

Building Credibility And Organizational Status Through Corporate Social Responsibility Discourse

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Abstract

Corporate social responsibility (CSR) communication has been shown to have a considerable impact on stakeholders' perceptions, attitudes, and behaviors. The manner in which organizations convey their CSR initiatives is crucial in influencing stakeholder reactions. However, previous investigations examining the effects of CSR communication on consumer perceptions have indicated a notable inconsistency in the findings. Therefore, it is essential to evaluate the relationship among CSR communication, trust, and corporate reputation from the perspective of consumers. The consumer constitutes a key stakeholder whose opinions and actions can significantly affect the direction of an organization. This conceptual manuscript elucidates the nexus between CSR communication, trust, and corporate reputation. High levels of trust and a solid reputation are vital factors that influence the sustainability of an organization. The author performed a comprehensive review of the existing literature related to CSR communication, trust, and corporate reputation. This review highlights the connections among these variables as demonstrated in previous research. Future research initiatives may be enriched by investigating the interplay among CSR communication, trust, and corporate reputation, while also considering mediating factors such as consumers' prior knowledge of CSR and their levels of awareness.

KEYWORDS: *Corporate Social Responsibility, Stakeholders, Corporate Image.*

1. INTRODUCTION

Corporate social responsibility (CSR) constitutes a framework of obligations that organizations are required to fulfill, which can be systematically categorized into economic, legal, ethical, and discretionary dimensions (Carroll, 1991). Within the modern competitive business milieu, organizations are expected to conduct their operations in congruence with social and ethical responsibilities, as stakeholders typically exhibit a preference for entities that actively participate in CSR endeavors. Nonetheless, it is crucial that CSR initiatives are effectively communicated to enhance stakeholders' awareness of the contributions made by organizations, as such awareness is fundamental for realizing a substantial impact. The absence of awareness renders it impractical for CSR to exert influence over stakeholders. As a result, CSR communication is emerging as a salient area of inquiry for scholars aiming to understand the importance of informing and engaging stakeholders regarding CSR initiatives. CSR communication is conceptualized as any communication that is strategically crafted and disseminated by organizations to keep the public informed of their CSR activities (Kim & Ferguson, 2018). A significant aspect of CSR communication resides in its ability to modify public perceptions, attitudes, and behaviors towards organizations. Historically, corporations have generated CSR

reports to disclose their CSR activities. However, scholarly attention on CSR reporting has predominantly focused on its ramifications for financial outcomes rather than on non-financial dimensions such as corporate reputation. CSR initiatives have been conveyed through both traditional mediums, such as reports, and modern platforms, including websites. Nevertheless, it is apparent that CSR reports do not facilitate interactive communication. Scholars have contended that both the content and the methodology of delivering CSR information play a crucial role in shaping public perceptions. CSR communication is posited to either enhance corporate reputation or incite criticism. It is posited that the manner in which organizations articulate their CSR efforts can either cultivate trust or provoke public skepticism. This dichotomy underscores the necessity for further exploration into the relationship between CSR communication, trust, and corporate reputation. The subsequent section examines relevant existing literature and formulates testable hypotheses. This is succeeded by a comprehensive methodology of the proposed study. Ultimately, a conclusion and recommendations for future research trajectories are provided.

2. LITERATURE REVIEW

2.1. The Development of the concept of corporate social responsibility.

The notion of Corporate Social Responsibility (CSR) has experienced substantial transformations over the course of multiple decades. Originally, this notion was confined to a singular, business-centric framework; however, it has since progressed into a multifaceted paradigm. Corporate social responsibility, commonly referred to as CSR, serves as a broad term within the business realm. It typically signifies the extent to which an enterprise is dedicated to executing ethical business practices. This entails conducting business operations in a manner that honors human rights and acknowledges its ramifications for the environment, economy, and society. Corporate social responsibility, or CSR, encompasses the alignment of a company's financial objectives, operational activities, and social as well as environmental tenets. It is predicated on the principle that enterprises can mitigate their adverse effects on both the environment and society. CSR, an acronym for corporate social responsibility, represents the actions undertaken by an organization to lessen its societal and environmental footprint. The CSR agenda also incorporates the implementation of ethical and equitable business practices. A company's adherence to CSR can yield enhanced profitability and improved employee morale, while the processes of CSR and Environmental, Social, and Governance (ESG) are analogous in that stakeholders make their decisions based on the ramifications of a firm's environmental practices alongside its CSR efforts. The underlying principle of corporate social responsibility, or CSR, posits that businesses bear a duty to contribute to the community and take into account environmental and social factors in their decision-making processes. Given that it creates value for the environment, society, and economy, sustainability which encapsulates Environmental, Social, and Governance considerations is intrinsically linked to CSR. Each of the three dimensions underscores non-financial factors that corporations of varying scales must contemplate when formulating decisions. (Nahar & Khurana, 2023).

In order to acquire a thorough comprehension of CSR and its ramifications, it is imperative to examine pertinent theories and empirical research. The theoretical advancement of the CSR concept and the perception of communal accountability necessitates meticulous scrutiny. Such endeavors may culminate in a more profound understanding of the concept and yield novel insights, particularly within emerging contexts, such as the domain of higher education in CSR scholarship.

2.2. The concept of corporate social responsibility

For an extended duration, scholars have endeavored to attain consensus regarding a comprehensive definition of Corporate Social Responsibility (CSR). Nevertheless, no singular, widely recognized definition of CSR can be identified within the academic literature (Carroll, 1999). The terminologies "corporate social responsibility" (CSR), "sustainability," "sustainable development," and "corporate sustainability" (CS) are essential for the formulation, assessment, and evaluation of both public and private policy objectives. These concepts are employed to inform decisions pertaining to investments, policy formulation, and strategic development. The terminology emerged in diverse contexts and academic disciplines. Despite their distinct semantic implications, these terms have been utilized interchangeably over time, resulting in confusion among managers, activists, regulators, and the general populace, as well as obscuring policy objectives. "Corporate sustainability" pertains to environmental policies implemented at the organizational tier; "sustainable development" is associated with public policy; and "sustainability" serves as the broadest term encompassing local, national, and international dimensions. CSR is the most appropriate term for focusing on specific business entities. (Sheehy & Farneti, 2021)

The origins of this concept can be traced to the 1920s when business practitioners began to acknowledge the significance of ethical practices within their operations (Sheldon, 1923). The term "Corporate Social Responsibility" (CSR) is particularly noteworthy, as it can convey various interpretations to different individuals. Many proponents of CSR perceive it primarily as a synonym for "legitimacy." For certain stakeholders, it signifies a legal duty or obligation. For others, it denotes behavior that is socially and ethically responsible. Additionally, some individuals merely associate CSR with philanthropic endeavors. (Nahar & Khurana, 2023). It is posited that customer-related advantages such as satisfaction, intentions to repurchase, and the likelihood of recommending the business to others are enhanced through CSR initiatives. (Avotra, Chenyun, et al., 2021). Certain organizations may adopt CSR more readily and effectively than others, similar to the application of various best practices. Consequently, certain entities may dominate over others. While some organizations contend that corporate social responsibility (CSR) augments their brand image, others assert that it may produce adverse effects. In light of the significance of stakeholder engagement, the active participation of employees in CSR initiatives appears to be crucial for their success.

The organization is constituted by its workforce. The majority oversees the continuous operations and processes that culminate in overall performance, whereas the minority directs the corporate strategy of the organization. Employees' perceptions of all CSR initiatives, goals, and outcomes significantly influence the growth and efficacy of the organization. Emphasis has been placed on the notion that employee engagement is imperative for the success of CSR endeavors. The interpersonal influence model of CSR forecasts a robust organizational affiliation among employees. As such, the employer branding strategy of the organization is vital and intimately connected to corporate social responsibility. (Ali, 2020). Corporate social responsibility, commonly referred to as CSR, is defined as the obligation of enterprises to voluntarily contribute to societal welfare in addition to their primary objective of profit maximization. Corporate Social Responsibility (CSR) is becoming increasingly pertinent in today's interconnected global landscape. Enterprises are being compelled to engage in an increasing number of socially responsible initiatives to foster their business growth. It is asserted—albeit contested by some scholars—that companies participating in CSR activities may surpass their competitors by enhancing their reputation, increasing sales, and yielding a higher return on investment.

2.3. Corporate communication and trust

One of the numerous potential methodologies for Corporate Social Responsibility (CSR) initiatives to exert a substantial impact is to ensure that stakeholders possess an awareness of the organizations' philanthropic

endeavors (Yadav et al., 2018). Prior research has reached a consensus that effective CSR communication significantly affects stakeholders' knowledge or awareness regarding CSR, their engagement levels, the trust they place in the organization, and their perceived corporate reputation (Kim & Ferguson, 2014; Morsing & Schultz, 2006; Pomeroy & Dolnicar, 2009). Nevertheless, organizations must transcend mere 'informing' if their objective is to cultivate trust and accountability (Golob & Podnar, 2011). It is crucial to comprehend the strategies or methodologies necessary for engaging with stakeholders when addressing CSR issues within specific industries that exhibit minimal societal impact (Taghian et al., 2015). For instance, transparency constitutes a fundamental prerequisite for organizations to strategically convey CSR information intended to bolster stakeholders' trust (Kim & Lee, 2018). Consumers tend to perceive organizations that exhibit a commitment to CSR as also being socially and ethically responsible (Kim, 2019). Trust among stakeholders towards an organization can be nurtured and enhanced through effective dialogue initiated by the organization itself (Bentele & Nothhaft, 2011). Ahmad (2016) posited that ongoing engagement with stakeholders is essential for fostering trust and garnering support for organizations' CSR initiatives. Conversely, an increase in distrust within the CSR context typically arises from the dissemination of incomplete information to stakeholders (Kim, 2019), while organizations that furnish high-quality information on their websites are regarded as more trustworthy (Kim & Kim, 2017). They further asserted that organizations ought to practice transparency in CSR communication to mitigate customer skepticism. Transparency is vital for augmenting trust (Rawlins, 2008). The greater the volume of information accessible to consumers regarding an organization's CSR efforts, the lesser the likelihood that they will exhibit skepticism towards the CSR initiatives undertaken by the organization. Information related to CSR contributions is likely to elicit strong yet favorable responses from stakeholders (Morsing & Schultz, 2006).

2.4. CSR communication and corporate reputation

The motivations for the implementation of Corporate Social Responsibility (CSR) may differ significantly among various corporations. Certain organizations are driven to engage in CSR initiatives as a means of distinguishing themselves from competitors within the industry. Conversely, there exist companies that possess a profound commitment to CSR yet choose to refrain from publicizing such efforts, believing that CSR constitutes an inherent obligation. Nevertheless, it is imperative that CSR be articulated through corporate communications aimed at informing and influencing both internal and external key stakeholders, thereby adding value (Miles et al., 2006; Neville et al., 2005). The signaling theory posits that the dissemination of positive information regarding CSR initiatives to all stakeholders serves to mitigate information asymmetry and fosters favorable perceptions of the organization (Walker, 2010). The communication of CSR is crucial for organizations striving to cultivate a positive reputation (Diez & Sotorrio, 2018), as a favorable corporate reputation significantly influences the decisions, attitudes, and behaviors of key stakeholders, including customers, creditors, and employees (Song et al., 2019). The awareness and comprehension of a corporation's CSR, acquired through both direct and indirect interactions with the entity, can be defined as CSR knowledge (Kim, 2019). Such knowledge is vital for securing the reputational advantages that derive from a corporation's CSR initiatives and associated communications. It is through effective CSR communication that consumers' CSR knowledge is enhanced, which subsequently positively influences their evaluations of corporate reputation (Kim, 2019). Carroll and Shabana (2010) assert that engaging in CSR activities that resonate with stakeholders' expectations, coupled with transparent disclosure of these activities, can fortify corporate reputation. Organizations must convey their CSR information in a manner that is transparent, reliable, comprehensible, and timely (Diez & Sotorrio, 2018). Appropriate CSR communication plays a critical role (Eisenegger & Schranz, 2011) in enabling stakeholders to access information regarding CSR initiatives, which can significantly contribute to the affective dimension of reputation. Insufficient reporting of CSR activities may result in reputational detriment for corporations (Sotorrio & Sánchez, 2008). Consistent disclosure of CSR initiatives positively influences corporate

reputation, as stakeholders tend to perceive a corporation's CSR efforts as credible (Esen, 2013). Therefore, it is essential for companies to sustain and enhance their communication efforts with customers concerning their CSR initiatives. Customers are likely to continue supporting corporations that they recognize and believe are making meaningful contributions to the society in which they operate.

2.5. Underpinning theory

Underpinning theory is referred to as the foundational concepts or principles which provides as well as supports a theoretical basis for a specific discipline. It is used for explaining and understanding a complicated phenomenon. Therefore, for the current research, Theory of Carroll's CSR responsibilities and theory of environmental responsibilities are taken into account as the underpinning theories for determining the association between CSR (legal, economic, ethical, environmental and philanthropic responsibilities) and corporate image. At the same time, these theories also focused on evaluating the moderating role of stakeholders' trust.

2.5.1. Theory of Carroll's CSR Responsibilities

According to Carroll's Corporate Social Responsibility (CSR) pyramid, the CSR of an enterprise fundamentally encompasses legal, philanthropic, ethical, and societal responsibilities (Carroll, 1991). In this context, the economic obligation of organizations is intrinsically linked to the provision of diverse goods and services that are imperative for societal needs, concurrently facilitating profit generation for the respective firm. This economic engagement can enable enterprises to contribute positively to societal welfare in the long term. Regarding legal responsibilities, it compels organizations to adhere to various legal statutes and regulations governing their operations and activities. Such compliance will assist the associated firm in fulfilling its legal commitments while maintaining alignment with governmental legislation (Kusyk, 2021). Furthermore, it is imperative for firms to address customer needs independently of legal mandates. Consequently, this compliance can enhance the corporate image, thereby augmenting overall profitability. Additionally, Carroll's CSR pyramid delineates an ethical responsibility for organizations, prompting them to conduct their business practices in an ethical manner. It has proven beneficial for firms to adopt practices, activities, and standards that meet societal expectations. Hence, the ethical obligations of an organization encompass ensuring its performance aligns with societal anticipations, recognizing the importance of ethical conduct and integrity, and upholding ethical guidelines to avert violations in pursuit of desired objectives. Simultaneously, the philanthropic responsibilities of an organization incorporate discretionary and voluntary initiatives alongside business activities (Štreimikienė & Ahmed, 2021). These responsibilities are deemed vital for enhancing a company's overall brand image, consequently resulting in improved social and economic performance.

2.5.2. Theory of Environmental Responsibilities

According to the environmental responsibility theory, it is incumbent upon individuals or corporations to enhance and safeguard the ecological environment. It has been noted that various corporations have adopted sustainable practices to bolster their environmental sustainability. In this context, the education of relevant stakeholders is paramount for augmenting their sustainable performance. Previous research has underscored the environmental responsibilities of diverse firms to promote environmental sustainability (Han, 2021). This approach has been demonstrated to successfully enhance the favorable image of affiliated companies, yielding significant outcomes. Kraus et al. (2020) have also examined the influence of Corporate Social Responsibility (CSR) on the environmental performance of firms. It has been ascertained that CSR does not exert a direct influence on environmental performance. Nevertheless, it is substantially associated with both environmental policies and green innovation. Consequently, the involved companies may concentrate on optimizing their

resources, such as CSR initiatives and green innovation, to enhance their environmental performance. Prior studies have further accentuated the integration of effective sustainable practices as a means to achieve competitive advantage (Waheed & Zhang, 2022). Therefore, this theoretical framework has proven effective in elucidating the significance of environmental responsibilities in shaping corporate image. Furthermore, this theory has also been employed to assess the moderating influence of stakeholder feedback in the relationship between ethical responsibilities and corporate image. Table 2.1 delineates the operational definitions of the study's variables.

Table 1. Operational Definitions.

| Variable | Definition | Source |
|--|---|------------------|
| Corporate Social Responsibility (CSR) | Operational definition In the current study, corporate social responsibility (CSR) is the elements of the Carroll Theory which are economic, legal, ethical, and philanthropic responsibilities as practiced by the energy companies as part of their business operations. | (Wartick, 1985) |
| CSR Economic Responsibilities | Operational definition In the current study, CSR economic responsibilities refer to the activities practiced by the energy companies which highlight on the organizational profits and economic aspect of the companies - such as product quality, research and development efforts, and community development programmes. | (Pomering, 2099) |
| CSR Legal Responsibilities | Operational definition CSR legal responsibilities, in this study, refer to the rules and regulations that must be adhered by the organization and must not be neglected while carrying out the core business operations | (Jeffrey, 2019) |
| CSR Ethical Responsibilities | Operational definition CSR ethical responsibilities encompass activities and practices that are considered acceptable by the society- such as good business ethics or corporate norms carried out by the organization to achieve corporate goals | (Nicolò, 2022) |
| | Operational definition | (Zasuwa, 2019) |

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|---|---|------------------|
| CSR Philanthropic Responsibilities | In the current study, CSR philanthropic responsibilities entails corporate actions that promote human welfare or goodwill and is voluntarily assumed by the business - such as public relations, donations, contribution to educations or disaster funds. | |
| CSR Environmental Responsibilities | Operational definition CSR environmental responsibilities, in this study, refer to the activities practiced by the energy companies focusing on the sustainable environment while maximizing profits for the company economic development such as environmental laws, and management of resources and wastes | (Zasuwa, 2019) |
| Corporate Image | Operational definition In this study, corporate image refers to perception that people have of the organization upon hearing its name either the employees, stakeholders, customers, media, or the general public | (Nawrocki, 2021) |
| Stakeholders' trust | Operational definition In the current study, stakeholders' trust, according to is the expectations of the stakeholders on the responsibilities of the organization to carry out CSR activities in an effective and efficient manner, while preventing irresponsible CSR practices. | (Sawicka, 2022) |

3. METHOD

The proposed research endeavor aims to elucidate the causal nexus between corporate social responsibility (CSR) communication, trust, and corporate reputation. This objective is congruent with the positivist paradigm, which posits that a researcher engenders a cause-effect relationship derived from logical causal principles inherent in general theory (Neuman & Robson, 2014). Furthermore, it has been asserted that positivist social science (PSS) examines the influence of external factors, forces, and structures that govern individuals, groups, organizations, or societies on outcomes such as behaviors and attitudes. Given that the proposed investigation seeks to comprehend the relationship from the consumer's perspective, the designated target population encompasses customers of organizations that are susceptible to crises, particularly those within the oil and gas sector; employees represent key stakeholders, and thus their perceptions towards the organization are critical for ensuring long-term business viability. Specifically, the target demographic should consist of employees.

In quantitative research, questionnaires serve as the predominant and principal instrument for data collection. The utilization of questionnaires facilitates the rapid accumulation of data, particularly when they are personally distributed and collected by the researcher. Additionally, researchers may opt for various methodologies for conducting surveys, including telephone interviews, mailing questionnaires to respondents' addresses, or employing an online platform (Wimmer & Dominick, 2013). In the context of

this study, online surveys may be employed for the purposes of data collection. Structured questionnaires can be constructed utilizing Google Forms and disseminated to potential respondents.

4. CONCLUSION

Although all stakeholders may access information from various sources, it has been established that CSR information significantly influences stakeholders. The knowledge acquired through CSR communication empowers stakeholders, subsequently yielding a positive effect on their assessments of corporate reputation (Kim, 2019). Nonetheless, it has also been demonstrated that CSR communication impacts stakeholders' skepticism regarding CSR initiatives. Stakeholders often interpret CSR reporting as a mechanism for 'greenwashing' when corporations endeavor to obscure their unethical conduct (Chen & Chang, 2013). Conversely, stakeholders remain cognizant of this strategy employed by corporations. Consequently, when corporations articulate their CSR initiatives, they simultaneously render themselves susceptible to public censure regarding the perception that their CSR endeavors are merely for 'greenwashing' purposes (Bartlett, 2011). Therefore, it is imperative for companies to devise a strategic CSR communication plan that effectively engages their stakeholders and fosters trust alongside a favorable corporate reputation. It is essential to comprehend the communicative factors that can shape stakeholders' perceptions of corporate reputation. The inquiries concerning 'what' and 'how' companies communicate must be investigated from the stakeholders' viewpoints, as fulfilling their expectations is vital to ensure that corporate communication efforts are not rendered ineffective.

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