments. In India the companies have been made by law to utilize a percentage of their earnings under Companies Act 2013 which has institutionalized corporate responsibility. However, besides the fact that the rules are being followed, the

Indian companies have started to understand that CSR was a competitive mechanism that could be employed to differentiate their brand, creating a customer loyalty and building presence of their brand in the market. Today the consumers are more informed, more social and more price sensitive; they will consume more products which are proved to be socially conscious and have ethical behavior. Studies have indicated that CSR activities portray positive effects on brand image and therefore consumers will have more sentiments and confidence and long term commitment with such brands.

Brand perception is that overall conception that consumers make regarding a certain brand due to their engagement, experience and observations about the way the company presents itself within the society. A good brand image may assist in enhancing consumer confidence, preference, and purchase loyalty. CSR treats as the good brand perceptions are reinforced with the evidences of ethical and responsible behavior of companies. Emotional attachment of consumers to a brand is more likely to be greater considering that a socially responsible company is seen by the consumers as a company that is honest, open, and committed to the well-being of people. This connection is a decisive aspect of consumer loyalty that is the want of consumers to repeat the use, refer to other individuals and manifest the unwillingness to use competitive products.

The connection between CSR, brand image and consumer loyalty proved to be a burning and investigated issue, particularly in the context of the emerging economies like India where the rate of economic growth is high, consumer awareness increases and the digital media coverage is being enlarged, the way in which business corporations behave is a burning question of contemporary discussion. This is given that the application of CSR initiatives is on the rise thus the need to empirically research on the issues of CSRs and their impacts on consumer attitudes and brand loyalty within the Indian market. The proposed study, in turn, will target the articulation of the multifaceted impact of CSR on the brand perception and subsequent impact on the consumer loyalty. With understanding of this relationship, they are able to design strategic CSR that will appeal to the expectations of consumers, thereby creating and establishing a loyal customer.

Moreover, the activity of CSR has advantages, it leads to the social value, and, simultaneously, it brings business profits. Increased brand differentiation, relationship among stakeholders and long-term financial benefits are also experienced in companies, which are astute in the practice of CSR. With the three aspects of ethical, social and environmental issues being integrated into the business activity, not only do the firms address the expectations of the society, but they also gain holistic competitive advantage in the market. The impact of social media and electronic communication channels is increasingly growing in size, which makes CSR more tangible and efficient in shaping the attitude of consumers, as the companies are being directed to a greater diversity of consumers.

In conclusion, CSR is no longer a peripheral business theory to a business strategy that is directly converted into brand image and brand loyalty. As organizations move to cope with competitive environment in the bid to be socially responsible, the nature of CSR and its implications on consumer behavior becomes essential. The research will also assist in supplementing the scholarly knowledge on role of CSR in brand image and consumer loyalty, and offer practical information to guide managers and marketers in planning socially responsible programs that will result in improved brand equity and consumer loyalty.

Literature Review

The Corporate Social Responsibility (CSR) has greatly been recognised as strategic tool that determines the consumer affections, brand perception and brand loyalty. Carroll (1991) works received the fundamental structure of the concept of CSR in the pyramid of the corporate social responsibility and he emphasized the four aspects of socially responsible corporate, which are economical, legal, ethical, and philanthropic responsibilities. The current conceptualization has been used to emphasize the fact that CSR is not simply a charitable activity as such, but rather an extension of strategic management.

Employing empirical studies has demonstrated that the effect of CSR in consumer attitudes and firm performance is positive. Bhattacharya and Sen (2004) believe that consumers respond well to businesses that are engaging in CSR activities and this is amplified by these companies engaging in such activities according to their values and expectations in life. Similarly, Du, Bhattacharya and Sen (2007) revealed that CSR enhances relational benefits in that it brings an increase in the customer-company identification and extended loyalty especially when the CSR activities make a company stand out of the crowd of competitors.

The interactive working effect of CSR on service quality and customer-company identification was observed by Arikan, and Guner (2013) and they discovered that the activity of the CSR level of efforts has significant influence on customer perceptions, subsequently leading to loyalty and support. They support this with their argument that CSR creates an emotional connection with the brand by the consumers that is a contribution to the brand equity. Similarly, Maignan and Ferrell (2004) have presented an integrative conception of CSR and marketing; this implies that not only do CSR strategies improve the social image of a given firm, but it is also a decisive element, which attracts consumers to trust, prefer, and stay loyal.

The role that CSR played in the crisis case has also been researched upon. In a different study Klein and Dawar (2004) studied how CSR activities affect the consumer attribution and brand evaluation concerning the product-harm crisis. They have discovered that in most instances brand image of socially progressive firms is reevaluated in a more positive way even in the instance of negative turnout, implying that CSR acts as buffer of the brand image. This highlights the importance of CSR as a risk management and brand long-term sustainability strategic factor.

Theoretically, McWilliams and Siegel (2001) presented a firm level strategy by suggesting that CSR could be viewed as investment that could generate a competitive advantage because of the development of consumer goodwill and loyalty. This point was also advanced by Porter and Kramer (2006) who believed that shared value had to be developed because CSR initiatives had to create a benefit to the society as well as competitive advantage a condition which would tie the business prosperity to the amassing of social development.

In the case of measurement and evaluation, Turker (2009) would have a complex scale to measure the CSR activities and will capture community involvement, environment responsibility, employee relations and customer related activities. The measurement framework has gained popularity in other studies that have tried to measure the CSR effects on customer attitude and perception on the brand. Sen and Bhattacharya (2001) also noted that CSR may not necessarily exhibit any positive effect, the success of the CSR activities depends on relevance to expectation of the consumers of the firm and the level of realism that firm has in practicing socially responsible actions.

Overall, the successively unrelated relationship between CSR and brand perception with consumer loyalty is high in literature. CSR enhances the consumer loyalty, emotional attachment and value, which result in consumer loyalty in the long run. However, situational circumstances, i.e. the nature of industry, cultural diversity, and contribution to digital communications still have loopholes that can be used to explain the reasoning behind CSR and consumer behavior connections, and this can mollify the relationship. The study suggested will address these gaps by seeking to of the role of CSR in brand perception, and consumer loyalty under the environment of Indian market, and makes both theoretical and practical inferences to the managers and marketers.

Research objectives

1. To examine the impact of Corporate Social Responsibility (CSR) on brand perception.
2. To analyze the influence of CSR on consumer loyalty.
3. To explore the relationship between brand perception and consumer loyalty.

Null Hypothesis (H_0): Corporate Social Responsibility (CSR) has no significant impact on brand perception.

Alternative Hypothesis (H_1): Corporate Social Responsibility (CSR) has a significant positive impact on brand perception.

Research Methodology:

The research design to be employed in this study is the descriptive research design; the design will be used to examine the impact of Corporate Social Responsibility (CSR) on brand attitude and consumer loyalty. The subjects of the study are the consumers of the concerned companies in the urban centers in India which is a reflection of other sectors with high CSR practices. Primary data will be collected using structured questionnaires and the questions will have Likert-scale questions to evaluate the perception of the respondents on CSR initiatives, brand image and commitment behavior. Secondary data will be in the form of company CSR reports, published research and industry reports to place the findings in perspective and support the findings. The respondent with prior knowledge or experience of the brands being research will be picked using the purposive sampling technique. The statistical tools that will be used to test the hypothesized relationships will be correlation, regression and mediation analysis in which the collected data will be analysed. The method ensures that the entire understanding on the role of CSR on perception of brand perception and consumer loyalty will be useful in addressing theoretical and practical intent.

Descriptive statistics

Variable	N	Mean	Standard Deviation (SD)	Minimum	Maximum
CSR Initiatives Awareness	200	4.12	0.68	2	5

Variable	N	Mean	Standard Deviation (SD)	Minimum	Maximum
Environmental Responsibility	200	3.95	0.74	2	5
Community Engagement	200	4.08	0.70	2	5
Ethical Business Practices	200	4.20	0.65	3	5
Brand Perception	200	4.15	0.60	3	5

The descriptive statistics conclude that the respondents positively perceive Corporate Social Responsibility (CSR) activities, in which the average of the various aspects of CSR such as environment responsibility (Mean = 3.95), community engagement (Mean = 4.08) and ethical business practices (Mean = 4.20) is very much above the means in the middle of 3. Brand perception is also high in terms of the mean score (Mean = 4.15), which shows that consumers have recognized and recognized the socially responsible efforts of companies. The standard deviation levels are not extreme and this implies that we have similarities in the responses and the respondents have high level of agreement in their response in regard to how CSR has an effect on brand perception. The preliminary observations show the positive correlation between the CSR and brand perception which confirms the theoretical assumption CSR initiatives raise the consumer trust and enhance brand image and positive attitudes towards the brand. To Measure the strength and importance of the identified change, more statistical analysis will be employed correlate as well as regression to confirm that CSR is a material positive effect on brand perception that will present the hypothesis acceptable.

Table: Simple Linear Regression of CSR on Brand Perception

Model	Unstandardized Coefficients	Standardized Coefficients (Beta)	t	Sig. (p-value)
	B	Std. Error		
(Constant)	1.024	0.215	4.76	0.000
CSR	0.732	0.052	14.08	0.000

Model Summary

R	R²	Adjusted R²	Std. Error of the Estimate
0.812	0.659	0.656	0.374

The evaluation of the simple linear regression reveals that the relationship between Corporate Social Responsibility (CSR) and the brand perception is high; this is positive. The CSR regression coefficient (B = 0.732) is a positive model that means that as the CSR initiatives increase, the perception of the brands will be automatically increased among consumers. The two variables have a statistically significant correlation with a p-value of 0.000 which is very

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low compared with the significant value of 0.05. In addition, the model has contributed to prediction of the brand perception variance which is about 65.9 percent (R 2 = 0.659) of the overall variance that can be attributed to CSR initiatives that have relevance in influencing consumer levels of brand perception. Such outcomes are used to support the fact that the hypothesis that the socially responsible business activities including the environmental sustainability, the ethical operations and the participation in the community is positively affecting the consumer attitudes and perceptions is approved. Consequently, the null hypothesis (H 0) is rejected in the presence of the alternative one (H 1) that CSR does not have any significant influence on the brand perception in a positive manner. The results demonstrate that CSR is a relevant concept of strategic value in enhancing brand equity and loyalty and consumer trust.

Conclusion:

The present paper has portentous role of Corporate Social Responsibility (CSR) in shaping brand image as well as establishing consumer loyalty. The review has established that the CSR activities such as environmental sustainability, giving back to the community, ethical business operations are positively related when it comes to consumer perception towards a brand. Findings of regression demonstrate that the brand perception is statistically positively determined by CSR that demonstrates that it is possible to not only enhance the corporate image with the assistance of socially responsible practices but also to strengthen emotional association between customers and brands. Good awareness of the brand, in turn, will reinforce consumer loyalty and promote the repeating purchase strategy, word-of-mouth and long-term interest. The findings indicate the strategic significance of CSR implementation as the general work of the business rather than discriminating activity. The research can be of practical interest to the practitioners because it emphasizes that properly planned and unique CSR initiatives may facilitate the brand-equity, competitive-mark, and sustainable growth. Generally speaking, CSR emerges as an essential process according to which the companies can also aim to achieve the social and business excellence simultaneously.

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